



OIL AND GAS COMMISSION

July 7, 2004

7900-4580-59240-07
OGC - 04218

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

Dear Mr. Gunning:

**RE: CONCURRENT PRODUCTION APPROVAL - IN PRINCIPLE
SQUIRREL - NORTH PINE "C" POOL**

As per your application dated June 8, 2004 the Oil and Gas Commission hereby approves a Concurrent Production scheme for the subject pool "in-principle".

The Squirrel North Pine "C" pool commenced production in December 1999, and was granted approval for pressure maintenance (via water and gas injection) the following year. The pool is currently approved to produce utilizing a voidage based allowable. Pengrowth has proposed a waterflood optimization project which includes the drilling of up to seven new wells and the conversion of one existing well. Under this proposal two new water injection wells would be added, a gas cap producer drilled as well as up to five additional oil producers. Pengrowth plans on establishing a water fence at the gas-oil interface in order to accelerate capture of the gas reserves without harming secondary oil recovery. The Commission agrees that the proposed optimized waterflood with concurrent gas cap blowdown will likely not negatively impact oil recovery. As such the Commission hereby approves "in principle" Pengrowth's proposed concurrent production scheme. Formal approval may be granted once the two proposed injectors have been active for 60 days.

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

**Approval Letters to Industry
COMMINGLED PRODUCTION
Copy 9**

- Wellfile (originals)
- 59070-20
- Daily
- Resource Revenue
- R. Stefik
- G. Farr
- P.S. Attariwala
- D. Krezanoski
- RICHARD SLOCOMB

FEED FAX THIS END

FAX	
To:	Kevin Gunning
Dept.:	PENGROWTH
Fax No.:	(403) 265-6251
No. of Pages:	1
From:	Petrol A / Richard Slocumb
Date:	7 July 2004
Company:	OGC
Fax No.:	(250) 952-0311 / 952-0366
Comments:	For your files. Original to follow.
<small>Post-it fax pad 7903E</small>	

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302
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