



May 19, 2004

3300-4800-59240-07
OGC - 04175

Jim Stannard, P.Eng.
Exploitation Engineer
Progress Energy Ltd.
Suite 1400, 440 - 2nd Ave SW
Calgary AB T2P 5E9

Apache Project (02)

Dear Mr. Stannard:

RE: CONCURRENT PRODUCTION APPROVAL, AMENDMENT #2
CURRENT - HALFWAY "C" POOL

A Concurrent Production scheme was approved May 23, 2000 to allow economic production from the single oil well (b-9-C/94-A-16; WA 8403) pool, producing at high GOR and bounded by G/O and O/W contacts. The scheme was subsequently amended October 30, 2003 to permit limited gas production from the gas cap well a-20-C/94-A-16 (WA 7902), accessing large gas cap reserves while continuing to produce the remaining oil.

A new well encountering thin oil pay has now been placed on production at a-10-C/94-A-16 (WA 16656). Continued preferential oil production should ensure that oil recovery is maximized.

Attached is Concurrent Production scheme Approval 00-07-003 (Amendment #2), granted under Section 97 of the Petroleum and Natural Gas Act. The project area, waiver of an oil allowable, and application of a gas production rate limitation for the sum of all wells, remain unchanged.

Please note that the project allowables may be amended if another operator successfully completes an oil well outside the project area in the subject pool.

Should you have any questions, please contact Peter Attariwala at (250) 952-0311 or Ron Stefik at 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 10

- Wellfile (originals)
- 59240
- Daily
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- P. Attariwala
- C. Gibson
- D. Krezanoski

RESOURCE CONSERVATION BRAN

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 95

Location: 6th Flr 1810 Blanshard St, Victoria BC

APPROVAL 00-07-003 (Amendment #2)

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

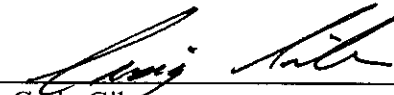
IN THE MATTER of a Concurrent Production scheme of Progress Energy Ltd. (Progress) for producing the Currant Halfway "C" oil pool with a project oil and gas allowable.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves an amendment to the Concurrent Production scheme of Progress for oil and gas production with project allowables, as such scheme is described in

Applications to the Commission dated April 6, 2000 and October 21, 2003 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:
94-A-9 Block K – units 98-100
Block L – unit 91
94-A-16 Block C – units 8-10, 20, 30
Block D – units 1, 11, 21.
2. The project daily oil allowable is waived.
3. The project daily gas limit is $30.0 \text{ e}^3\text{m}^3$.
4. All produced gas must be conserved.
5. The oil wells b-9-C (WA# 8403) and a-10-C/94-A-16 (WA# 16656) must be preferentially produced to maximize pool oil recovery.
6. 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.
7. 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 } } day of May, 2004.