



January 29, 2009

2940-4608/4800-59070-20

Cheryl Leitch, C.E.T.
Sr. Engineering Technologist
Progress Energy Ltd.
1200, 205 – 5th Avenue S.W.
CALGARY AB T2P 2V7

Dear Ms. Leitch:

**RE: COMMINGLED PRODUCTION APPROVAL
PROEX CARIBOU d-061-K/094-G-07; WA# 23077**

Commission staff have reviewed your application dated January 9, 2009 requesting permission to commingle gas production from the Trutch Creek and Halfway zones encountered in the subject well. The Commission has designated the subject zones to the Caribou – Trutch Creek “B” and Halfway “A” gas pools. The Halfway pool is a large multi-well pool and the Trutch Creek contains the single subject well.

The subject well was completed in both zones in July/August 2008. Flow and build up tests were conducted and AOF rates of 13.2 10³m³/d and 93.6 10³m³/d for the Trutch Creek and Halfway, respectively, were calculated. The Halfway came on stream in September, 2008 at an average rate of 42.2 10³m³/d and has declined to a current rate of 20.0 10³m³/d. The Trutch Creek is currently shut-in behind pipe.

The H₂S content is 6% for the Trutch Creek zone and 4.8% for the Halfway zone. The wellbore is equipped with sliding sleeves so the zones can be isolated during shut-ins to prevent crossflow. Commingled production through a single production string is expected to maximize production and reserve recovery from both zones.

Commingled production is hereby approved, under the authority of Section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Trutch Creek (1651.0–1655.3 mKB) and Halfway (1677.0–1725.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Finance BC S-1, BC S-2 and BC-08 forms on the basis of Trutch Creek 30% and Halfway 70%.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Should you have any questions, please contact the undersigned at (250) 952-0366 or Kelly Okuszko at (250) 952-0325.

Sincerely,

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering

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