

March 8, 2010  
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6480-2200/2515-59070-

Cheryl Leitch, C.E.T.  
Sr. Engineering Technologist  
Progress Energy Ltd.  
1200, 205 – 5<sup>th</sup> Avenue S.W.  
CALGARY, AB T2P 2V7

Dear Ms. Leitch:

**RE: COMMINGLED PRODUCTION APPROVAL – REVISION #1**  
**PROGRESS OJAY d-68-C/93-I-16; WA# 18450**

The Commission designates the gas pools producing in the subject well to be the Ojay – Cadotte “F” and Falher C “B” pools. The Cadotte and Falher C commenced segregated production from this well in April 2005, and were producing at rates of 18 e<sup>3</sup>m<sup>3</sup>/d (Gp= 88.8 e<sup>6</sup>m<sup>3</sup>) and 8 e<sup>3</sup>m<sup>3</sup>/d (Gp= 34.1 e<sup>6</sup>m<sup>3</sup>) respectively before being shut in during October 2009 due to water production. Progress had initially applied for commingled production in an application dated April 19, 2007 and received Commission approval on July 12, 2007, however; commingled production was never initiated and both zones continued to produce separately.

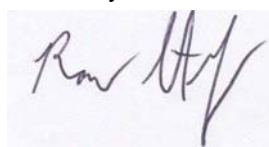
Upon current review, it is decided that Condition #3 from the original approval (reservoir pressure) could be waived on the basis that sufficient performance information has since been obtained from the Falher C to characterize reserves.

We wish to advise that your application to commingle production from these zones is hereby granted revised 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, BC S-2 and BC-08 forms on the basis of Cadotte 60 % and Falher C 40 %.
3. The form “Notice of Commingled Well Production” must be submitted within 30 days of commencement of operation in an unsegregated state.
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) 419-4430 or Travis Mercure at (250) 419-4448.

Sincerely,



Ron Stefik, AScT  
Sr. Reservoir Engineering Technologist