

September 13, 2011

9045-8295/8550-59240-06

Sarah Phillips
Land Negotiator
Encana Corporation
150 – 9th Avenue S.W.
CALGARY, AB T2P 3H9

Dear Ms. Phillips:

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

The Commission has reviewed your application dated September 12, 2011, requesting amendment of Good Engineering Practice for areas within the Horn River Basin - Horn River formation.

The application is intended to reduce the buffer spacing target along the perimeter of the entire approval area.

The following Orders are attached:

- 1) Order 10-06-042 (Amendment #1) designating Good Engineering Practice within portions of the regional Horn River field Muskwa-Otter Park and Evie shale gas formations as Special Projects under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 10-06-042–OTN (Amendment #1) approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formations and areas.

For regulatory purposes, the Commission designates the Middle Devonian aged Muskwa-Otter Park as a single formation, and the Evie shale as a separate zone. Therefore, wells completed within the Muskwa-Otter Park formation are not considered commingled, removing any requirement for application, notification or approval. Completing a wellbore for un-segregated production from both the Muskwa-Otter Park and the Evie will require submission of the form Notification of Commingled Production.

Should you have any questions, please contact Kelly Okuszko at (250) 419-4433 or Travis Mercure at (250) 419-4448.

Sincerely,



Paul Jeakins
Chief Operating Officer
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Encana Corporation to the Commission dated September 14, 2011 for a Good Engineering Practice project.

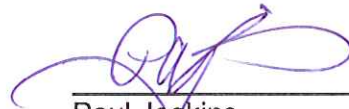
ORDER 10-06-042 (AMENDMENT #1)

- 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-08 Block E Units 11-19, 21-29, 31-39, 41-49, 51-59, 61-69, 71-79, 81-89, 91-99
Block F Units 18-20, 28-30, 38-40, 48-50, 58-60, 68-70, 72-80, 82-90, 92-100
Block J Units 38-40, 48-50, 58-60, 68-70, 78-80, 88-90
Block K Units 2-10, 12-20, 22-30, 31-90, 96-100
Block L Units 1-9, 11-19, 21-29, 31-39, 41-49, 51-59, 61-69, 71-79, 81-89, 91-99

NTS 94-O-09 Block C Units 6-10, 16-20, 26-30, 36-40, 46-50, 56-60, 66-70, 76-80, 86-90
Block D Units 1-9, 11-90, 92-100
Block E Units 2-10

NTS 94-O-10 Block A Units 11, 21, 31, 41, 51, 61, 71, 81, 91
Block H Unit 1.



Paul Jenkins
Chief Operating Officer
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2011.

IN THE MATTER of an application from Encana Corporation to the Commission dated September 14, 2011 for Other Than Normal Spacing.

ORDER 10-06-042-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-08 Block E Units 11-19, 21-29, 31-39, 41-49, 51-59, 61-69, 71-79, 81-89, 91-99
Block F Units 18-20, 28-30, 38-40, 48-50, 58-60, 68-70, 72-80, 82-90, 92-100
Block J Units 38-40, 48-50, 58-60, 68-70, 78-80, 88-90
Block K Units 2-10, 12-20, 22-30, 31-90, 96-100
Block L Units 1-9, 11-19, 21-29, 31-39, 41-49, 51-59, 61-69, 71-79, 81-89,
91-99

NTS 94-O-09 Block C Units 6-10, 16-20, 26-30, 36-40, 46-50, 56-60, 66-70, 76-80, 86-90
Block D Units 1-9, 11-90, 92-100
Block E Units 2-10

NTS 94-O-10 Block A Units 11, 21, 31, 41, 51, 61, 71, 81, 91
Block H Unit 1.

- 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 100 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.



Kelly Okuszeko
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2011.