

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
PRQ ET AL TOWN b-A011-K/094-B-16; WA# 21425**

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 “D” and Gething “B” gas pools. In addition to the subject well, the Bluesky “D” pool contains nine other wells and the Gething “B” contain one other well.

The subject well was completed in both zones in March 2008. In April 2008, the well commenced segregated production with the Bluesky producing at $9.4 \times 10^3 \text{ m}^3/\text{d}$ up the annulus and the Gething at $3.1 \times 10^3 \text{ m}^3/\text{d}$ through the tubing. Prior to production from the subject well, the Gething “B” zone was produced through the twin well b-11-K (WA 19813) from December 2005 to April 2008. Currently, the Bluesky and Gething zones are producing at rates of $5.5 \times 10^3 \text{ m}^3/\text{d}$ and $1.6 \times 10^3 \text{ m}^3/\text{d}$, respectively.

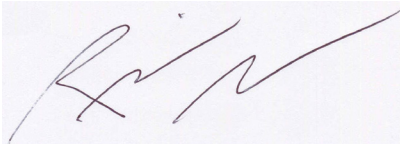
Both zones contain sweet gas. Commingled production through a single production string is expected to maximize production and reserve recovery from both zones.

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 (1267.0–1276.0 mKB) and Gething (1297.0–1307.0 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 80% and Gething 20%.
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