



December 10, 2010

6480-2000/2200/2700/2800/2850-59240-06

Neil Rubeniuk
Engineering Manager
Sub-Surface Regulatory & Royalty Optimization
ConocoPhillips Canada
2100, 250 – 6th Ave. SW
Calgary, Alberta, T2P 3H7

Dear Mr. Rubeniuk:

**RE: APPLICATION FOR GOOD ENGINEERING PRACTICE SPECIAL PROJECT
KELLY FIELD – FALHER FORMATIONS**

The Commission has reviewed your application dated September 7, 2010, requesting Good Engineering Practice approval for gas production from the Falher formation within the Kelly field. The Commission maps the Falher A "A", Falher A "B", Falher B "A", Falher B "B", and Falher B "C" pools within the area of application.

While numerous wells have been drilled within the subject pools, substantial pool development has yet to be executed at standard well spacing of one gas well per pool per drill spacing unit (DSU). Furthermore, technical reserve analysis done on each of the Falher pools failed to provide a valid argument that additional wells at reduced spacing would capture additional reserves.

Consequently, ConocoPhillips's application for Good Engineering Practice approval is hereby denied. Should additional data be collected to support reduced spacing development for individual pools, ConocoPhillips may consider reapplying for GEP.

Should you have any questions regarding this order, please contact Richard Slocomb at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Ferguson', with a long horizontal flourish extending to the right.

Alex Ferguson
Commissioner
Oil and Gas Commission

Attachments