



October 15, 2004

7600-4520-59240-07
OGC - 04297

Kevin Gunning
Reservoir Engineer
Pengrowth Corporation
2900, 111 - 5th Avenue S.W.
Calgary AB T2P 3Y6

Dear Mr. Gunning:

**RE: CONCURRENT PRODUCTION APPROVAL
RIGEL - CECIL "H" POOL**

The Commission has reviewed your application dated August 23, 2004 for Concurrent Production for the Rigel - Cecil "H" pool, for controlled gascap production from this active waterflood pool.

The subject pool has been producing under a waterflood pressure maintenance approval since October 1998 and has reached a mature state of development. Oil recovery to-date has been excellent, at over 37% of OOIP, with continued strong performance. Water injection at the wells B16-14-88-18 (WA# 11403) and 10-23-88-18 W6M (WA# 11491) has established a water fence at the original pool gas-oil contact of this well defined pool. Over 90% of current oil production is occurring from the south-half on the pool, isolated from the gascap by wells experiencing high water-cuts, and an additional injection point at 02-14-088-18.

Accordingly, Approval 04-07-009 is hereby granted under Section 97 of the Petroleum and Natural Gas Act. This approval is intended to allow controlled gas cap production to accelerate capture of significant gas reserves with minimal harm to secondary oil recovery. Pool performance should be closely monitored for deviation from simulation predictions. This approval may be rescinded should it become evident that pool oil recovery is being compromised.

Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

Attachment

Approval Letters to Industry
GEP, SWD, CONCURRENT PROD,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.

Copy 9

- Wellfile (originals)
- 59240
- Daily
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- R. Slocomb
- D. Krezanoski

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St, Victoria BC

APPROVAL 04-07-009

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

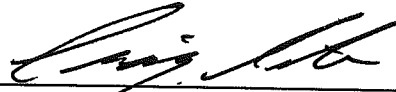
IN THE MATTER of a Concurrent Production scheme of Pengrowth Corporation (Pengrowth) for producing gascap gas of the Rigel Cecil "H" pool with a project gas allowable.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves a 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 and related submission.

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 $27.9 \times 10^3 \text{m}^3$.
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.



Craig Gibson
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this ^{15th} day of October, 2004.