



OIL AND GAS COMMISSION

July 19, 2007

3455-8200-59240-06

Claudio Virués
Reservoir Engineer
South Sierra Sub Business Unit – East Elleh Area
Encana Corporation
150 – 9th Avenue SW
Calgary AB T2P 2S5

Dear Mr. Virués:

RE: GOOD ENGINEERING PRACTICE APPROVAL
ELLEH – JEAN MARIE “C” POOL

The Commission has reviewed your application dated April 24, 2007 requesting a Good Engineering Practice (GEP) scheme approval for producing Jean Marie Formation gas from the Elleh field.

Production from the subject pool commenced in April 2006, and there are currently 13 wells on production. Horizontal underbalanced drilling technology has been used to minimize formation damage and maximize production and reserve recovery from the pool. As a result, many of the wellbores extend into off-target locations and adjacent gas spacing units. Horizontal drilling has also resulted in multiple wells producing from single gas spacing units. Please note that normal gas well spacing and target restrictions specified under Section 10 of the *Drilling and Production Regulation* continue to apply, unless a Good Engineering Practice (GEP) is approved under Section 101. In the future an application for GEP should be submitted and approved prior to placing wells on production.

Attached is Approval 07-06-023 granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*. This approval is intended to allow operational flexibility and to allow the drilling of additional gas wells without spacing and target considerations for maximization of gas recovery.

Sincerely,

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 07-06-023

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 EnCana Corporation (EnCana) for producing the Elleh field Jean Marie "C" gas pool without well spacing and target restrictions.

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

an Application to the Commission dated April 24, 2007.

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

1. The area of the scheme shall consist of:

94-I-12: Block A – units 20, 30, 40, 50, 60, 70, 80, 90, 100
Block B – units 11-19, 21-29, 31-39, 41-49, 51-59, 61-69, 71-79, 81-89, 91-99
Block G – units 1-9, 11-19, 21-29
Block H – units 10, 20, and 30

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 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.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 19th day of July 2007.