



OIL AND GAS COMMISSION

June 9, 2005

0400-4800-59240-09

OGC - 05180

Kevin Gunning, P. Eng.
Reservoir Engineer
PENGROWTH CORPORATION
Petro-Canada Centre - East Tower
2900, 111 - 5 Avenue S.W.
CALGARY, AB T2P 3Y6

Pengrowth Project 102

Dear Mr. Gunning:

**RE: PRESSURE MAINTENANCE WATERFLOOD APPROVAL
BEATTON RIVER - HALFWAY "C" POOL**

The Commission has reviewed your application, dated April 18, 2005 requesting a pressure maintenance waterflood approval for the subject oil pool.

Attached is Approval 05-09-003 for the application, granted under Section 100 of the Petroleum and Natural Gas Act. The pressure maintenance waterflood scheme becomes effective when water is injected into the pool. The Commission must be notified in writing of the date of commencement of water injection, as per condition #5 of the approval.

Production from this pool has been suspended since January 1988. Although this pool produced under primary production for a significant period of time, it is anticipated that a favourable response to waterflooding will allow recommencement of production and result in increased ultimate oil recovery, as experienced by analogous pools in the area. However, as a result of the current low reservoir pressure, the OGC anticipates that Pengrowth will allow sufficient time for fill-up prior to placing the pool back on full time production.

Incremental oil recovery may be eligible for a reduced royalty. The following website link contains an information letter with further details.

http://www.rev.gov.bc.ca/mog/oil_gas/information_letters/2000/F2000-1.pdf

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

Sincerely,

pen
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

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APPROVAL 05-09-003

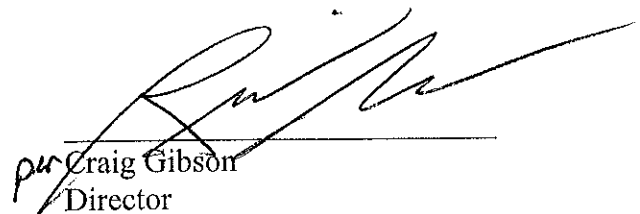
THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION

IN THE MATTER of a pressure maintenance scheme of Pengrowth Corporation (Pengrowth) for recovery of oil by water injection in the Beatton River – Halfway “C” Pool.

NOW THEREFORE, the Commission, pursuant to Section 100 of the Petroleum and Natural Gas Act, R.S.B.C. 1996, c.361 orders as follows:

The pressure maintenance scheme of Pengrowth for recovery of oil by waterflooding the Beatton River Halfway “C” Pool as described in the application to the Commission dated April 18, 2005 is hereby approved, subject to the following terms:

1. The project area of the pressure maintenance scheme consists of unit 11 and unit 21 Block K/094-H-2.
2. The project daily oil allowable, being the sum of the individual allowables, is 41.6 m³.
3. Water may be injected into the Beatton River - Halfway “C” pool through the well d-11-K/94-H-2. (2915)
4. All associated produced gas must be conserved.
5. The Commission must be notified in writing of the date of commencement of water injection.
6. The injection pressure measured at the sandface must not exceed the formation fracture pressure.
7. An oil well may be completed anywhere within the project area provided that it is not nearer than 100 m to the sides of the project area.
8. Progress reports shall be filed as stipulated in Section 8 of the *Petroleum and Natural Gas General Regulation*.
9. The operations of the pressure maintenance scheme will be subject to periodic review and modification to the approval may be ordered, if deemed appropriate.



Craig Gibson
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 10th day of June 2005.