



OIL AND GAS COMMISSION

July 22, 2005

8160-4800-59240-06  
OGC - 05216

Cheryl Leitch, C.E.T.  
Senior Engineering Technologist  
Progress Energy Ltd.  
Suite 1400, 440 - 2nd Avenue S.W.  
Calgary AB T2P 5E9

Progress Project (02)

Dear Ms. Leitch:

**RE: GOOD ENGINEERING PRACTICE APPROVAL, AMENDMENT #1  
TOWN - HALFWAY "C" POOL**

Attached is a Good Engineering Practice (GEP) scheme approval amendment for the subject pool, as requested in your application dated June 8, 2005.

The Approval 04-06-013 (Amendment #1) is hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, increasing the scheme size by two gas spacing areas to the north.

This approval is intended to allow operational flexibility and to allow the drilling and production of gas wells without spacing and target considerations for maximization of gas recovery.

Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,

Craig Gibson, P. Eng.  
Director  
Resource Conservation Branch

Attachment

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

Copy 9

- |                          |                      |
|--------------------------|----------------------|
| <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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**APPROVAL 04-06-013 (Amendment #1)**

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

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IN THE MATTER of a Good Engineering Practice (GEP) scheme of Progress Energy Ltd. (Progress) for producing a portion of the Town Halfway "C" gas pool without well spacing, target and production restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby amends the GEP scheme of Progress for drilling wells without spacing and target restrictions, as such scheme is described in

*an Application from Progress to the Commission dated December 10, 2003 and June 1, 2005.*

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

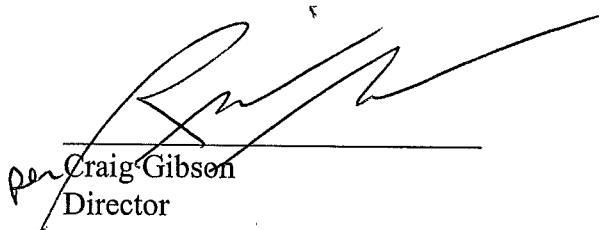
1. The area of the project shall consist of:

94-G-1

Block B – units 20, 30, 40, 50

Block C – units 11, 21, 31 - 33, 41 - 43, 52, 53, 62, 63, 72 - 75 and 82 - 85.

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.

  
per Craig Gibson  
Director  
Resource Conservation Branch  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 22<sup>nd</sup> day of July 2005.