

July 20, 2012

9022-5000-59240-06

Jake Thompson  
Development Engineer  
Black Swan Energy Ltd.  
Bow Valley Square III  
1200, 255-5<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3G6

Dear Mr. Thompson:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT, AMENDMENT #1  
OTHER THAN NORMAL SPACING ORDER  
REGIONAL NORTHERN MONTNEY FIELD (BEG AREA) – MONTNEY “A” POOL**

The Commission has reviewed your application dated June 4, 2012, requesting amendment of a Good Engineering Practice order for an area adjacent to the Regional Northern Montney field - Montney formation.

The Commission maps this area just northwest of the Regional Northern Montney field – Montney “A” pool. Gas recovery from this resource will benefit 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.

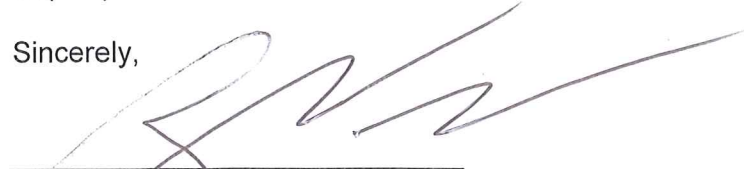
The following Orders are attached;

- 1) Order 12-06-007 Amendment #1 designating Good Engineering Practice within a portion of the Northern Montney field Montney “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 12-06-007-OTN Amendment #1 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. This amendment adds numerous additional gas spacing areas to the original order.

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

Sincerely,



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Richard Stocomb, P.Eng  
Deputy Commissioner  
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Black Swan Energy Ltd. to the Oil and Gas Commission dated June 4, 2012 for a Good Engineering Practice project.

**ORDER 12-06-007 AMENDMENT #1**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Beg area of the Regional Northern Montney 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;

NTS 94-A-13 Block L Units 98-100

NTS 94-B-16 Block I Units 91

NTS 94-G-1 Block A Units 1, 11-13, 21-23, 31-33, 41-43, 51-53, 58, 59, 61-63, 71-73, 78, 79, 81-83, 88-89, 92-100

NTS 94-G-1 Block B Units 91

NTS 94-G-1 Block F Units 51, 61

NTS 94-G-1 Block G Units 1, 11-13, 21-23, 31-33, 41-43, 51-70, 72-79, 82-89, 94-97

NTS 94-G-1 Block H Units 2-10, 12-20, 22-30, 32-40, 42-51, 60, 61, 70, 71, 81, 91

NTS 94-G-1 Block I Units 1

NTS 94-G-1 Block J Units 4-7

NTS 94-H-4 Block D Units 8-10, 18-20, 28-30, 34-40, 44-50, 54-60, 64-70, 80, 90

NTS 94-H-4 Block E Units 56-60, 66-70, 76-80, 86-90, 98-100

NTS 94-H-4 Block L Units 8-10.



Richard Slocomb, P.Eng  
Deputy Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 20<sup>th</sup> day of July 2012.

IN THE MATTER of an application from Black Swan Energy Ltd. to the Oil and Gas Commission dated June 4, 2012 for Other Than Normal Spacing.

**ORDER 12-06-007-OTN AMENDMENT #1**

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

NTS 94-A-13 Block L Units 98-100

NTS 94-B-16 Block I Units 91

NTS 94-G-1 Block A Units 1, 11-13, 21-23, 31-33, 41-43, 51-53, 58, 59, 61-63, 71-73, 78, 79, 81-83, 88-89, 92-100

NTS 94-G-1 Block B Units 91

NTS 94-G-1 Block F Units 51, 61

NTS 94-G-1 Block G Units 1, 11-13, 21-23, 31-33, 41-43, 51-70, 72-79, 82-89, 94-97

NTS 94-G-1 Block H Units 2-10, 12-20, 22-30, 32-40, 42-51, 60, 61, 70, 71, 81, 91

NTS 94-G-1 Block I Units 1

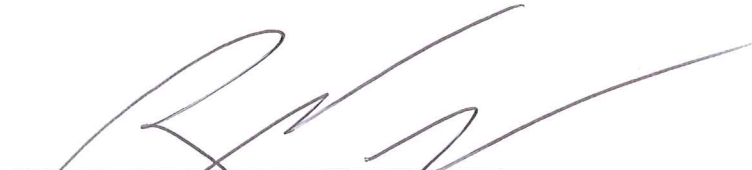
NTS 94-G-1 Block J Units 4-7

NTS 94-H-4 Block D Units 8-10, 18-20, 28-30, 34-40, 44-50, 54-60, 64-70, 80, 90

NTS 94-H-4 Block E Units 56-60, 66-70, 76-80, 86-90, 98-100

NTS 94-H-4 Block L Units 8-10.

- 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  
Deputy Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 20<sup>th</sup> day of July 2012.