



June 24, 2003

3580-4520-59240-07  
OGC - 03145

Jim Stannard, P. Eng.  
Exploitation Engineer  
Progress Energy Ltd.  
Suite 1400, 440 - 2 Avenue S.W.  
Calgary AB T2P 5E9

*Progress Project (02)*

Dear Mr. Stannard:

**RE: CONCURRENT PRODUCTION APPROVAL  
FLATROCK WEST CECIL "C" POOL**

The Commission has reviewed your application dated May 14, 2003 for Concurrent Production in the subject pool.

This approval is intended to allow operational flexibility in order to maximize oil production from this small oil pool with a gas cap. There are no equity issues as letters of concurrence from all working interest holders have been submitted. Also, no objections were received following a publication of notice of the application in the BC Gazette. Accordingly, Approval 03-07-004 is hereby granted under section 97 of the Petroleum and Natural Gas Act.

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 (250)952-0310.

Sincerely,

Craig Gibson, P. Eng.  
Manager  
Reservoir Engineering and Geology

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
- P. Attariwala
- D. Krezanoski

**ENGINEERING AND GEOLOGY BRANCH**

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APPROVAL 03-07-004

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 Progress Energy Ltd. (Progress) for producing the Flatrock West Cecil "C" pool with a project gas and oil allowable.

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

*an Application from Progress to the Commission dated May 14, 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 NE/4 sec 3 and SE/4 sec 10-85-17 W6M.
2. The project daily oil allowable is 40 m<sup>3</sup>.
3. Gas production will be limited to 16.0 10<sup>3</sup> m<sup>3</sup>/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 entitlement for the discovery well Progress et al Flatrock A1-10-85-17 (WA# 14733) is limited to a volume of 5,607.2 m<sup>3</sup> or the volume produced in the first 36 producing months, whichever is lesser.
7. This approval may be modified or rescinded at a later date if deemed appropriate.

  
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Craig Gibson  
Manager  
Reservoir Engineering and Geology

DATED AT the City of Victoria, in the Province of British Columbia, this        day of June 2003.