



June 22, 2004

2400-2600/3320-2900-59070-20
OGC - 04207

Jim Stannard, P. Eng.
Exploitation Engineer
Progress Energy Ltd.
Suite 1400, 440 - 2nd Avenue S.W.
CALGARY, AB T2P 5E9

Dear Mr. Stannard:

RE: APPLICATION FOR INTERIM COMMINGLED PRODUCTION
PROGRESS Currant c-21-D/094-A-16; WA# 16637

The Commission has reviewed your application dated June 16, 2004 for interim approval to commingle gas production from the Bluesky and Dunlevy zones encountered in the subject well.

The OGC has designated these pools as the Buick Creek - Bluesky "C" and Currant West - Dunlevy "C".

Both pools are expected to contain sweet gas and both pools are expected to be at similar reservoir pressures. Therefore, any potential cross flow should be minimal and have no effect on ultimate gas recoveries. The Dunlevy zone has been completed and is currently producing at 16.0 10³m³/d. Two other wells are currently producing from the Dunlevy "C" pool at very low rates and are flowing commingled with the Bluesky zone. The Bluesky zone is yet to be completed in the subject wellbore; however off-set production indicates its production rates will commence at less than 10.0 10³m³/d. Therefore, commingled production should maximize production and increase recovery of reserves.

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

1. A production test must be completed to establish the AOF and initial reservoir pressure for the Bluesky zone, and reports filed as per the requirements of Sections 84 and 95 of the *Regulation*.
2. A formal application for commingled production must be submitted with supporting test data, gas analysis and proposed allocation factors for production reporting both gas and liquids.
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) 952-0311 or Richard Slocomb at 952-0366.

Sincerely,

Peter Attariwala, P.Eng.
Supervisor
Reservoir Engineering

Approval Letters to Industry
COMMINGLED PRODUCTION

Copy 8

- Wellfile (originals)
- 59070-20
- Dally
- Resource Revenue
- R. Stefik
- G. Farr
- P.S. Attariwala
- D. Krezanoski

RICHARD SLOCOMB

RESOURCE CONSERVATION BR.

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