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May 10, 2011

9021-5000-59240-06

Neal Melnyk  
Engineering Technologist  
ARC Resources Ltd.  
1200, 308 – 4<sup>th</sup> Avenue S.W.  
Calgary AB T2P 0H7

Dear Mr. Melnyk:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT, AMENDMENT #1  
OTHER THAN NORMAL SPACING ORDER, AMENDMENT #1  
HERITAGE FIELD – MONTNEY “A” POOL**

The Commission has reviewed your application dated April 11, 2011, requesting amendment of a Good Engineering Practice approval for the Heritage field - Montney formation.

The Commission maps this area within the regional Heritage field Montney “A” pool. Application is intended to extend successful development beyond the original approval area, as gas recovery from this resource benefits from the ability to produce horizontal wells in optimal locations, drilling from central sites.

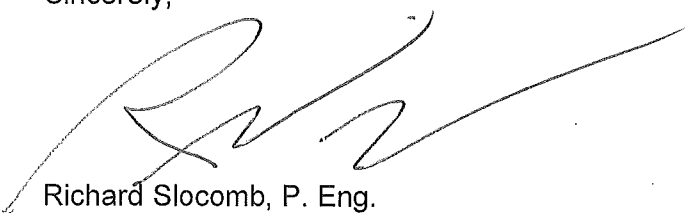
As a result of recent legislative changes, authorities previously contained in a single approval document for this activity are now covered in the attached;

- 1) Order 09-06-009 (Amendment #1) designating Good Engineering Practice, within a portion of the regional Heritage field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 09-06-009-OTN (Amendment #1) approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formation and area.

For regulatory purposes, the Commission designates the entire Montney sequence as a single formation, removing commingling as an issue. No objections were received following a posting of a notice of application on the OGC website.

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

Attachments

IN THE MATTER of an application from ARC Resources Ltd. to the Commission dated April 11, 2011 for a Good Engineering Practice project.

**ORDER 09-06-009 (Amendment #1)**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Heritage field – Montney “A” pool is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

Twp 78 Rge 17 W6M	Sections 18, 19, 29-31
Twp 78 Rge 18 W6M	Sections 13, 19, 20, 23-29, 34-36
Twp 79 Rge 18 W6M	Sections 1 and 11.



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Alex Ferguson  
Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 10 day of May 2011.

IN THE MATTER of an application from ARC Resources Ltd. to the Commission dated April 11, 2011 for Other Than Normal Spacing.

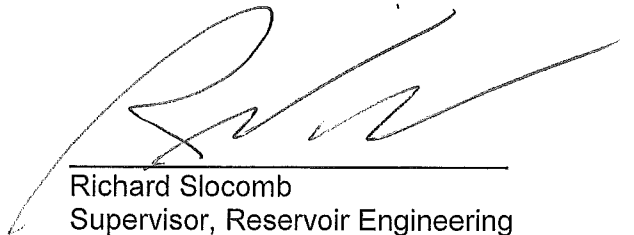
**ORDER 09-06-009-OTN (Amendment #1)**

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

Twp 78 Rge 17 W6M	Sections 18, 19, 29-31
Twp 78 Rge 18 W6M	Sections 13, 19, 20, 23-29, 34-36
Twp 79 Rge 18 W6M	Sections 1 and 11.

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 specified target area may be subject to an off-target production penalty,
- c) gas wells drilled within the specified project area are not subject to spacing requirements.



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Richard Slocomb  
Supervisor, Reservoir Engineering  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 10 day of May 2011.