



January 21, 2003

2240-4540-59240-09
OGC - 03021

Doug Burroughs, P. Eng.
Principal Engineer
El Paso Oil and Gas Canada
El Paso Velvet Exploration Partnership
7th Floor; 150 - 6th Avenue S.W.
Calgary, AB T2P 3Y7

EL PASO PROJECT (02)

Dear Mr. Burroughs:

**RE: WATERFLOOD PRESSURE MAINTENANCE APPROVAL
BUBBLES NORTH - COPLIN "A" POOL**

Attached is a waterflood pressure maintenance scheme approval for the subject pool, as requested in your application dated December 17, 2002.

The Approval 03-09-002 for the application is granted under Section 100 of the Petroleum and Natural Gas Act.

Pressure maintenance by water injection in the pool should significantly improve oil recovery from this pool. No objections were received following the publication of a notice of the application in the B.C. Gazette.

Please note that the Commission must be notified in writing of the date of commencement of water injection.

Sincerely,

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

Attachment

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

Copy 10

- Wellfile (originals)
- 59240
- Daily
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- P. Attariwala
- C. Gibson
- D. Krezanoski

ENGINEERING AND GEOLOGY BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0291

Location: 6th Flr 1810 Blanshard St. Victoria BC

APPROVAL 03-09-002

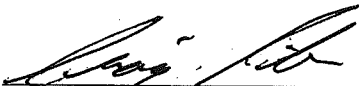
THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION

IN THE MATTER of a pressure maintenance scheme of El Paso Oil and Gas Canada (El Paso) for recovery of oil by water injection in the Bubbles North - Coplin "A" 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 El Paso for recovery of oil by waterflooding the Bubbles North - Coplin "A" Pool as described in the application from El Paso to the Commission dated December 17, 2002 is approved, subject to the following terms:

1. The project area of the pressure maintenance scheme consists of units 70, 79, 80, 89, 90 and 100 of Block A and units 81 and 91 of Block B/94-G-8.
2. The project daily oil allowable is 40.0 m³.
3. Water may be injected into the Coplin "A" pool through the well c-B100-A/94-G-8 (bottom hole location at c-91-B/94-G-8).
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. (December 9, 2003)
6. All associated produced gas must be conserved.
7. The injection pressure measured at the sandface must not exceed the formation fracture pressure.
8. 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.
9. Royalty exempt oil production entitlement for the discovery well El Paso Bubbles c-C79-A/94-G-8 (WA 13390) is limited to a volume of 9,257.3 m³ or the volume produced in the first 36 months, whichever is lesser.
10. Progress reports shall be filed as stipulated in Section 8 of the *Petroleum and Natural Gas General Regulation*.
11. 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
Manager
Reservoir Engineering and Geology

DATED AT the City of Victoria, in the Province of British Columbia, this 21st day of January 2003.