

February 23, 2004

Emailed, with paper copies to follow by courier

Alberta Energy and Utilities Board
Applications Branch, Resources Applications
640-5th Ave SW
Calgary, AB T2P 3G4

Attn: K. Fisher, Application Coordinator

Ms. Fisher,

As discussed in a previous letter, Bonavista Petroleum Ltd. respectfully disagrees with the recommendation of the EUB's Staff Submission Group to shut in VEL et al Clyden 7-25-75-13. Bonavista identifies four key factors that suggest continued gas production will not impair bitumen recoveries.

1. It is the interpretation of Bonavista Petroleum that the A₂ sealing mudstone is present between the gas producing zone (507 – 509 mKB) and the underlying bitumen.
2. There is approximately 13 m of water directly underlying the bitumen, which has an adverse effect on the ability to produce bitumen through SAGD.
3. The bitumen present is of poor quality, with numerous shales and the B₂ sealing mudstone interspersed within the deposit.
4. The B₂ sealing mudstone has been deemed to provide a barrier to communication between units occurring stratigraphically above and below it. This effectively separates the bitumen deposit into two distinct units, both of which are 7.5 m thick.

On the basis of these four factors, Bonavista Petroleum requests that the ruling to shut in VEL et al Clyden 7-25-75-13 be overturned.

Background

Bonavista Petroleum disagrees with the interpretation of the stratigraphy of 00/07-25-75-13W4 presented by the RGS. Using the terminology put forth in the RGS, cross section A-A' shows an alternate interpretation of the stratigraphy, which Bonavista Petroleum believes to be correct. This alternate interpretation places the A₂ sealing mudstone

between the gas producing zone (507-509 mKB) and the underlying bitumen deposit. According to the RGS, this would be a sufficient barrier to pressure communication between the gas and bitumen. "At least one of these units [A₂ or B₂ Mudstones] must be present below the entire ROI of a gas pool to prevent pressure communication between the gas pool and an underlying bitumen-bearing unit" (Report 2003-A, 2003). As this well has been deemed to be part of a single-well pool, the ROI of the entire gas pool is underlain by the A₂ mudstone.

Further, the bitumen present in the wellbore is underlain by approximately 13 m of water. The presence of bottom water has been seen to be an adverse factor in the production of bitumen through the use of SAGD. In such cases where bottom water is present, the RGS has used a net bitumen cutoff of 15 m rather than 10 m. Logs of 07-25-75-13W4 show the presence of just 15 m of bitumen, which is interspersed with shales and the B₂ mudstone (Figure 2). Although the thickness of bitumen does meet the required cutoff, the vertical deposition of the bitumen is quite discontinuous and should be seen as two distinct units.

Bonavista Petroleum believes that the evidence provided herein is cause to overturn the decision by the Staff Submission Group to shut in VEL et al Clyden 7-25-75-13W4 and that the subject well should be allowed to recommence production.

We thank you for your consideration of this request and should any questions arise please contact the undersigned.

Enclosures

Stratigraphic Cross Section A-A'

Map of area, showing location of 7-25-75-13W4 and cross section A-A'

