

March 10, 2010

2240-2600-59240-06

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

Dear Mr. Wicentovich:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
BUBBLES NORTH – BLUESKY “B” POOL**

Commission staff have reviewed the application, dated February 10, 2010, requesting Good Engineering Practice (GEP) approval for producing gas from the Bluesky formation in the Bubbles North area.

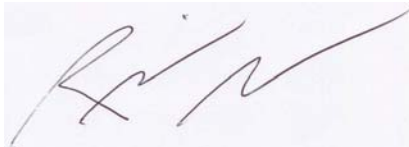
Gas recovery from this tight formation would benefit from the ability to produce additional wells from optimal locations.

Attached is Approval 10-06-009, hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This approval is 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.

The Commission would also like to remind Progress that GEP approval is required prior to production from multiple wells within the same pool in the same DSU; it was observed that b-033-G/094-G-08/2 and c-033-G/094-G-08/2 have been simultaneously producing from the Bluesky “B” pool since May 2007.

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 10-06-009

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

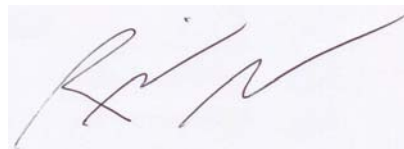
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Progress Energy Resources Corp. (Progress) for producing gas from the Bubbles North field Bluesky "B" pool without spacing and target restrictions.

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 February 10, 2010, and related submissions.

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 G Units 11-15, 21-25, 31-35, 41-45
 - 94-G-8 Block H Units 20, 30, 40, 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 9th day of March 2010.