



March 1, 2005

4400-4560/4800-59070-20
OGC – 05064

Neil Horbachewski, P.Eng.
Exploitation Engineer
ProEx Energy Ltd.
Suite 1400, 440 – 2nd Avenue S.W.
CALGARY, AB T2P 5E9

Dear Mr. Horbachewski:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
PROEX GUNDY a-97-A/94-B-16; WA# 18125**

The Commission has reviewed your application dated February 7, 2005, and data presented at our office February 8, requesting permission to commingle gas production from the Blueberry and Halfway zones encountered in the subject well.

The Commission has designated the gas pools under application to be the Gundy Creek field – Blueberry “B” and Halfway “A”. Both pools contain sour gas at similar current reservoir pressure. Any potential crossflow should be minimal and have no effect on ultimate gas recoveries. The Blueberry zone, flowing up the annulus, is expected to experience liquid loading problems, commingling should allow continued production thereby increasing reserves recovery. Segregated completion in the well located at c-A76-A/94-B-16 (WA 18124) should allow opportunities to conduct tests to monitor the reservoir pressure of the Blueberry “B” pool.

Your application to commingle production is hereby approved, under the authority of Section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Blueberry (1606.0–1609.0 mKB) and Halfway (1760.0–1790.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of Blueberry 60% and Halfway 40%.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Sincerely,

Ron G. Stefik, AScT
Sr. Reservoir Engineering Technician

**Approval Letters to Industry
COMMINGLED PRODUCTION**

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<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59070-20
<input type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input checked="" type="checkbox"/>	R. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	R Slocomb
<input type="checkbox"/>	D. Krezanoski

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