



April 19, 1996

960404

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)

Dear Mr. Zich:

**RE: GOOD ENGINEERING PRACTICE AMENDMENT #3
OAK CECIL "E" POOL**

Attached is the Good Engineering Practice (GEP) scheme Approval 95-06-001 (Amendment #3), granted under Part 8, Division 6, section 104 of the *Drilling and Production Regulation*, for the subject pool.

As per your request, the scheme area has been modified to include the well 13-17-86-18W6M (WA 9329) and the daily oil allowable added to the sum for GEP production.

A pressure maintenance scheme is required to maximize the ultimate recovery from this pool. In previous correspondence it was our understanding that Encal Energy Ltd. was undertaking a study of secondary recovery. We now request that a proposal for pressure maintenance be submitted for this pool, or failing that, justification as to why such a scheme can not be implemented.

Yours sincerely,

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

PSA/RGS/

Attachment

APPROVAL 95-06-001 (AMENDMENT #3)

**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 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, and related submissions.

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

1. The area of the scheme shall consist of NW/4 section 17, 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 120.8 m³/d.
3. 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. (8099) - produced oil Vol. by 95/08.
4. An oil well may be drilled anywhere within the project area provided that it is not nearer than 100 m to the sides of the project area.
5. 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 19 day of April, 1996.