



OIL AND GAS COMMISSION

October 12, 2004

7000-4800-59240-09
OGC - 04286

Wayne Kennedy, P. Eng.
Exploitation Engineer
Canadian Natural Resources Ltd.
Suite 2500, 855 - 2 Street S.W.
CALGARY, AB T2P 4J8

CNRL Project (02)

Dear Mr. Kennedy:

**RE: PRESSURE MAINTENANCE WATERFLOOD APPROVAL
PEEJAY WEST - HALFWAY "C" POOL**

The Commission has reviewed your application, dated August 25, 2004 requesting a pressure maintenance waterflood approval for the subject oil pool.

Attached is Approval 04-09-003 for the application, granted under Section 100 of the Petroleum and Natural Gas Act. The pressure maintenance waterflood scheme becomes effective when water is injected into the pool. The Commission must be notified in writing of the date of commencement of water injection, as per condition #5 of the approval.

Although this pool has been under primary production for a significant period of time, it is anticipated that a favourable response to waterflooding will increase production and ultimate oil recovery, as experienced by analogous pools in the area.

Incremental oil recovery may be eligible for a reduced royalty. The following website link contains an information letter with further details.

http://www.rev.gov.bc.ca/mog/oil_gas/information_letters/2000/F2000-1.pdf

Should you have any questions, please contact Richard Slocomb at (250) 952-0366.

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

Attachment

Approval Letters to Industry
GEP, SWD, CONCURRENT PROD,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.

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|--------------------------|----------------------|
| <input type="checkbox"/> | Wellfile (originals) |
| <input type="checkbox"/> | 59240 |
| <input type="checkbox"/> | Daily |
| <input type="checkbox"/> | Resource Revenue |
| <input type="checkbox"/> | S. Chicorelli |
| <input type="checkbox"/> | R. Stefik |
| <input type="checkbox"/> | G. Farr |
| <input type="checkbox"/> | R. Slocomb |
| <input type="checkbox"/> | D. Krezanoski |

RESOURCE CONSERVATION BRANCH

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THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION

IN THE MATTER of a pressure maintenance scheme of Canadian Natural Resources Limited (CNRL) for recovery of oil by water injection in the Peejay West – Halfway “C” Pool.

NOW THEREFORE, the Commission, pursuant to Section 100 of the Petroleum and Natural Gas Act, R.S.B.C. 1996, c.361 orders as follows:

The pressure maintenance scheme of CNRL for recovery of oil by waterflooding the Peejay West Halfway “C” Pool as described in the application to the Commission dated August 25, 2004 is hereby approved, subject to the following terms:

1. The project area of the pressure maintenance scheme consists of unit 11, unit 21 Block G/094-A-15 and unit 10, 20 and 30 Block H/094-A-15 .
2. The project daily oil allowable, being the sum of the individual allowables, is 67.3 m³.
3. Water may be injected into the Peejay West - Halfway “C” pool through the well d-10-H/094-A-15.
4. All associated produced gas must be conserved.
5. The Commission must be notified in writing of the date of commencement of water injection. *inj commenced September 19, 2005*
6. The injection pressure measured at the sandface must not exceed the formation fracture pressure.
7. An oil well may be completed anywhere within the project area provided that it is not nearer than 100 m to the sides of the project area.
8. Progress reports shall be filed as stipulated in Section 8 of the *Petroleum and Natural Gas General Regulation*.
9. The operations of the pressure maintenance scheme will be subject to periodic review and modification to the approval may be ordered, if deemed appropriate.



Craig Gibson
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this *11th* day of October 2004.