Detailed interpretation of 7-25-75-13W4

Yours very truly,

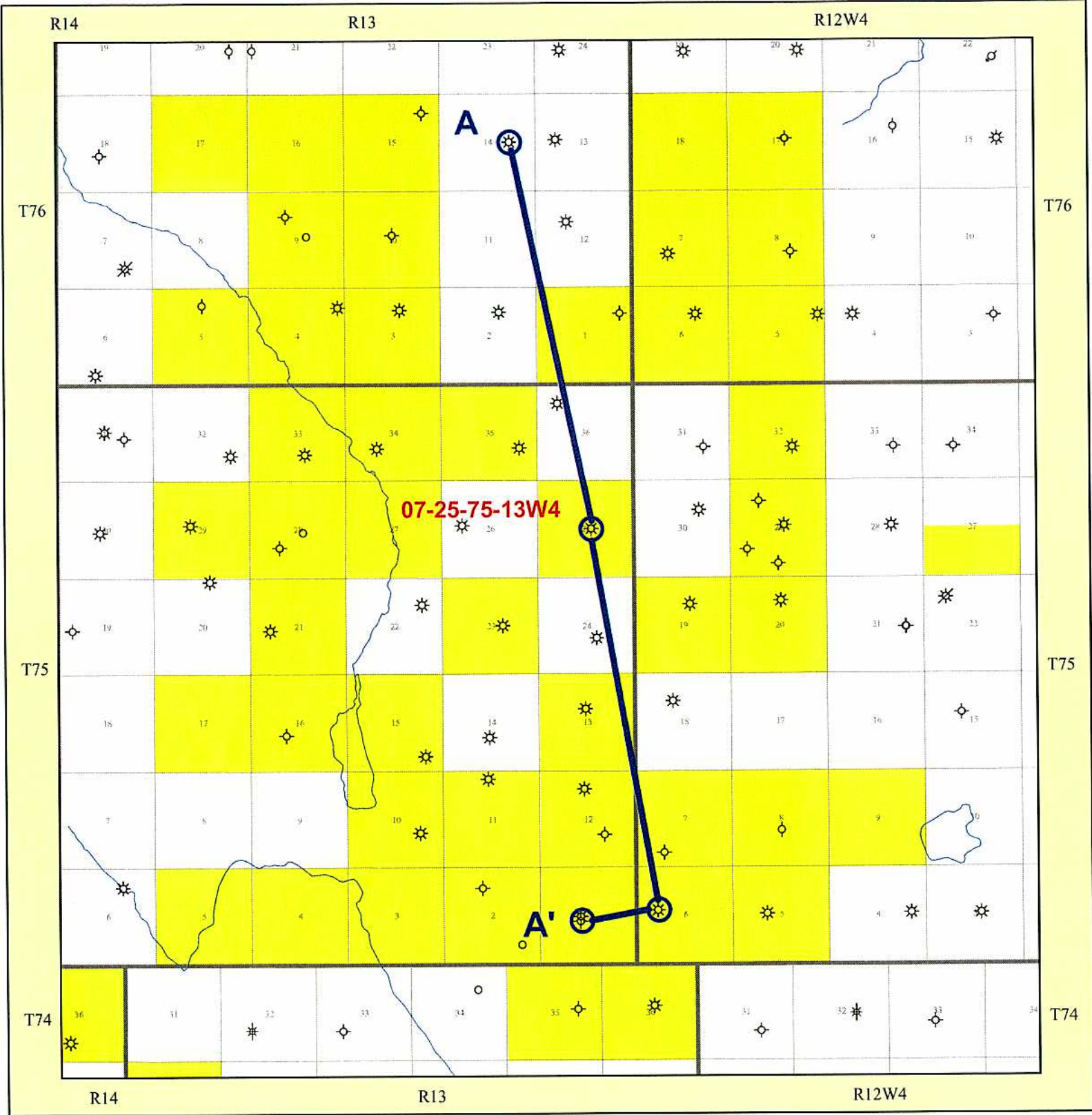


P. Kate Bostwick

Geologist

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WELL LEGEND	
Bottom Hole Locations:	
○ Location	◇ Suspended
★ Gas	◇ Dry & Abandoned
✱ Suspended Gas	✱ Abandoned Gas
◻ Injection	

PROPRIETARY DATA LEGEND	
Regions:	
	BpTRI

Bonavista Petroleum Ltd.

Clyden Alberta
Cross Section A-A'

 <p>Map Software by IHS Energy Vol. 14 No. 02, Jan 28 2004 (403) 770-4646</p>	<p>Author: Kate Bostwick Date: February 23, 2004 File: Cross section locator map.MAP Scale: 1 : 90000</p>
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VEL et al Clyden 00/07-25-75-13W4

KB: 706.6 m

RR: 2002-02-05

TD: 570.0 m

