



December 10, 2010

5170-2200-59240-06

Neil Rubeniuk  
Engineering Manager  
Sub-Surface Regulatory & Royalty Optimization  
ConocoPhillips Canada Resources Corp.  
P.O. Box 130, Station M  
Calgary, Alberta, T2P 2H7

Dear Mr. Rubeniuk:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECTS  
OTHER THAN NORMAL SPACING ORDERS  
KELLY FIELD - CADOTTE "H" POOL**

The Commission has reviewed your application dated September 7, 2010, requesting Good Engineering Practice approval for areas within the Kelly field Cadotte formation.

The Cadotte pools mapped within the area of application are the Cadotte "C", Cadotte "F", and Cadotte "H" pools. At this time, only 1 well has been drilled into each of the Cadotte "C" and Cadotte "F" pools. The OGC would like to see the pools developed at 1 well per DSU before evaluating the merits of developing the pools under GEP. However, the Commission agrees that the Cadotte "H" pool could benefit from the drilling of additional wells without regard for standard well spacing

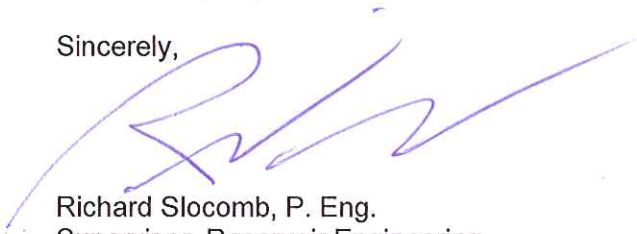
As a result of recent legislative changes, authorities previously contained in a single approval document for this activity are now covered in the attached;

- 1) Orders 10-06-053 designating Good Engineering Practice within the Kelly field Cadotte "H" pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Orders 10-06-053-OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formations and areas.

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 Travis Mercure at (250) 419-4448.

Sincerely,



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

Attachments

IN THE MATTER of an application from ConocoPhillips Canada to the Commission dated September 7, 2010 for a Good Engineering Practice project.

**ORDER 10-06-053**

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

NTS 93-P-01 Block B Units 92-93

NTS 93-P-01 Block G Units 2-3.

A handwritten signature in black ink, appearing to read 'Alex Ferguson', is written over a horizontal line. The signature is stylized and cursive.

Alex Ferguson  
Commissioner  
Oil and Gas Commission

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

IN THE MATTER of an application from ConocoPhillips Canada to the Commission dated September 7, 2010 for Other Than Normal Spacing.

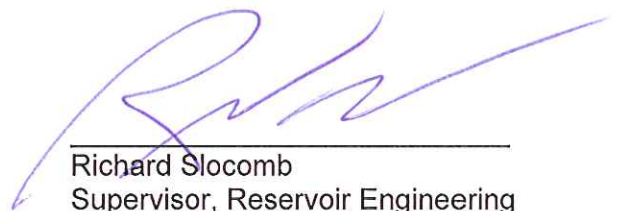
**ORDER 10-06-053-OTN**

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

NTS 93-P-01 Block B Units 92-93  
NTS 93-P-01 Block G Units 2-3.

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 December 2010.