



OIL AND GAS COMMISSION

August 3, 2006

0320-2600-59240-06

Max Vorobiev, P.Eng.
Exploitation Engineer
ProEx Energy Ltd.
1400, 440 – 2nd Avenue S.W.
Calgary AB T2P 5E9

Dear Mr. Vorobiev:

RE: GOOD ENGINEERING PRACTICE APPROVALS
ALTARES - BLUESKY "B" POOL

Commission staff have reviewed your two applications, both dated May 10, 2006, for Good Engineering Practice (GEP) scheme approval for portions of the subject pool. Additional information was presented to Commission staff during a meeting at our offices on May 29, 2006. Recent communications have detailed on-going administrative efforts to clarify tenure ownership which support the consent letters forwarded in support of this application.

GEP approvals were previously approved for other spacing areas in this pool. Attached are GEP Approvals 06-06-048 (ProEx Project #2) and 06-06-049 (ProEx Project #3) hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*.

These approvals are intended to allow 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,

A handwritten signature in black ink that reads 'D. McKenzie'. The signature is written in a cursive style with a long horizontal stroke at the end.

Doug McKenzie
Director
Resource Conservation Branch

Attachments

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St, Victoria BC

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: (250) 261-5744 www.ogc.gov.bc.ca

APPROVAL 06-06-048

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

IN THE MATTER of a Good Engineering Practice (GEP) scheme of ProEx Energy Ltd. (ProEx) for producing the Altares field Bluesky "B" gas pool without well spacing and target restrictions.

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

an Application from ProEx to the Commission dated May 10, 2006 and related submissions.

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

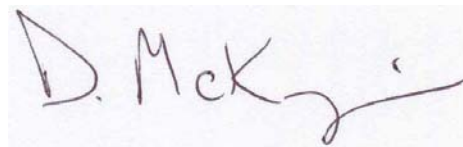
1. The area of the project shall consist of:

94-B-8: Block G – units 74, 75, 84, 85, 94, 95
Block J – units 4 and 5.

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.



Doug McKenzie
Director
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this day of August 2006.

APPROVAL 06-06-049

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

IN THE MATTER of a Good Engineering Practice (GEP) scheme of ProEx Energy Ltd. (ProEx) for producing the Altares field Bluesky "B" gas pool without well spacing and target restrictions.

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

an Application from ProEx to the Commission dated May 10, 2006 and related submissions.

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

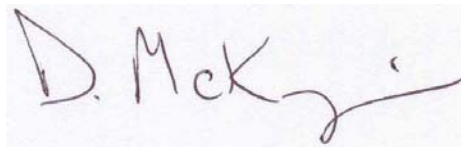
1. The area of the project shall consist of:

94-B-8: Block G – units 71, 81
Block H – units 80 and 90.

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.



Doug McKenzie
Director
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this day of July 2006.