

May 22, 2009

1000-2600/2700-59070-20

Cheryl Leitch, C.E.T.
Sr. Engineering Technologist
Progress Energy Resources Corporation
1200, 205 – 5th Avenue S.W.
CALGARY AB T2P 2V7

Dear Ms. Leitch:

**RE: COMMINGLED PRODUCTION APPROVAL
PRQ ET AL W BEG a16-F/94-G-01; WA# 17901**

Commission staff have reviewed your application dated June 21, 2007 requesting permission to commingle gas production from the Bluesky and Gething zones encountered in the subject well. The Commission has designated the subject zones to the Beg West – Bluesky “A” and Gething “A” gas pools.

Segregated production commenced in February 2007. The Gething “A” is a single well pool, currently producing at 10 e³m³/d following a cumulative of 5,560 e³m³. The Bluesky zone, producing at 7.5 e³m³/d up the tubing-casing annulus, has reached a critical rate for lifting liquids, following cumulative production of 7,280 e³m³. The Bluesky “A” is a two well pool, the other well producing at similar low rates. Both zones produce sweet gas.

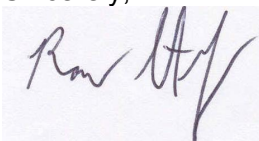
These intervals received similar fracture stimulation treatments and, despite 49.5 meters vertical separation, interference was noted on the post-deliverability build-up test conducted in February 2007 indicating pressure communication between the Bluesky and Gething completions. Partial commingling may already be occurring. Commingled production through a single production string is expected to maximize production and reserve recovery from both zones.

Commingled 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 Bluesky (1355.0–1365.0 mKB) and Gething (1414.5–1418.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Finance BC S-1, BC S-2 and BC-08 forms on the basis of Bluesky 45% and Gething 55%.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Should you have any questions, please contact the undersigned at (250) 952-0310.

Sincerely,



Ron Stefik, AScT
Sr Reservoir Engineering Technologist