



OIL AND GAS COMMISSION

April 8, 2005

4400-4800-59240-06
OGC - 05117

Neil Horbachewski, P.Eng.
Exploitation Engineer
ProEx Energy Ltd.
1400, 440 - 2nd Avenue S.W.
Calgary AB T2P 5E9

ProEx Energy Project (02)

Dear Mr. Horbachewski:

RE: GOOD ENGINEERING PRACTICE APPROVAL, AMENDMENT #1
GUNDY CREEK - HALFWAY "B" POOL

Commission staff have reviewed your application, dated March 11, 2005, for amendment to the Good Engineering Practice (GEP) approval issued for the subject pool on March 2, 2005.

The Approval 05-06-017 (Amendment #1) is hereby approved under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*.

This amendment increases the approval area, adding four gas spacing areas northwest of the original area. All other conditions remain unchanged. This approval is intended to allow operational flexibility and to allow the drilling and production of gas wells without spacing and target considerations for maximization of gas recovery.

Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

RGS

Attachment

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

Copy 9

<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59240
<input type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	S. Chicorelli
<input type="checkbox"/>	R. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	R. Slocomb
<input type="checkbox"/>	D. Krezanoski

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

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: (250) 261-5744 www.ogc.gov.bc.ca

APPROVAL 05-06-017 (Amendment #1)

**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 Gundy Creek Halfway "B" gas pool without well spacing, target and production restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby amends 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 January 24 and March 11, 2005.

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

1. The area of the project shall consist of:

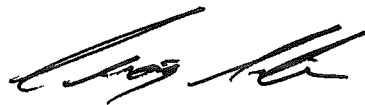
94-B-16: Block A - units 80, 90, 100

Block B - units 71, 81, 91-93

Block G - units 1-3, 12-15, 22-25, 34, 35, 44, 45, 54, 55, 64 and 65

Block H - unit 10.

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.



Craig Gibson
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 8th day of April 2005.