



OIL AND GAS COMMISSION

July 29, 2005

6500-4800-59240-06
OGC -05219

Max Vorobiev, P.Eng.
Exploitation Engineer
Progress Energy Ltd.
Suite 1400, 440 - 2 Avenue SW
Calgary AB T2P 5E9

Dear Mr. Vorobiev:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
OSPREY - HALFWAY "K" POOL**

Attached is a Good Engineering Project (GEP) scheme approval for the subject oil pool, as requested in your application of June 20, 2005.

The Approval 05-06-037 is hereby granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*.

This approval is intended to allow operational flexibility while limiting the risk of higher GOR wells being allowable restricted; so as to increase production and maximize recovery of both oil and gas. No objections were received following a publication of notice of the application in the BC Gazette.

It should be noted that the normal GOR penalties would apply.

Sincerely,

per Craig Gibson, P. Eng.
Director
Resource Conservation Branch

Attachment

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

Copy 9

- Wellfile (originals)
- 59240
- Daily
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- R. Slocomb
- 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) 261-5700 Fax: (250) 261-5744
www.ogc.gov.bc.ca

APPROVAL 05-06-037

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

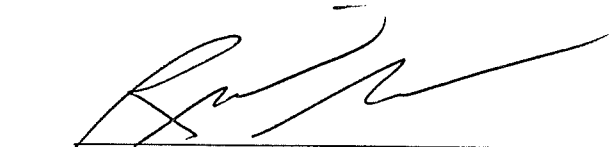
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Progress Energy Ltd. (Progress) for producing the Osprey – Halfway “K” oil pool with a project oil allowable and without well spacing and target restrictions.

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

an Application to the Commission from Progress dated June 20, 2005.

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

1. The area of the scheme shall consist of:
094-A-15: Block G – units 78, 87, and 88.
2. The project daily oil allowable, being the sum of the individual well allowables, is 47.8 m³.
3. All gas production will be conserved.
4. The requirements of Section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the scheme area are not completed nearer than 100 m to the sides of the approved scheme area.
5. This approval may be modified or rescinded at a later date if deemed appropriate.


per Craig Gibson
Director,
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 29th day of July 2005.