



May 2, 2005

6800-4800-59240-06
OGC – 05148

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

Dear Mr. Vorobiev:

**RE: APPLICATION FOR GOOD ENGINEERING PRACTICE
PEEJAY – HALFWAY “W” POOL**

The Commission has reviewed your application dated March 7, 2005 requesting a Good Engineering Practice (GEP) scheme approval for producing oil from the subject pool.

The OGC agrees with Progress Energy’s interpretation of the seismic information as well as material balance analysis indicating that the Peejay – Halfway “W” pool is of limited aerial extent. CNRL recently drilled an off-setting well at d-4-I/94-A-15 (WA 19035), however they were unable to complete and test the well prior to spring break-up. CNRL believes that their new well may be part of the subject pool and as such have submitted a written objection to the GEP application. Furthermore, CNRL holds a 15% working interest in the producing well, d-A3-I/94-A-15 (WA 17522), contained within the subject application area. CNRL has indicated that they will not provide consent for the subject application until such time as they can obtain an initial pressure from the d-4-I well and determine whether this well is part of a new pool. Therefore the Commission is unable to approve your application for a Good Engineering Practice approval at this time.

Progress may re-apply, once partner approval has been obtained.

Should you have any questions, please contact Richard Slocomb at (250) 952-0366.

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

Cc Carmine Vertone CNRL

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

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<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59240
<input type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	S. Chicorelli
<input type="checkbox"/>	R. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	R. Slocomb
<input type="checkbox"/>	D. Krezanoski

RESOURCE CONSERVATION BRANCH

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