



November 10, 2010

1400-5000-59240-06

Louise Sidorenko
Senior Development Engineer
Bonavista Petroleum Ltd.
2000, 125 – 9th Avenue S.E.
CALGARY, AB T2G 0P8

Dear Ms. Sidorenko:

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

The Commission has reviewed your application dated September 14, 2010, requesting approval of Good Engineering Practice for an area within the Blueberry field - Montney formation.

The Commission maps this area within the Blueberry 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.

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 10-06-046 designating a Good Engineering Practice within the Blueberry field Montney gas formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 10-06-046-OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formation 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 the undersigned at (250) 419-4421 or Kelly Okuszeko at (250) 419-4433.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Richard Slocomb', is written over a light blue horizontal line.

Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering
Resource Conservation

Attachments

IN THE MATTER of an application from Bonavista Petroleum Ltd. (Bonavista) to the Commission dated September 14, 2010 for a Good Engineering Practice project.

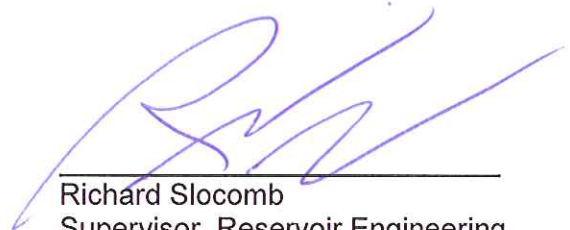
ORDER 10-06-046

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

NTS 94-A-12 Block K Units 52, 53, 62, 63, 72-77, 82-87, 92-99

NTS 94-A-13 Block C Units 2-9, 14-20, 24-30, 34-40, 44-50, 58-60, 68-70, 76, 77, 80, 86,
87, 90

NTS 94-A-13 Block D Units 11, 21, 31, 41, 51, 61, 71, 81



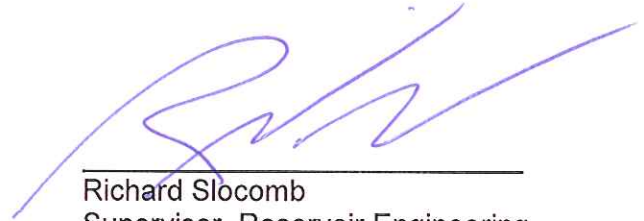
Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 10 day of November 2010.

IN THE MATTER of an application from Bonavista Petroleum Ltd. (Bonavista) to the Commission dated September 14, 2010 for Other Than Normal Spacing.

ORDER 10-06-046-OTN

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Blueberry field – Montney formation within the following area;
NTS 94-A-12 Block K Units 52, 53, 62, 63, 72-77, 82-87, 92-99
NTS 94-A-13 Block C Units 2-9, 14-20, 24-30, 34-40, 44-50, 58-60, 68-70, 76, 77, 80, 86,
87, 90
NTS 94-A-13 Block D Units 11, 21, 31, 41, 51, 61, 71, 81
- 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 250 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 10 day of November 2010.