



OIL AND GAS COMMISSION

July 8, 2008

6460-4100-59240-06

Howard Holan
V.P. Engineering
Procyon Energy Corp.
Suite 400, 505 – 8th Avenue S.W.
Calgary AB T2P 1G2

Dear Mr. Holan:

RE: GOOD ENGINEERING PRACTICE APPROVAL
OAK – BALDONNEL ‘G’ POOL

The Commission has reviewed your application dated May 12, 2008, requesting Good Engineering Practice (GEP) scheme approval for the Baldonnel formation in the Oak field, in the following gas spacing unit:

Twp 86 Rge 17 W6M - Section 30.

The Commission has mapped the Baldonnel zone of interest as the Oak– Baldonnel ‘G’ gas pool based on log analysis and pressure data.

There are two wells drilled into the pool. Well 6-30 (WA # 12199) was abandoned in September, 1999 without testing the Baldonnel and well 5-30 (WA #22815) has been producing since April, 2007.

Attached is a GEP scheme Approval 08-06-021, granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, for the subject pool.

This approval is intended to allow the production of additional gas wells for maximization of gas recovery. No objections were received following a publication of notice of the application on the OGC website.

Should you have any questions, please contact the undersigned at (250) 952-0366 or Kelly Okuszko at (250) 952-0325.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Slocomb', is written over a light blue rectangular background.

for Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering

RESOURCE CONSERVATION

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APPROVAL 08-06-021

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

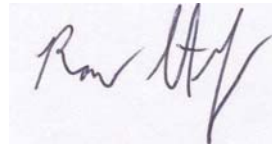
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Procyon Energy Corporation (Procyon) for producing gas from the Oak – Baldonnel “G” pool without well spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Procyon as such scheme is described in

an Application from Procyon to the Commission dated May 12, 2008.

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of ;
 Twp 86 Rge 17 W6M - Section 30.
2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the project area are not completed nearer than 250 m to the sides of the approved project area.
3. The gas wells within the project area may be produced without individual well allowable restrictions.
4. This approval may be modified or rescinded at a later date if deemed appropriate.



for Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 8th day of July 2008.