

February 25, 2011

5170-2505-59240-06

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 – FALHER A “A” POOL**

The Commission has reviewed your application dated January 27, 2011, requesting Good Engineering Practice approval for areas within the Kelly field Falher A formation.

The Commission maps this area within the Kelly Falher A “A” pool. Gas recovery from this formation in this area would benefit from the ability to produce wells in locations that vary from normal spacing and target area requirements.


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 11-06-016 designating Good Engineering Practice within the Kelly field Falher A “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Orders 11-06-016–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.

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 January 27, 2011 for a Good Engineering Practice project.

**ORDER 11-06-016**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Kelly field Falher A "A" pool 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 G Units 92, 93

NTS 93-P-01 Block J Units 2, 3, 12, 13, 22 and 23.



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Alex Ferguson  
Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 25 day of February 2011.

IN THE MATTER of an application from ConocoPhillips Canada to the Commission dated January 27, 2011 for Other Than Normal Spacing.

**ORDER 11-06-016-OTN**

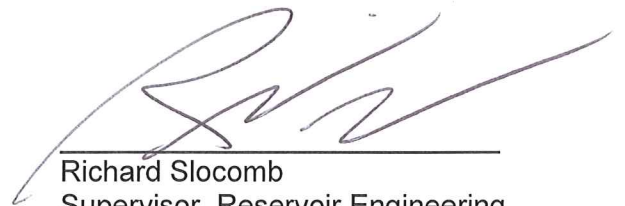
1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Kelly field Falher A "A" pool within the following area;

NTS 93-P-01 Block G Units 92, 93

NTS 93-P-01 Block J Units 2, 3, 12, 13, 22 and 23.

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 25<sup>th</sup> day of February 2011.