



November 5, 2004

3426-4040-59240-06  
OGC - 04312

W.J. Montgomery, P.Eng.  
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*Pengrowth Project (02)  
(amendment denied)*

Dear Mr. Montgomery:

**RE: APPLICATION FOR GOOD ENGINEERING PRACTICE AMENDMENT  
DOIG RAPIDS NORDEGG-BALDONNEL "A" POOL**

The Commission has reviewed your application dated October 5, 2004 requesting a Good Engineering Practice (GEP) scheme approval for producing gas from a portion of the subject pool.

A detailed analysis of production history, pressure data and reserves indicates that the subject pool is performing as would be expected from a conventional reservoir. The most recently drilled well at d-17-K/94-A-16 showed a build up pressure of 4641 kPa on March 9, 2004, which appears to be consistent with the Nordegg-Baldonnel "A" pressure trend. Additionally, a decline and P/z analysis indicates the potential for 75-85% recovery of in place reserves with the wells currently producing in the pool. Furthermore, the proposed well is off-set on three sides by wells less than 1 km away, one of which is the most prolific in the pool. The Commission feels that the drilling of a second well within the subject gas spacing unit will likely only result in accelerated production and would not yield any measurable incremental gas reserves. With the additional consideration for the land disturbance involved with drilling a second well per spacing unit the Commission is not prepared at this time to approve an amendment to Pengrowth's GEP approval 04-06-17.

Unfortunately, there are only two wells in the entire pool that have multiple pressure tests over a significant period of time and there were no tests between 1999 and 2003. The relative lack of recent pressure data may have limited the Commission's discretion when making a determination on this application. The Commission realizes that Calpine was the previous owner of these wells; however as per Section 95(2) of the *Drilling and Production Regulations* there is an annual requirement for pressure testing.

Pengrowth is encouraged to re-apply, should future production or pressure data indicate support for such a GEP amendment.

Should you have any questions, please contact Richard Slocomb at (250) 952-0366.

Sincerely,

Craig Gibson, P. Eng.  
Director  
Resource Conservation Branch

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

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- 59240
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- R. Stefik
- G. Farr
- R. Slocomb
- D. Krezanoski

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