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December 8, 1988

Mr. George Yip  
Luscar Ltd.  
Oil & Gas Division  
2200, 300 - 5th Avenue S.W.  
Calgary, Alberta  
T2P 3C4

Dear Mr. Yip:

**GOOD ENGINEERING PRACTICE APPLICATION  
W 1/2 and NE 1/4 Section 13-86-18 W6  
OAK HALFWAY "A" POOL**

This acknowledges receipt of your application dated December 1, 1988, requesting a Good Engineering Practice (GEP) approval in order that the oil well Luscar et al Oak 11-13-86-18 W6 can be produced at its full daily oil allowable.

In a letter dated November 2, 1988, you had requested off-target penalty removal as the offsetting land was owned by Luscar Ltd. and its partners. The Ministry, in a letter dated November 10, 1988, waived the off-target penalty. However, off-sequence penalty of 75 percent was not waived.

As your well 11-13 is now mapped in the oil leg to the Oak Halfway "A" gas cap, which has been on production under a GEP since December 1979, any restriction to oil production will be detrimental to overall oil recovery from this portion of the pool. The purpose of your GEP application is to overcome the off-sequence penalty.

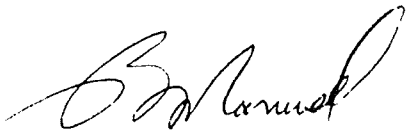
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We wish to advise that the Ministry considers <sup>a</sup>this GEP approval premature. However, in order to allow full daily oil production, the off-sequence penalty is hereby waived under Division 12.05 of the British Columbia Drilling and Production Regulation.

Please note that a GEP application will receive favourable response after more oil wells are drilled in the pool or when the gas conservation facilities are built to conserve associated gas.

Yours sincerely,

  
for John Allan  
Assistant Deputy Minister  
Energy Resources Division

bcc. Sharon Footat  
D.L. Johnson.