



OIL AND GAS COMMISSION

January 8, 2008

4390-5000-59240-06

R. A. Pachovsky, P.Eng.
Senior Staff Engineer
Duvernay Oil Corp.
1500, 202 – 6th Avenue S.W.
Calgary AB T2P 2R9

Dear Mr. Pachovsky:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
GROUNDBIRCH - MONTNEY “A” POOL**

Commission staff have reviewed the application, dated November 1, 2007, for producing gas from the Montney formation in the Groundbirch area under Good Engineering Practice (GEP).

The Commission has designated the area of application to be the Groundbirch field Montney “A” gas pool.

The Approval 07-06-046 is hereby granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*. No objections were received following a publication of notice of the application on the OGC website.

This approval is intended to allow operational flexibility in placement of horizontal wells and to allow the drilling and production of additional gas wells within the GEP area for maximization of gas recovery.

Should you have any questions, please contact the undersigned at (250) 952-0366.

Sincerely,

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

Attachment

RESOURCE CONSERVATION

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St, Victoria BC

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APPROVAL 07-06-046

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

IN THE MATTER of a Good Engineering Practice (GEP) scheme of Duvernay Oil Corporation (Duvernay) for producing Groundbirch - Montney "A" pool gas wells without spacing, target and production 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 Duvernay for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Duvernay to the Commission dated November 1, 2007.

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

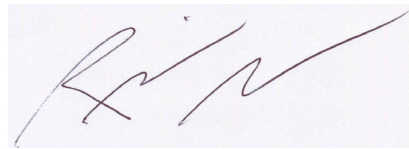
1. The area of the project shall consist of:

T78-R19 W6M: sections 1, 2, 11 and 12.

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

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

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



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 8th day of January 2008.