



September 12, 2011

8157-5000-59240-06

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

Dear Mr. Melnyk:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT
OTHER THAN NORMAL SPACING ORDER
TOWER LAKE FIELD – MONTNEY FORMATION**

The Commission has reviewed your application dated June 28, 2011, requesting a Good Engineering Practice approval for the Tower Lake field - Montney formation.

The application is intended to extend successful development beyond the current approval areas, as gas recovery from this resource benefits from the ability to produce horizontal wells in optimal locations, drilling from central sites. For regulatory purposes, the Commission designates the entire Montney sequence as a single formation, removing commingling as an issue.

The following Orders are attached;

- 1) Order 11-06-034 designating Good Engineering Practice, within a portion of the Tower Lake field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 11-06-034-OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formation and area.

Should you have any questions, please contact Kelly Okuszko at (250) 419-4433 or Travis Mercure at (250) 419-4448.

Sincerely,

A handwritten signature in purple ink, appearing to read 'Paul Jeakins', is written over a light blue circular stamp.

Paul Jeakins
Chief Operating Officer
Oil and Gas Commission

Attachments

IN THE MATTER of an application from ARC Resources Ltd. to the Commission dated June 28, 2011 for a Good Engineering Practice project.

ORDER 11-06-034

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

DLS Twp 81 Rge 17 W6M Sections 15-21, 31
DLS Twp 81 Rge 18 W6M Sections 13, 24, 25, 33-36
DLS Twp 82 Rge 17 W6M Sections 6-9, 17, 18
DLS Twp 82 Rge 18 W6M Sections 1-4, 12 and 13.



Paul Jenkins
Chief Operating Officer
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2011.

IN THE MATTER of an application from ARC Resources Ltd. to the Commission dated June 28, 2011 for Other Than Normal Spacing.

ORDER 11-06-034-OTN

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

DLS Twp 81 Rge 17 W6M Sections 15-21, 31
DLS Twp 81 Rge 18 W6M Sections 13, 24, 25, 33-36
DLS Twp 82 Rge 17 W6M Sections 6-9, 17, 18
DLS Twp 82 Rge 18 W6M Sections 1-4, 12 and 13.

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.



Kelly Okuszeko
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2011.