



OIL AND GAS COMMISSION

July 18, 2007

1000-4800-59240-06

Neil Horbachewski, P.Eng.
Senior Engineer
ProEx Energy Ltd.
1200, 205 – 5th Avenue S.W.
Calgary AB T2P 2V7

Dear Mr. Horbachewski:

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

Commission staff have reviewed your application, dated January 11, 2007, requesting Good Engineering Practice (GEP) scheme approval for producing Halfway formation gas in the Sasquatch area.

OGC mapping recognizes this area as an extension of the Beg West - Halfway "D" non-associated gas pool.

Attached is GEP Approval 07-06-027 hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. As the second GEP within the Beg West Halfway "D" pool, this area will be referenced as "ProEx Energy Project #2". No objections were received following public notice of the application. Application approval was delayed pending receipt of a letter of consent from the registered title holder.

This approval is intended 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,

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 07-06-027

**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 "D" 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 January 11, 2007 and related submissions.

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

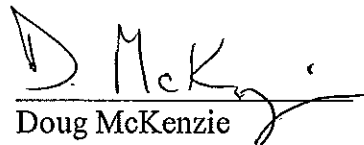
1. The area of the project shall consist of:

94-G-1: Block E – units 96, 97
Block L – units 6, 7, 16, 17, 26 and 27.

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 18th day of July 2007.