



June 22, 2011

9021-5000-59240-06

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

Dear Mr. Melnyk:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT, AMENDMENT #4
OTHER THAN NORMAL SPACING ORDER, AMENDMENT #4
HERITAGE FIELD – MONTNEY “A” POOL**

The Commission has reviewed your application dated March 4, 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 07-06-033 (Amendment #4) 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 07-06-033-OTN (Amendment #4) 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 Kelly Okuszko at (250) 419-4433.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex Ferguson", with a long horizontal line extending to the right.

Alex Ferguson
Commissioner
Oil and Gas Commission

Attachments

IN THE MATTER of an application from ARC Resources Ltd. to the Commission dated March 4, 2011 for a Good Engineering Practice project.

ORDER 07-06-033 (Amendment #4)

- 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 80 Rge 16 W6M Sections 16, 17, 20, 21, 28, 29, 32-34

Twp 80 Rge 17 W6M Sections 25, 36

Twp 81 Rge 15 W6M Sections 7, 8

Twp 81 Rge 16 W6M Sections 2-12, 15-20, 22, 23

Twp 81 Rge 17 W6M Sections 1, 11-14, 23, 24



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 22 day of June 2011.

IN THE MATTER of an application from ARC Resources Ltd. to the Commission dated March 4, 2011 for a Good Engineering Practice project.

ORDER 07-06-033-OTN (Amendment #4)

- 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 80 Rge 16 W6M Sections 16, 17, 20, 21, 28, 29, 32-34

Twp 80 Rge 17 W6M Sections 25, 36

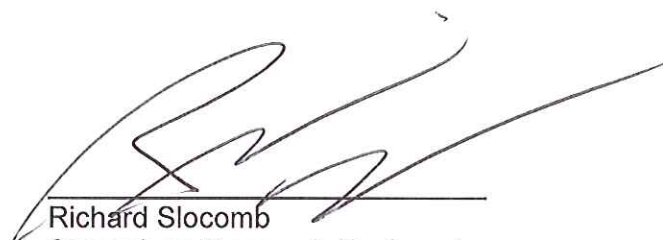
Twp 81 Rge 15 W6M Sections 7, 8

Twp 81 Rge 16 W6M Sections 2-12, 15-20, 22, 23

Twp 81 Rge 17 W6M Sections 1, 11-14, 23, 24

- 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.



Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 22 day of June 2011.