

September 13, 2010

2240-4150-59240-06

Davin Yee, P. Eng
Exploitation Engineer
Progress Energy Resources Corp.
1200, 205 – 5th Ave. S.W.
Calgary AB T2P 2V7

Dear Mr. Yee:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
BUBBLES NORTH – BALDONNEL/UPPER CHARLIE LAKE “A”, “D”, and
“E” POOLS**

Commission staff have reviewed the application, dated June 15, 2010, requesting Good Engineering Practice (GEP) approval for producing gas from the Baldonnel/Upper Charlie Lake formation in the Bubbles North area.

Attached are the following Approvals for corresponding pools:

Baldonnel/Upper Charlie Lake “A” pool:

Approval #10-06-031
Approval #10-06-032
Approval #10-06-033
Approval #10-06-034

Baldonnel/Upper Charlie Lake “D” pool:

Approval #10-06-035

Baldonnel/Upper Charlie Lake “E” pool:

Approval #10-06-036

These approvals are hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. They are intended to allow the production of gas wells at increased density without regard for normal spacing and target areas for maximization of gas recovery. No written objections were received following notice of this application on the OGC website.

.../2

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Should you have any questions, please contact the undersigned at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,



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

Attachment

APPROVAL 10-06-031

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 Progress Energy Resources Corp. (Progress) for producing gas from the Bubbles North field Baldonnel/Upper Charlie Lake "A" pool without 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 Progress as such scheme is described in

an Application from Progress to the Commission dated June 15, 2010.

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

1. The area of the scheme shall consist of;

94-G-8 Block B Units 96, 97, 100

94-G-8 Block C Unit 91.

94-G-8 Block F Units 1, 12, 13, 22, 23, 31-35, 41-45, 54, 55, 64, 65, 74, 75, 84, 85

94-G-8 Block G Units 6, 7, 10, 18, 19, 28, 29, 38-40, 48-50.

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.


Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2010.

APPROVAL 10-06-032

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

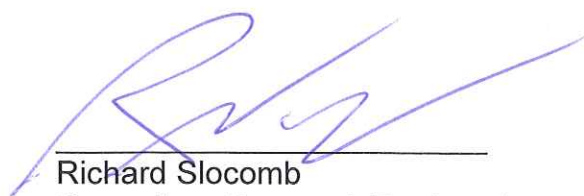
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Progress Energy Resources Corp. (Progress) for producing gas from the Bubbles North field Baldonnel/Upper Charlie Lake "A" pool without spacing and target restrictions.

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

an Application from Progress to the Commission dated June 15, 2010.

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

1. The area of the scheme shall consist of;
94-G-8 Block B Units 58, 59, 68, 69.
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.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2010.

APPROVAL 10-06-033

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 Progress Energy Resources Corp. (Progress) for producing gas from the Bubbles North field Baldonnel/Upper Charlie Lake "A" pool without 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 Progress as such scheme is described in

an Application from Progress to the Commission dated June 15, 2010.

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

1. The area of the scheme shall consist of;

94-G-8 Block B Units 54-57, 64-67, 72-80, 82-90, 92-95, 98, 99
94-G-8 Block C Units 71, 81
94-G-8 Block F Units 11, 21
94-G-8 Block G Units 2-5, 8, 9, 14-17, 20, 24-27, 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.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2010.

APPROVAL 10-06-034

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

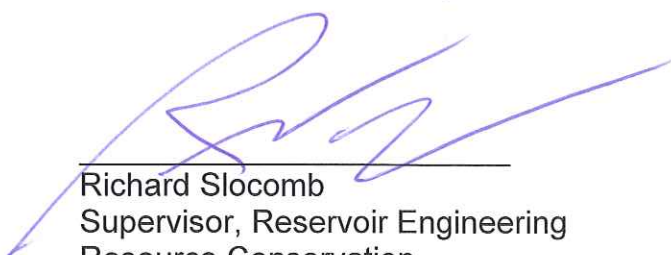
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Progress Energy Resources Corp. (Progress) for producing gas from the Bubbles North field Baldonnel/Upper Charlie Lake "A" pool without spacing and target restrictions.

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

an Application from Progress to the Commission dated June 15, 2010.

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

1. The area of the scheme shall consist of;
94-G-8 Block F Units 36, 37, 46, 47.
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.


Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2010.

APPROVAL 10-06-035

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 Progress Energy Resources Corp. (Progress) for producing gas from the Bubbles North field Baldonnel/Upper Charlie Lake "D" pool without 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 Progress as such scheme is described in

an Application from Progress to the Commission dated June 15, 2010.

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

1. The area of the scheme shall consist of;
94-G-8 Block F Units 51-53, 61-63
94-G-8 Block G Units 60, 70.
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.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2010.

APPROVAL 10-06-036

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 Progress Energy Resources Corp. (Progress) for producing gas from the Bubbles North field Baldonnel/Upper Charlie Lake "E" pool without 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 Progress as such scheme is described in

an Application from Progress to the Commission dated June 15, 2010.

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

1. The area of the scheme shall consist of;
94-G-8 Block F Units 72, 73, 82, 83, 92-95
94-G-8 Block K Units 2-5.
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.


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