

June 23, 2010

7900-4580-59240-09

Dave Lankester, P.Eng
Area Engineer, NEBC - Conventional
Pengrowth Corporation
2100, 222 – 3rd Avenue S.W.
Calgary, AB T2P 0B4

Dear Mr. Lankester:

**RE: PRESSURE MAINTENANCE WATERFLOOD APPROVAL, AMENDMENT #7
SQUIRREL - NORTH PINE "C" POOL**

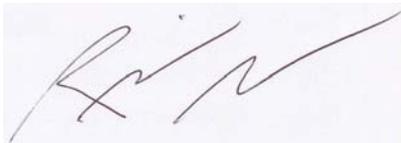
Commission staff have reviewed your application, dated March 29, 2010, requesting an amendment to the pressure maintenance waterflood approval for subject pool, last amended April 7, 2005.

Based on a review of the production/injection performance of the pool, we concur that the pool has reached a mature state of production. As per previous Amendments, numerous attempts have been made to increase water injection and optimize the waterflood development with varying levels of success.

Attached is Approval #01-09-001 (Amendment #7), granted under Section 100 of the Petroleum and Natural Gas Act. This amendment removes the previous requirement that Progress Reports shall be filed as stipulated in Section 8 of the *Petroleum and Natural Gas General Regulation*. All other conditions remain unchanged.

Should you have any questions, please contact the undersigned at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,



Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering
Resource Conservation

Attachment

APPROVAL 01-09-001 (AMENDMENT #7)
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 and gas injection in the Squirrel North Pine "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 and produced gas re-injection in the Squirrel North Pine "C" Pool as described in the application to the Commission dated February 6, June 14, September 7, 2001, November 16, 2001, March 8, 2002, March 22, 2005, October 24, 2006, and March 29, 2010 is amended, subject to the following terms:

1. The project area of the pressure maintenance scheme consists of;
 - Twp 87 Rge 19 W6M - NW/4 section 30 and section 31
 - Twp 87 Rge 20 W6M - N/2 and SE/4 section 25, NE/4 section 26, sections 35, 36
 - Twp 88 Rge 19 W6M - section 6
 - Twp 88 Rge 20 W6M - section 1, S/2 and NE/4 section 2.
2. The project oil allowable is waived.
3. Water may be injected into the Squirrel North Pine "C" pool through the wells 16-25, 3-35, 7-36-87-20, 4-6-88-19 and 1-2-88-20 W6M.
4. Produced gas may be re-injected into the Squirrel North Pine "C" pool through the well 7-31-87-19 W6M.
5. The injection pressure measured at the sandface must not exceed the formation fracture pressure.
6. 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.
7. The operations of the pressure maintenance scheme will be subject to periodic review and modification to the approval may be ordered, if deemed appropriate.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 21st day of June 2010.