



September 8, 1989

Mr. David W. Hume, P.Geol.
Chief Geologist
Remington Energy Ltd.
Suite 3500
400 - 3rd Avenue S.W.
Calgary, Alberta
T2P 4H2

Remington Project (03)

Dear Mr. Hume:

APPLICATION FOR GOOD ENGINEERING PRACTICE AREA
SIKANNI - DEBOLT "C" POOL

This is to acknowledge receipt of your application dated July 18, 1989, requesting Good Engineering Practice (GEP) status under Division 77 of the British Columbia Drilling and Production Regulation, for the above-mentioned pool. The purpose of this request was to acquire operating flexibility by shifting individual well daily gas allowables to a project allowable.

The Division concurs with Remington that the formerly designated Debolt "C" and "D" pools are essentially one pool. As such, the Division has redesignated the following wells as being completed in "C" pool:

b-14-A/94-G-6	d-53-I/94-G-3
c-93-I/94-G-3	c-41-I/94-G-3
d-73-I/94-G-3	a-32-I/94-G-3

We also agree that b-10-L/94-G-2 is completed in a separate pool which we are now designating as "D" pool.

As the water leg does not appear to provide pressure support to the Debolt "C" pool, a conventional depletion recovery should be expected provided coning efforts are minimized.

There are no equity concerns with the requested GEP, as the land covering the Sikanni Debolt "C" pool is controlled by Remington. With this, and the proposal for a reasonable conservation strategy, your application for a GEP area is hereby approved under Division 77 of the British Columbia Drilling and Production Regulation subject to the following conditions:

1. The area for the GEP is as follows:
 - 94-G-2: Block L, Units 20, 30, 40, 50, 60, 70, 80, 90, 100✓
 - 94-G-7: Block D, Unit 10
 - 94-G-6: Block A, Units 1-5, 12-15, 22-25
 - 94-G-3: Block I, Units 11-13, 21-23, 31-33, 41-43, 51-53, 61-63, 71-75, 81-85, 91-95
2. The daily gas allowable for the GEP as a whole will be 1749 E3M3/day. This will supercede the following individual daily gas allowables:

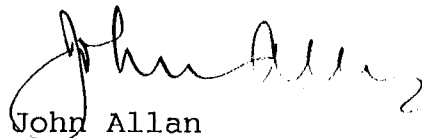
<u>Location</u>	<u>UDGA (E3M3)</u>
b-14-A/94-G-6✓	235.6
c-93-I/94-G-3✓	100.3
d-73-I/94-G-3✓	290.5
d-53-I/94-G-3✓	252.2
c-41-I/94-G-3✓	285.5
a-32-I/94-G-3✓	<u>585.2</u>
Total	1749.3

Any over or underproduction from the GEP daily gas allowable may be compensated for without penalty, provided that yearly produced raw gas volumes do not exceed 638 495 E3M3.

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3. An annual progress report for the GEP should be submitted. It should contain at least the following information:
 - a. Tabulation for the daily average rate, during each month, of the gas, water and water-gas ratio;
 - b. Annual static bottom-hole pressure for the Debolt "C" pool;
 - c. Average monthly flowing wellhead pressures;
 - d. Work-over summaries;
 - e. A general review of operations during the report period together with the latest estimate of gas reserves in the pool.
4. The Division must be notified immediately, in writing, if water-gas ratios for any individual well within the project exceed $.006 \text{ m}^3/\text{E3M3}$ (1.1 bbl/mmscf) in any month.
5. Prior to any direct or indirect assignment of the Sikanni Debolt "C" GEP operatorship by Remington to any other party, the Division must be notified in writing.
6. This approval or any condition of it may be modified or rescinded by the Director, Engineering and Operations, at a later date based on a review of the production performance.

Yours sincerely,



John Allan
Assistant Deputy Minister
Energy Resources Division