

May 7, 2009

6460-4535-59240-07

Lynne Brinkworth, P.Eng.  
Exploitation Engineer  
Pengrowth Corporation – Northern Team  
2100, 222 – 3<sup>rd</sup> Avenue SW,  
Calgary AB T2P 0B4

Dear Ms. Brinkworth:

**RE: CONCURRENT PRODUCTION APPROVAL  
OAK – BOUNDARY LAKE “B” POOL**

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Commission staff have reviewed your application, dated March 2, 2009, for Concurrent Production for the subject oil pool.

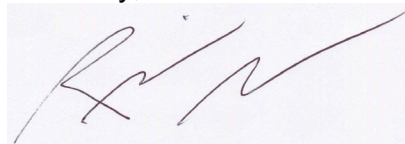
The Oak – Boundary Lake “B” is a single well oil pool containing well 08-10-86-18W6M (WA #24873). The pool was found to be isolated from the “A” pool (containing well 16-10) to the north based on pressure data. Oil production from the 08-10 well commenced in December, 2008 and a daily oil allowable of 10.3 m<sup>3</sup> was granted for production following the test period allowable. The test period allowable recently expired and oil production is currently restricted due to the GOR penalty factor. Pressure and production data indicate the pool is of limited size.

The Approval 09-07-001 is hereby granted under Section 97 of the Petroleum and Natural Gas Act. This approval will allow flexibility in production management to maximize pool oil recovery.

As the discovery well of a new oil pool, allowable based oil production from the well 8-10-86-18 W6M is royalty exempt for the first 36 producing months. Therefore, a **royalty-exempt volume cap of 4840.5 m<sup>3</sup>** has been calculated for this well, as stated in condition #6 of the approval. This value may be subject to modification based on additional production information.

Should you have any questions, please contact the undersigned at (250) 952-0366 or Kelly Okuszeko at (250) 952-0325.

Sincerely,



Richard Slocomb, P.Eng.  
Supervisor, Reservoir Engineering  
Resource Conservation

Attachment

**APPROVAL 09-07-001**

**THE PROVINCE OF BRITISH COLUMBIA  
PETROLEUM AND NATURAL GAS ACT  
OIL AND GAS COMMISSION**

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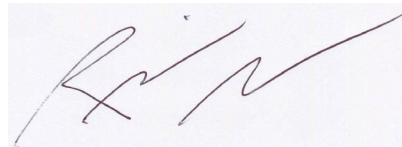
IN THE MATTER of a Concurrent Production scheme of Pengrowth Corporation (Pengrowth) for producing the Oak Boundary Lake "B" oil pool without an oil production allowable restriction.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production scheme of Pengrowth for oil and gas production without an oil allowable, as such scheme is described in

*an Application to the Commission dated March 2, 2009 and related submissions.*

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of:  
86-18 W6M – SE/4 section 10.
2. The project daily oil allowable is waived.
3. Gas production is limited to  $5.0 \times 10^3 \text{m}^3/\text{d}$ .
4. All produced gas must be conserved.
5. The requirements of Section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the scheme area are not completed nearer than 100 m to the sides of the approved area.
6. Royalty-exempt oil production from the discovery well Pengrowth Oak 8-10-86-18W6M (WA #24873) shall be limited to a volume of 4840.5 m<sup>3</sup>, or the volume produced during the first 36 producing months, whichever comes first.
7. This approval may be modified or rescinded at a later date if deemed appropriate.



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Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 7<sup>th</sup> day of May 2009.