



July 12, 2007

6480-2200/2515-59070-20

Cheryl Leitch CET
Sr. Engineering Technologist
Progress Energy Ltd.
1200, 205 – 5th Avenue S.W.
CALGARY, AB T2P 2V7

Dear Ms. Leitch:

**RE: APPLICATION FOR COMMINGLED PRODUCTION APPROVAL
PROGRESS OJAY d-68-C/93-I-16; WA# 18450**

Commission staff have reviewed your application dated April 19, 2007 for approval to commingle gas production from the Cadotte and Falher C formations in the subject well.

The Commission designates the gas pools under application to be the Ojay – Cadotte “F” and Falher C “B”. The Cadotte and Falher C commenced segregated production from this well in April 2005, and are at current rates of 42 e³m³/d (Gp= 61.6 e⁶m³) and 24 e³m³/d (Gp= 21.4 e⁶m³), respectively. The Cadotte is at its critical lift rate and has experienced recent liquid loading, affecting production. Commingled production through the tubing can more readily lift produced water which will extend the economic life of this well, thereby maximizing production and reserves recovery from both zones. Commingled production has previously been approved for two other wells from these multi-well pools. Both zones are sweet gas at similar initial pressure.

We wish to advise you 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 Cadotte (2619.5 – 2623.0 mKB) and Falher C (2840.0 – 2844.0 mKB) formations may be commingled.
2. Gas, water and condensate production should be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of Cadotte 60 % and Falher C 40 %.
3. A measurement of the reservoir pressure from each zone must be obtained either prior to commingled production or within one (1) year of this approval.
4. 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

RESOURCE CONSERVATION BRANCH

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