



Province of
British Columbia

Ministry of
Energy, Mines and
Petroleum Resources

Parliament Buildings
Victoria
British Columbia
V8V 1X4
Phone: (604) 952-0302 FAX: (604) 952-0291

6th Floor, 1810 Blanshard Street, Victoria, British Columbia V8V 1X4

January 19, 1996

960082
6460-4520-59240-06

Mr. Perry Zich, P. Eng.
Production Engineer
Encal Energy Ltd.
1800-421 7th Ave SW
Calgary AB T2P 4K9

Encal Project (02)
Revision #2

Copies for Approval Letters to Industry (10)
D.L. Johnson
Resource Revenue
P.S. Attariwala
R.G. Stefik
G. Farr
D. Richardson
S. Chicorelli
Daily
Well File
59070-04

Dear Mr. Zich:

**RE: GOOD ENGINEERING PRACTICE AMENDMENT #2
OAK CECIL "E" POOL**

Attached is an amendment to the Good Engineering Practice (GEP) scheme approval for the subject pool.

The well 14-28-86-18 (WA# 8099), as the discovery well of the Oak-Cecil 'E' oil pool, is entitled to an exemption from royalty payment for the first 36 producing months. A GEP was approved for this pool January 25, 1995; however, prior to this, the well had accumulated a large overproduction, as calculated per section 85 of the *Drilling and Production Regulation*.

By exceeding the monthly target production allowable, Encal Oil and Gas Ltd. (Encal) was obtaining an undue volume of royalty-free oil. To correct this, a revised royalty-exempt volume cap has been established for this well. Based on the total production target for a 36-month period, including test volumes, at a GOR adjustment factor of 1.00, the volume cap is 18,364.6 m³. As of September 1995, this well has produced 19,156 m³ of oil.

The Approval 95-06-001 (Amendment #2) is granted under Part 8, Division 6, section 104 of the *Drilling and Production Regulation*.

Yours sincerely,

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

PSA/mef

Attachment

APPROVAL 95-06-001 (AMENDMENT #2)

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
ENERGY RESOURCES DIVISION

IN THE MATTER of a Good Engineering Practice (GEP) scheme for Encal Oil and Gas Ltd. (Encal) for producing the Oak Cecil "E" Pool with a project oil allowable.

NOW, THEREFORE, the Division Head, pursuant to Part 8, Division 6, section 104 of the *Drilling and Production Regulation*, hereby approves a revision to the GEP scheme for Encal for oil production with a project allowable, as such scheme is described in:

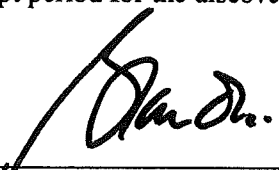
an Application from Encal to the Division dated May 1, 1995.

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

1. The area of the scheme shall consist of section 20, W/2 section 28, E/2 section 29, and section 33-86-18 W6M.
2. The project oil allowable, being the sum of the individual well allowables, is 110.8 m³/d. To retire overproduction, the following production schedule must be adhered to:

Effective Date	Project Oil Allowable (m ³ /d)
1 Jan 1995	17.9
1 Feb 1995	27.9
1 Mar 1995	53.2
1 Apr 1995	79.3
1 Aug 1995	89.3
1 Oct 1995	99.3
1 Feb 1996	110.8

3. This approval may be modified or rescinded at a later date if deemed appropriate.
4. Total royalty-free oil production is limited to 18 364.6 m³, based on the calculated allowable production of the 36-month royalty-exempt period for the discovery well 14-28-86-18 W6M.


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

DATED AT the City of Victoria, in the Province of British Columbia, this 23 day of January, 1996.