

April 1, 2009

8160-2600/2700-59070-20

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
PROGRESS TOWN b-009-B/094-G-01; WA# 21308**

Commission staff have reviewed your application received March 18, 2009 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 Town – Bluesky “F” and Gething “C” gas pools. Both pools contain the single subject well.

The subject well was completed in both zones in July 2006. The Gething zone came on stream in August, 2006 at an average rate of $68.7 \times 10^3 \text{m}^3/\text{d}$ and has declined to a current rate of $3.3 \times 10^3 \text{m}^3/\text{d}$. Upon flow testing, an AOF of $10.6 \times 10^3 \text{m}^3/\text{d}$ was calculated for the Bluesky zone and the gas rate is forecasted to decline to $3.8 \times 10^3 \text{m}^3/\text{d}$ within 3 months of production, based on well test parameters. The Bluesky is currently shut-in.

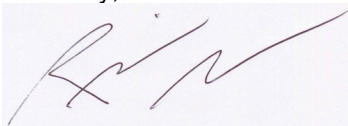
The H₂S content is 0% for the Bluesky zone and 700 ppm for the Gething zone. The wellbore is equipped with sliding sleeves so the zones can be isolated during shut-ins to prevent crossflow. Commingled production through a single production string is expected to maximize production and reserve recovery 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 (1305.0–1311.0 mKB) and Gething (1351.0–1354.0 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 55% and Gething 45%.
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) 952-0366 or Kelly Okuszko at (250) 952-0325.

Sincerely,



Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering