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9022-5000-59240-06

March 9, 2012

Bryan Lang
VP Operations
Black Swan Energy Ltd.
Bow Valley Square III
1200, 255-5th Avenue S.W.
Calgary, AB T2P 3G6

Dear Mr. Lang:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT
OTHER THAN NORMAL SPACING ORDER
NORTHERN MONTNEY FIELD – MONTNEY POOL**

The Commission has reviewed your application dated January 23, 2012, requesting approval of Good Engineering Practice for an area within the Beg field - Montney formation.

The Commission maps this area within 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 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 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,

Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

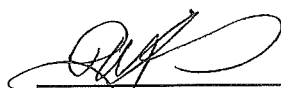
Attachments

IN THE MATTER of an application from Black Swan Energy Ltd. to the Oil and Gas Commission dated January 23, 2012 for a Good Engineering Practice project.

ORDER 12-06-007

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Beg area of the Northern Montney regional 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-G-1 Block G Units 56 - 59, 66 - 69, 76 - 79 and 86 - 89.



Paul Jenkins
Commissioner & CEO
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this ^{9th} day of March 2012.


IN THE MATTER of an application from Black Swan Energy Ltd. to the Oil and Gas Commission dated January 23, 2012 for Other Than Normal Spacing.

ORDER 12-06-007-OTN

- 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 Northern Regional field in the Montney formation within the following area;

NTS 94-G-1 Block G Units 56 - 59, 66 - 69, 76 - 79 and 86 - 89.

- 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.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 9th day of March 2012.