

February 9, 2012

9021-5000-59240-06

Rod McDougall, P. Eng
Exploitation Engineer
Canadian Natural Resources Ltd.
2500, 855 – 2nd St. S.W.
Calgary AB T2P 4J8

Dear Mr. McDougall:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT, AMENDMENT #5
OTHER THAN NORMAL SPACING ORDER, AMENDMENT #5
HERITAGE FIELD – MONTNEY “A” POOL**

The Commission has reviewed your application dated December 9, 2011, requesting amendment of a Good Engineering Practice approval for the Septimus area - Montney formation.

The Commission maps this area within the regional Heritage field - Montney “A” pool. Application is intended to extend successful development beyond the original approval area, 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 08-06-001 (Amendment #5) designating Good Engineering Practice within a portion of the regional Heritage field - Montney “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 08-06-001-OTN (Amendment #5) 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. As a result of this amendment 30 gas spacing areas have been added to the project area.

Should you have any questions, please contact the Ron Stefik at (250) 419-4430 or Kelly Okuszko at (250) 419-4433.

Sincerely,



Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

IN THE MATTER of an application from Canadian Natural Resources Limited to the Commission dated December 9, 2011 for a Good Engineering Practice project.

ORDER 08-06-001 (AMENDMENT #5)

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Heritage 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;

DLS 80-19 W6M – Sections 26 - 35

DLS 80-20 W6M – Sections 25, 36

DLS 81-18 W6M – Sections 3 - 10, 16 - 23, 26, 27, 30 - 32

DLS 81-19 W6M – Sections 1, 3 - 6, 8 - 32, 36

DLS 81-20 W6M – Sections 1, 23 - 26, 35, 36

DLS 82-18W6M – Sections 5 - 10

DLS 82-19 W6M – Sections 1, 4, 5, 8 - 12, 15, 22

DLS 82-20 W6M – Sections 1 and 2.



Paul Jenkins
Commissioner & CEO
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 2nd day of February 2012.

IN THE MATTER of an application from Canadian Natural Resources Limited to the Commission dated December 9, 2011 for Other Than Normal Spacing.

ORDER 08-06-001-OTN (AMENDMENT #5)

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

DLS 80-19 W6M – Sections 26 - 35

DLS 80-20 W6M – Sections 25, 36

DLS 81-18 W6M – Sections 3 - 10, 16 - 23, 26, 27, 30 - 32

DLS 81-19 W6M – Sections 1, 3 - 6, 8 - 32, 36

DLS 81-20 W6M – Sections 1, 23 - 26, 35, 36

DLS 82-18W6M – Sections 5 - 10

DLS 82-19 W6M – Sections 1, 4, 5, 8 - 12, 15, 22

DLS 82-20 W6M – Sections 1 and 2.

- 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
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 February 2012.