



January 13, 1998

File: 7020-8200-59240-06
Reference: 980004

Mr. Gordon Goodman
Exploration Engineer
Crestar Energy Inc.
333 - 7th Ave. S.W.
PO Box 888
Calgary, AB T2P 4M8

Crestar Project (02)

Note: Re-entered as Peggio-Pesh Jean Marie 'A' pool
Proj (08) 2004/04/29

NOW PART OF HELMET.

Dear Mr. Goodman:

RE: GOOD ENGINEERING PRACTICE APPROVAL "B"
PEGGO-PESH (formerly South Peggio) JEAN MARIE AREA

Attached is a Good Engineering Practice (GEP) scheme approval for a portion of the subject zone, as requested in your application of December 10, 1997.

The Approval 98-06-001 is hereby granted under Part 8, Division 6, section 104 of the *British Columbia Drilling and Production Regulation*.

This approval is intended to allow operational flexibility for drilling wells without spacing and target considerations while maximizing gas recovery.

Yours sincerely,

Bou van Oort, P. Eng.
Director
Engineering and Operations Branch

Attachment

Copies for Approval Letter to Industry (11)

RE: GEP, Salt Water Disposals, etc.

- G. Miltenberger
- Data Management
- R. Stefik
- D. Richardson
- P. Attariwala
- G. Farr
- S. Chicorelli
- Resource Revenue
- 59240
- Wellfiles (originals)
- Daily

APPROVAL 98-06-001

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
MINISTRY OF EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION

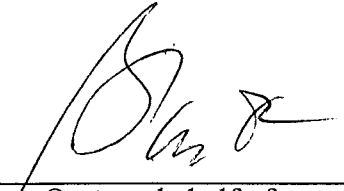
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Crestar Energy Inc. (Crestar) for producing a portion of the Peggo-Pesh Jean Marie gas without well spacing and target restrictions.

NOW, THEREFORE, the Division Head, pursuant to Part 8, Division 6, section 104 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Crestar for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Crestar to the Division dated December 10, 1997 and related submission.

This scheme is approved, subject to the conditions herein contained and in particular:

1. The area of the scheme shall consist of:
 - 94-P-01/Block A - units 96-100
 - 94-P-01/Block B - units 18-20, 28-30, 38-40, 48-50, 60, 70, 78-80, 88-90, 91-100
 - 94-P-01/Block C - units 11, 21, 31, 41, 51, 61, 71-77, 81-87, 91-100
 - 94-P-01/Block D - units 91-95
 - 94-P-01/Block E - units 1-5, 11-15, 21-25, 31-35, 41-45
 - 94-P-01/Block F - units 1-33, 36-43, 46-55, 61-65, 71-77, 81-87, 94-97
 - 94-P-01/Block G - units 1-50, 54-60, 64-70, 74-80, 84-90
 - 94-P-01/Block H - units 6-10, 16-20, 26-30, 40, 50
 - 94-P-01/Block K - units 4-7
2. The requirements of Part 2, section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved area.
3. The gas wells within the scheme area may be produced without individual well allowable restrictions.
4. This approval may be modified or rescinded at a later date if deemed appropriate.



B. van Oort, on behalf of
the Division Head
Energy and Minerals Division

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of January, 1998.