



August 26, 2003

8200-4510-59240-07  
OGC - 03227

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

*Progress Project (02)*

Dear Mr. Stannard:

**RE: CONCURRENT PRODUCTION APPROVAL, AMENDMENT #1  
TWO RIVERS SIPHON "A" POOL**

The Commission has reviewed your application dated August 21, 2003 requesting an amendment to the Concurrent Production approval for the subject pool.

This was originally a single well gas pool defined by 10-5-83-16 W6M (WA 2064), later approved for salt water disposal in August 1987 and subsequently abandoned in August 1996. Drilling of 14-5-83-16 (WA 12253) also resulted in gas production initially. However, after one year's production, the well started producing oil. Recent drilling of an oil well at 4-8-83-16 (WA 16096) has extended the pool outline.

As this is a mature oil pool, granting of the requested amendment is considered reasonable at this point in the productive life of the reservoir.

Attached is a Concurrent Production scheme Approval 02-07-004 (Amendment #1), 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.

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 02-07-004 (Amendment #1)**

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

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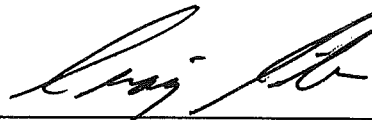
IN THE MATTER of a Concurrent Production scheme of Progress Energy Ltd. (Progress) for producing the Two Rivers Siphon "A" pool with a project oil and gas allowable.

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

*an Application from Progress to the Commission dated August 21, 2003 and related submission.*

This scheme approval of June 21, 2002 is amended, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of Sections 5 and 8 of Township 83 Range 16 W6M.
2. The daily oil allowable is waived.
3. Gas production will be limited to  $60.0 \times 10^3 \text{m}^3/\text{d}$ .
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. 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 26<sup>th</sup> day of August 2003.