

Artificial Lift

Bench Scale Testing of Lift Systems

The C-Fer test loop was commissioned the week of June 14, 2004 with the twin screw pump.

The PCP pump is next to be tested, followed by the gear pump, then the ESP. This study may need an alternative for the PCP as there are problems with building the pump on time.

Low Pressure SAGD Wellbore Architecture

Phase 2 includes generating an economic model to conduct a high level evaluation of one wellbore concept and one completion concept. One-on-one meetings were held with C-FER during the week of June 28, 2004. AERI continues advancing documents for its participation.

Fluid Injection Technology

Flue Gas Injection

Paramount's GRIPE EUB application was filed June 16, 2004.

Paramount has met with the ADOE regarding access to the ITRP funding.

ARC and the Enhanced Gas Recovery Program are considering participating in the field demonstration.

Lateral and Vertical Pressure Communication

Surmont Shut-in Data Analysis

Participants reviewed *an outline of* the ETI draft report. *A final report will be issued the week of July 19, 2004.* The participants believe that the results cannot be broadly applied, and that a significant level of evaluation and data is required to conduct this type of assessment.

The 2 year confidentiality period commences with the issue of the report, July 2004.

Low Pressure SAGD Performance

Deer Creek LP SAGD Field Testing

Steam circulation continues in the injector and producer to preheat the wellbores. Steam generation has been hampered with disposal problems.

Continuous steam injection into the injector is expected to commence in late July.

ConocoPhillips LP SAGD E-Lift Field Testing Proposal

ConocoPhillips is giving priority to the Surmont A and B well pairs to understand the interaction of the steam chamber with the thief zones, and therefore are not

candidates for this test. There is insufficient steam capacity to conduct the test on the C well pair. Additionally, the casing sizes are too small to run E-Lift. As a result, the LP test may be deferred until the project has more wellbores available during commercial operations.

Reservoir Lab Testing

Paramount is the only party to sign the agreement. Waiting on EnCana, Devon, Petro-Canada, and ConocoPhillips. Paramount is prepared to go it alone if the agreement is not signed by July 15, 2004.

Samples from Foster Creek and MacKay will be tested.

The study is expected to be complete by September 30, 2004.

Executive Steering Committee**ITRP Funding**

The Executive Steering Committee met on June 7, 2004.

An ITRP Funding steering committee will be established at the ADM level with industry representation to develop the program design. Other committees will determine the details. New regulation will be required and therefore will determine the timing.