



August 4, 2010

7600-4520-59240-07

David Lankester, P.Eng.
Area Engineer
Pengrowth Corporation
2100, 222 – 3rd Avenue S.W.
Calgary AB T2P 0B4

Dear Mr. Lankester:

RE: CONCURRENT PRODUCTION APPROVAL, AMENDMENT #1
RIGEL - CECIL "H" POOL

Commission staff have reviewed your application dated June 29, 2010, for amendment to the Concurrent Production approval for a portion of the Rigel - Cecil "H" pool, specifically a request for an increase in the daily gas production limit.

Controlled gascap production was granted October 15, 2004, when oil recovery had reached 37% of OOIP under a maturing waterflood with maintenance of an injection water-fence at the original pool gas-oil contact.

Oil recovery has now reached ~ 45% of OOIP under continued voidage replacement with demonstrated pressure maintenance and stable GORs. It is the understanding of the Commission that the present gascap production rate limit of $27.9 \text{ } 10^3 \text{ m}^3/\text{day}$ results in ongoing operational difficulties and will leave significant remaining gas-cap reserves once pool oil production ceases, which existing facilities will be economically challenged to continue processing.

Accordingly, Approval 04-07-009 (Amendment #1) is hereby granted under Section 97 of the Petroleum and Natural Gas Act. This approval increases the gas rate limit to a maximum of $55.8 \text{ } 10^3 \text{ m}^3/\text{day}$ to accelerate capture of significant gascap reserves with minimal expected harm to secondary oil recovery. This approval may be amended should it become evident that remaining pool oil recovery is being compromised.

Should you have any questions, please contact Ron Stefik at (250) 419-4430.

Sincerely,

For
A handwritten signature in blue ink, appearing to read 'R. Slocomb', is written over the word 'For'.

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

Attachment

APPROVAL 04-07-009 (AMENDMENT #1)

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


IN THE MATTER of a Concurrent Production scheme of Pengrowth Corporation (Pengrowth) for producing gascap gas of the Rigel Cecil "H" pool with a project gas allowable.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby amends the Concurrent Production scheme of Pengrowth for gas production with project allowable, as such scheme is described in

*an Application to the Commission dated August 23, 2004, June 29, 2010
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
Sect 25 Twp 88 Rge 18 W6M.
2. The project daily gas production limit is $55.8 \times 10^3 \text{m}^3$.
3. All produced gas must be conserved.
4. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved area.
5. This approval may be modified or rescinded at a later date if deemed appropriate.

FOIA

Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this *4th* day of August, 2010.