



OIL AND GAS COMMISSION

July 4, 2006

1000-4800-59240-06

Cheryl Leitch, C.E.T.
Senior Engineering Technologist
ProEx Energy Ltd.
1400, 440 – 2nd Avenue S.W.
Calgary AB T2P 5E9

Dear Ms. Leitch:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
BEG WEST - HALFWAY "A" POOL**

Commission staff have reviewed the application, dated May 3, 2006 requesting Good Engineering Practice (GEP) scheme approval for producing gas from the Halfway formation in the Beg West field.

The pool named as Halfway Undefined in your application has been mapped as the Beg West - Halfway "A" gas pool.

Attached is GEP Approval 06-06-044 hereby granted under Section 101 of the *Drilling and Production Regulation*. No objections were received following a publication of notice of the application in the BC Gazette.

This approval is intended to allow production of gas wells without spacing and target considerations, for maximization of gas recovery.

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

Sincerely,

A handwritten signature in black ink that reads "D. McKenzie". The signature is written in a cursive style and is positioned above the typed name of the signatory.

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St, Victoria BC

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APPROVAL 06-06-044

**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 ProEx Energy Ltd. (ProEx) for producing the Beg West field Halfway "A" gas pool without well spacing and target restrictions.

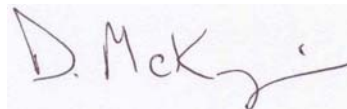
NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of ProEx for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from ProEx to the Commission dated May 3, 2006 and related submissions.

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

1. The area of the project shall consist of:

94-G-1: Block F – units 58, 59, 68, 69, 78, 79, 88 and 89.
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.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 5th day of July 2006.