



October 31, 2001

5560-4800-59240-09
OGC - 01208

Maureen Saul
Development Engineer
Conoco Canada Resources Limited
P.O. Box 130, 401 - 9th Avenue S.W.
Calgary, AB T2P 2H7

Dear Ms. Saul:

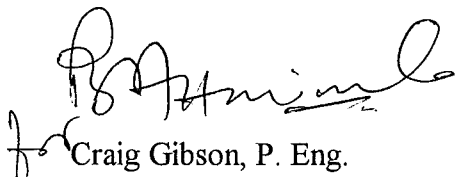
**RE: WATERFLOOD PRESSURE MAINTENANCE APPROVAL
LAPP HALFWAY "D" POOL**

Attached is a waterflood pressure maintenance scheme approval for the subject pool, as requested in your application dated September 24, 2001.

The Approval 01-09-004 for the application is granted under Section 100 of the Petroleum and Natural Gas Act. Water injection in the well a-A50-C/94-H-10 (WA 14051) should improve oil recovery from this pool. No objections were received following the publication of a notice of the application in the B.C. Gazette.

Your request for a voidage replacement based production allowable can not be approved until production performance indicates successful waterflood operations. The well a-50-C/94-H-10 is presently shut-in to retire overproduction. Please note that oil production for the months of July and August 2001 had exceeded the production limit, defined as 125% of the allowable production. Future production must conform to the project oil allowable, with GOR adjustment factor applied, as calculated on the monthly "Production Allowable Report - Crude Oil".

Sincerely,


Craig Gibson, P. Eng.
Manager
Reservoir Engineering and Geology

Attachment

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

Copy 9

- | | |
|--------------------------|----------------------|
| <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"/> | P. Attariwala |
| <input type="checkbox"/> | D. Krezanoski |

ENGINEERING AND GEOLOGY DIVISION

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Location: 6th Flr 1810 Blanshard St. Victoria BC

APPROVAL 01-09-004


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

IN THE MATTER of a pressure maintenance scheme of Conoco Canada Resources Limited (Conoco) for recovery of oil by water injection in the Lapp Halfway "D" 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 Conoco for recovery of oil by waterflooding in the Lapp Halfway "D" Pool as described in the application from Conoco to the Commission dated September 24, 2001 is approved, subject to the following terms:

1. The project area of the pressure maintenance scheme consists of units 40 and 50 of Block C/94-H-10.
2. The project daily oil allowable is 68.8 m³.
3. Water may be injected into the Lapp Halfway "D" pool through the well a-A50-C/94-H-10.
4. The scheme is deemed to have commenced upon water being injected into the well referred to in clause 3.
5. The Commission must be notified in writing of the date of commencement.
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. Royalty-exempt oil production entitlement for the discovery well Gulf Lapp a-50-C/94-H-10 (WA#13631) is limited to a volume of 4,194.7 m³ or the volume produced in the first 36 producing months, whichever is lesser.
10. The operations of the pressure maintenance scheme will be subject to periodic review and modification to the approval may be ordered, if deemed appropriate.


for Craig Gibson
Manager
Reservoir Engineering and Geology

DATED AT the City of Victoria, in the Province of British Columbia, this 31st day of October, 2001.