

September 13, 2006

1200-4800-59240-06

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

Rescinded Oct. 25/07 (amalgameded with Hallvay"C")

Dear Mr. Vorobiev:

RE: GOOD ENGINEERING PRACTICE APPROVAL BERNADET - HALFWAY "B" POOL

Commission staff have reviewed your application, dated May 4, 2006, for Good Engineering Practice (GEP) the subject pool.

The Approval 06-06-055 is hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. No objections were received following publication of notice of the application in the BC Gazette. Final approval was delayed pending the submission of consent letters from the registered PNG lease owners.

This approval is intended 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 952-0310.

Sincerely,

Doug McKenzie

Director

Resource Conservation Branch

Attachment

APPROVAL 06-06-055

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 Bernadet field Halfway "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 4, 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:

Twp 87 Rge 24 W6M – Section 31 Twp 88 Rge 24 W6M – Section 6.

- 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 This approval may be modified or rescinded at a later date if deemed appropriate.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

Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2006.