



January 29, 2007

6460-4605/4800-59070-20

Howard Holan  
VP Engineering  
Procyon Energy Corp.  
400, 505 – 8<sup>th</sup> Ave SW  
Calgary AB T2P 1G2

Dear Mr. Holan:

**RE: COMMINGLED PRODUCTION APPROVAL  
PROCYON OAK 15-05-87-17 W6M; WA# 8753**

Commission staff have reviewed your application dated December 6, 2006 requesting permission to commingle gas production from the Coplin and Halfway formations in the subject well.

The Commission designates the gas pools under application to be the Oak field – Second Green Marker “A” and Halfway “G”.

The Second Green Marker is mapped as a single well pool with limited reserves, stabilized AOF gas rate of only 1.1 e<sup>3</sup>m<sup>3</sup>/d. The Halfway “G” is a highly depleted four well pool with currently only one other well producing, at modest rates. Halfway gas is sour, however the much higher comparative pressure in the sweet Second Green Marker should prevent any possible cross-flow reservoir contamination. Commingled production is expected help alleviate liquid loading, increasing the productive life of the well and thereby maximizing recoverable reserves.

We wish to advise that your application to commingle production from these zones is hereby granted approval, under the authority of Section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Second Green Marker (1298.0 - 1300.5 mKB) and Halfway (1332.0 - 1335.0 mKB) zones may be commingled.
2. The current reservoir pressure of the Halfway formation must be measured prior to commingled completion, and reported to the Commission.
3. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1 and BC S-2 forms on the basis of Second Green Marker 15% and Halfway 85 %. The allocation factors may be amended to reflect results of any future tests.
4. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Sincerely,

Ron Stefik, ASCT  
Sr Reservoir Engineering Technologist

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**RESOURCE CONSERVATION BRANCH**

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