

January 20, 2010

5170-2850-59240-06

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 APPROVALS  
KELLY FIELD NIKANASSIN FORMATION**

The Oil and Gas Commission received an application, dated June 11, 2008, requesting Good Engineering Practice (GEP) approval for producing gas from the Kelly field Nikanassin formation. This application was suspended until all relevant documents could be forwarded, which occurred on December 22, 2009, re-activating the request.

Gas recovery from this tight formation would benefit from the ability to produce horizontal wells in optimal locations, drilling from central pads.

Attached are the following GEP Approvals;

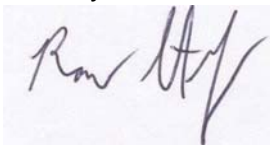
- 06-06-061 (ConocoPhillips Project #1), Amendment #1
- 10-06-003 (ConocoPhillips Project #2)
- 10-06-004 (ConocoPhillips Project #3)
- 10-06-005 (ConocoPhillips Project #4)

hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. Several approval areas incorporate Other Than Normal Gas Spacing Areas adjoining the provincial boundary.

These approvals are intended to allow the drilling and production of gas wells at increased density without regard for normal spacing and target areas for maximization of gas recovery. No objections were received following notice of application on the OGC website.

Should you have any questions, please contact Ron Stefik at (250) 419-4430.

Sincerely,



for

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

Attachments

**APPROVAL 06-06-061 (Amendment #1)**

**THE PROVINCE OF BRITISH COLUMBIA  
PETROLEUM AND NATURAL GAS ACT  
DRILLING AND PRODUCTION REGULATION  
OIL AND GAS COMMISSION**

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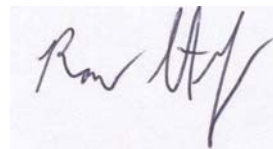
IN THE MATTER of a Good Engineering Practice (GEP) scheme of ConocoPhillips Canada Resources Corporation (ConocoPhillips) for producing Nikanassin formation gas from the Kelly Field, without spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby amends the GEP scheme of ConocoPhillips for drilling wells without spacing and target restrictions, as such scheme is described in

*an Application from ConocoPhillips to the Commission dated August 22, 2006, June 11, 2008 and related submissions.*

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of:  
  
93-P-1 Block I – units 51-55, 61-65, 71-75 and 81-85.
2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved scheme area.
3. The gas wells within the scheme area may be produced without individual well allowable restrictions.
4. This approval may be modified or rescinded at a later date if deemed appropriate.



For \_\_\_\_\_  
Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of January 2010.

**APPROVAL 10-06-003**

**THE PROVINCE OF BRITISH COLUMBIA  
PETROLEUM AND NATURAL GAS ACT  
DRILLING AND PRODUCTION REGULATION  
OIL AND GAS COMMISSION**

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IN THE MATTER of a Good Engineering Practice (GEP) scheme of ConocoPhillips Canada Resources Corporation (ConocoPhillips) for producing Nikanassin formation gas from the Kelly Field, without spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of ConocoPhillips for drilling wells without spacing and target restrictions, as such scheme is described in

*an Application from ConocoPhillips to the Commission dated June 11, 2008 and related submissions.*

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of:

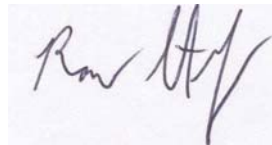
93-P-1 Block H – units 91-93  
Block I – units 1-3, 11-13 and 21-23.

2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved scheme area.

3. The gas wells within the scheme area may be produced without individual well allowable restrictions.

4. This approval may be modified or rescinded at a later date if deemed appropriate.

For



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Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of January 2010.

**APPROVAL 10-06-004**

**THE PROVINCE OF BRITISH COLUMBIA  
PETROLEUM AND NATURAL GAS ACT  
DRILLING AND PRODUCTION REGULATION  
OIL AND GAS COMMISSION**

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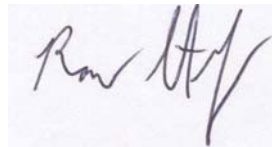
IN THE MATTER of a Good Engineering Practice (GEP) scheme of ConocoPhillips Canada Resources Corporation (ConocoPhillips) for producing Nikanassin formation gas from the Kelly Field, without spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of ConocoPhillips for drilling wells without spacing and target restrictions, as such scheme is described in

*an Application from ConocoPhillips to the Commission dated June 11, 2008 and related submissions.*

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of:  
  
93-P-1 Block I – units 31-33 and 41-43.
2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved scheme area.
3. The gas wells within the scheme area may be produced without individual well allowable restrictions.
4. This approval may be modified or rescinded at a later date if deemed appropriate.



For

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Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of January 2010.

**APPROVAL 10-06-005**

**THE PROVINCE OF BRITISH COLUMBIA  
PETROLEUM AND NATURAL GAS ACT  
DRILLING AND PRODUCTION REGULATION  
OIL AND GAS COMMISSION**

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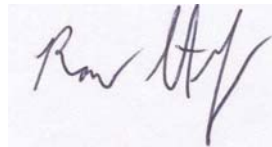
IN THE MATTER of a Good Engineering Practice (GEP) scheme of ConocoPhillips Canada Resources Corporation (ConocoPhillips) for producing Nikanassin formation gas from the Kelly Field, without spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of ConocoPhillips for drilling wells without spacing and target restrictions, as such scheme is described in

*an Application from ConocoPhillips to the Commission dated June 11, 2008 and related submissions.*

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of:  
  
93-P-1 Block I – units 56-59 and 66-69.
2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved scheme area.
3. The gas wells within the scheme area may be produced without individual well allowable restrictions.
4. This approval may be modified or rescinded at a later date if deemed appropriate.



For

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Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of January 2010.