

February 2, 2011

1400-4800-59240-06

Davin Yee, P.Eng.  
Exploitation Engineer  
Progress Energy Ltd.  
1200, 205- 5<sup>th</sup> Avenue S.W.  
Calgary AB T2P 2V7

Dear Mr. Yee:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECTS  
OTHER THAN NORMAL SPACING ORDERS  
BLUEBERRY FIELD – HALFWAY “A” POOL**

The Commission has reviewed your application dated November 22, 2010, requesting Good Engineering Practice approval for portions of the Blueberry field - Halfway formation.

The Commission maps these areas within the Blueberry field Halfway “A” pool. Gas recovery from this formation in these areas would benefit from the ability to produce wells in locations that vary from normal spacing and target area requirements.

As a result of recent legislative changes, authorities previously contained in a single approval document for this activity are now covered in the attached;

- 1) Orders 11-06-005 and 11-06-006 designating Good Engineering Practice, within portions of the Blueberry field Halfway formation as Special Projects under section 75 of the *Oil and Gas Activities Act*, and
- 2) Orders 11-06-005-OTN and 11-06-006-OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formation and areas.

As a Good Engineering Practice special project, the applicant intends to locate, complete and operate wells in a manner to optimize resource recovery while minimizing surface impacts.

Should you have any questions, please contact Ron Stefik at (250) 419-4430.

Sincerely,



Richard Slocomb, P.Eng.  
Supervisor, Reservoir Engineering  
Resource Conservation

Attachments

IN THE MATTER of an application from Progress Energy Ltd. to the Commission dated November 22, 2010 for a Good Engineering Practice project.

**ORDER 11-06-005**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Blueberry field – Halfway “A” pool is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

DLS 88-25 W6M                      Section 25 and fractional Section 36  
NTS 94-A-12 Block K              fractional Units 7 & 8.

A handwritten signature in black ink, appearing to read 'Alex Ferguson', is written over a horizontal line.

Alex Ferguson  
Commissioner  
Oil and Gas Commission

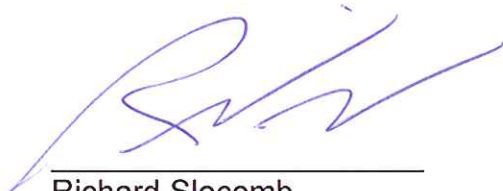
DATED AT the City of Victoria, in the Province of British Columbia, this 2 day of February 2011.

IN THE MATTER of an application from Progress Energy Ltd. to the Commission dated November 22, 2010 for a Good Engineering Practice project.

**ORDER 11-06-005-OTN**

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Blueberry field Halfway formation within the following area;  

DLS 88-25 W6M	Section 25 and fractional Section 36
NTS 94-A-12 Block K	fractional Units 7 & 8.
  
- 2 Under section 65.1(3) of the *Petroleum and Natural Gas Act*, I specify the following:
  - a) the target area for a gas well completed within the project area is not nearer than 250 m to the sides of the Other Than Normal Spacing area,
  - b) a gas well completed outside the specified target area may be subject to an off-target production penalty,
  - c) gas wells drilled within the specified project area are not subject to spacing requirements.



Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 2 day of February 2011.

IN THE MATTER of an application from Progress Energy Ltd. to the Commission dated November 22, 2010 for a Good Engineering Practice project.

**ORDER 11-06-006**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Blueberry field – Halfway “A” pool is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

NTS 94-A-12 Block K Units 38 - 40, 48 – 50, 60, 70  
Block L Units 31, 41, 51 and 61.

A handwritten signature in black ink, appearing to read 'Alex Ferguson', is written over a horizontal line. The signature is stylized and cursive.

Alex Ferguson  
Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 2 day of February 2011.

IN THE MATTER of an application from Progress Energy Ltd. to the Commission dated November 22, 2010 for a Good Engineering Practice project.


**ORDER 11-06-006-OTN**

1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Blueberry field Halfway formation within the following area;

NTS 94-A-12	Block K	Units 38 - 40, 48 – 50, 60, 70
	Block L	Units 31, 41, 51 and 61.

2 Under section 65.1(3) of the *Petroleum and Natural Gas Act*, I specify the following:

- a) the target area for a gas well completed within the project area is not nearer than 250 m to the sides of the Other Than Normal Spacing area,
- b) a gas well completed outside the specified target area may be subject to an off-target production penalty,
- c) gas wells drilled within the specified project area are not subject to spacing requirements.



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Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 2 day of February 2011.