



June 11, 2012

9045-8295/8550-59240-06

Mark Kuipers, P.Eng.
Encana Corporation
150 9th Avenue SW
PO Box 2850
CALGARY, AB T2P 2S5

Dear Mr. Kuipers:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT, AMENDMENT #1
OTHER THAN NORMAL SPACING ORDER
HORN RIVER FIELD – MUSKWA-OTTER PARK & EVIE SHALE FORMATIONS**

The Commission has reviewed your application dated April 4, 2012, requesting amendment of a Good Engineering Practice for an area within the Horn River Basin (Kiwigana) – Muskwa-Otter Park and Evie formations.

Gas recovery from this resource will benefit from the ability to produce horizontal wells in optimal locations, drilling from central sites.

The following Orders are attached:

- 1) Order 11-06-024 (Amendment #1) designating Good Engineering Practice within a portion of the regional Horn River field Muskwa-Otter Park and Evie shale gas formations as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 11-06-024 OTN (Amendment #1) approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formations and area.

Please note that requests for changes to requirements for drilling samples, logging, reservoir pressure and flow testing, and commingled production are not addressed in this approval and should be applied for separately.

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. No objections were received following notice of application on the OGC website. As a result of this amendment, 33 gas spacing areas were added to the project area.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Jeakins', is written over a light blue circular stamp.

Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Encana Corporation (Encana) to the Commission dated April 4, 2012 for a Good Engineering Practice project amendment.

ORDER 11-06-024 (Amendment #1)

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Horn River field – Muskwa-Otter Park and Evie formations is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

NTS 94-O-02 Block K Units 92-100
Block L Units 60, 70, 80, 90-100

NTS 94-O-03 Block I Units 51-53, 61-63, 71-73, 81-83, 91-93

NTS 94-O-07 Block C Units 2-10, 12-20, 22-30, 34-40, 44-50, 54-60, 64-70
Block D Units 1-70, 72-80, 82-90, 92-100
Block E Units 2-10

NTS 94-O-06 Block A Units 1-3, 11-17, 21-27, 31-37, 41-47, 51-59, 61-69, 71-79, 81-89, 91-99

NTS 94-O-06 Block H Units 1-9.



Paul Jenkins
Commissioner & CEO
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 11th day of June 2012.

IN THE MATTER of an application from Encana Corporation (Encana) to the Commission dated April 4, 2012 for Other Than Normal Spacing amendment.

ORDER 11-06-024-OTN (Amendment #1)

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the regional Horn River field Muskwa-Otter Park and Evie formations within the following area;

NTS 94-O-02 Block K Units 92-100
Block L Units 60, 70, 80, 90-100

NTS 94-O-03 Block I Units 51-53, 61-63, 71-73, 81-83, 91-93

NTS 94-O-07 Block C Units 2-10, 12-20, 22-30, 34-40, 44-50, 54-60, 64-70
Block D Units 1-70, 72-80, 82-90, 92-100
Block E Units 2-10

NTS 94-O-06 Block A Units 1-3, 11-17, 21-27, 31-37, 41-47, 51-59, 61-69, 71-79, 81-89, 91-99

NTS 94-O-06 Block H Units 1-9.

- 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 100m 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.



Ron Stefik, EngL
Sr Technical Advisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 11th day of June 2012.