

December 20, 2024

6460-5000-59240-06

Norm Beunder, B.A.
Eng Tech
Kelt Exploration (LNG) Ltd.
Suite 300, 311 - 6th Ave SW
Calgary AB, T2P 3H2

Dear Mr. Beunder:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT APPROVAL - AMENDMENT #2
OTHER THAN NORMAL SPACING ORDER – AMENDMENT #2
OAK FIELD – MONTNEY ‘B’ POOL**

The BCER has reviewed the application from Kelt Exploration Ltd. (Kelt), dated November 28th, 2024, requesting amendment to the Good Engineering Practice (GEP) approval Special Project Order 20-06-001 in the Oak field, Montney ‘B’ pool.

The pool discovery well, Kelt LNG HZ Oak 13-12-87-18 (WA 34596), was drilled and completed in 2008, with several additional wells following, and the GEP project approval Order 20-06-001 was granted in 2020 to allow for an optimized drilling program. Amendment #1 issued January 6, 2021, increased the project area. The pool currently has 23 producing wells, with cumulative production of 812.1 e⁶m³ of gas, 169.9 e³m³ of condensate and pentanes plus, and 45.8 e³m³ of LPGs. Kelt has drilled an additional well, Kelt LNG HZ Muskrat 11-26-87-18 (WA 45172), in the Oak Montney ‘B’ pool and outside of the current GEP area, and has plans to drill additional wells outside the area.

The following Orders are attached:

- 1) Order 20-06-001 – Amendment #2 designating Good Engineering Practice within a portion of the Oak field Montney formation as a Special Project under section 75 of the *Energy Resource Activities Act*, and
- 2) Order 20-06-001 – Amendment #2 OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject pool and area.

As a Good Engineering Practice Special Project, the applicant intends to locate, complete and operate wells in a manner to optimize resource recovery while minimizing surface impacts. This amendment increases the project area to accommodate recent and planned development drilling.

Should you have any questions, please contact Logan Gray at (250) 419-4465 or the undersigned at (250) 419-4430.

Sincerely,



Ron Stefik, P.L.Eng.
Supervisor, Reservoir Engineering
BC Energy Regulator

Attachments



IN THE MATTER of an application from Kelt Exploration Ltd. to the Energy Regulator dated November 28th, 2024 requesting amendment to the Good Engineering Practice project.

ORDER 20-06-001 Amendment #2

- 1 Under Section 75(1)(a) of the *Energy Resources Activities Act*, a portion of the Oak field – Montney formation is designated as a special project for the recovery of gas utilizing Good Engineering Practice within the following area;

DLS	Twp 85 Rge 18 W6M	Sections 33-36
	Twp 86 Rge 17 W6M	Sections 29-32
	Twp 86 Rge 18 W6M	Sections 1-5, 8-17, 19-36
	Twp 86 Rge 19 W6M	Sections 22-28, 32-36
	Twp 87 Rge 17 W6M	Sections 4-9, 15-18, 20-22, 28
	Twp 87 Rge 18 W6M	Sections 1-16, 22-24, 26, 35
	Twp 87 Rge 19 W6M	Sections 1-4, 9-12
	Twp 88 Rge 18 W6M	Section 2

Ron Stefik, P.L.Eng.
Supervisor, Reservoir Engineering
Energy Regulator

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of December 2024.



IN THE MATTER of an application from Kelt Exploration Ltd. to the Energy Regulator dated November 28th, 2024 requesting amendment to the Other Than Normal Spacing.

ORDER 20-06-001 Amendment #2 – OTN

1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Oak field - Montney formation within the following area;

DLS	Twp 85 Rge 18 W6M	Sections 33-36
	Twp 86 Rge 17 W6M	Sections 29-32
	Twp 86 Rge 18 W6M	Sections 1-5, 8-17, 19, 20-36
	Twp 86 Rge 19 W6M	Sections 22-28, 32-36
	Twp 87 Rge 17 W6M	Sections 4-9, 15-18, 20-22, 28
	Twp 87 Rge 18 W6M	Sections 1-16, 22-24, 26, 35
	Twp 87 Rge 19 W6M	Sections 1-4, 9-12
	Twp 88 Rge 18 W6M	Section 2

2 Under section 65.1(3) of the *Petroleum and Natural Gas Act*, I specify the following:

- a) the target area for a gas well completed within the project area is not nearer than 150 m to the sides of the Other Than Normal Spacing area,
- b) a gas well completed outside the target area specified in paragraph (a) may be subject to an off-target production penalty,
- c) gas wells drilled within the specified project area are not subject to spacing requirements.

Ron Stefik, P.L.Eng.
Supervisor, Reservoir Engineering
Energy Regulator

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of December 2024.