



May 24, 2012

2920-4900-59240-06

Len Gale
Exploitation Engineer
Baytex Energy Ltd.
205, 5th Avenue SW
Calgary AB T2P 4H3

Dear Mr. Gale:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT
OTHER THAN NORMAL SPACING ORDER
CACHE CREEK FIELD – DOIG “U” POOL**

The Commission has reviewed the application dated January 23, 2012, submitted on your behalf by Raeburn & Associates Ltd., requesting approval of Good Engineering Practice for an area within the Cache Creek field - Doig formation.

The Commission maps this area within the Cache Creek field - Doig “U” pool. Gas recovery from this resource will benefit from the ability to produce horizontal wells in optimal locations, drilling from central sites.

The following Orders are attached;

- 1) Order 12-06-008 designating Good Engineering Practice within a portion of the Cache Creek field Doig “U” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 12-06-008-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. No objections were received following notice of application on the OGC website.

Should you have any questions, please contact Ron Stefik at (250) 419-4430 or Curtis Kitchen at (250) 419-4443.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ken Paulson', is written over a blue horizontal line.

Ken Paulson, P.Eng.
Chief Operating Officer
Oil and Gas Commission

Attachments


cc: Diane Raeburn, Raeburn & Associates Ltd.

IN THE MATTER of an application from Raeburn & Associates Ltd. on behalf of Baytex Energy Ltd. to the Oil and Gas Commission dated January 23, 2012 for a Good Engineering Practice project.

ORDER 12-06-008

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

DLS Twp 88 Rge 22 W6M Sections 18, 19
DLS Twp 88 Rge 23 W6M Sections 13, 24 and 25.



Ken Paulson, P.Eng.
Chief Operating Officer
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this ²⁴ day of May 2012.

IN THE MATTER of an application from Raeburn & Associates Ltd. on behalf of Baytex Energy Ltd. to the Oil and Gas Commission dated January 23, 2012 for Other Than Normal Spacing.

ORDER 11-06-025-OTN

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

DLS Twp 88 Rge 22 W6M Sections 18, 19
DLS Twp 88 Rge 23 W6M Sections 13, 24 and 25.

- 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 100 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.



Ron Stefik, EngL.
Sr Technical Advisor,
Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 24th day of May 2012.