

June 1, 2011

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
OTHER THAN NORMAL SPACING ORDER
HORN RIVER FIELD – MUSKWA-OTTER PARK & EVIE SHALE FORMATIONS**

The Commission has reviewed your application dated February 1, 2011, requesting approval of a Good Engineering Practice for an area within the Horn River Basin - Horn River formation.

The Horn River Basin is an area of intense new activity for shale gas development. Numerous wells from multiple pads have been drilled within the area of application. Gas recovery from this resource will continue to 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 designating Good Engineering Practice within a portion of the regional Horn River field Muskwa-Otter Park and Evie shale gas formations as Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 11-06-024 OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formations and area.

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 the undersigned at (250) 419-4421 or Kelly Okuszko at (250) 419-4433.

Sincerely,



Alex Ferguson
Commissioner
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Encana Corporation (Encana) to the Commission dated February 1, 2011 for a Good Engineering Practice project.

ORDER 11-06-024

- 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 91-99

NTS 94-O-07 Block C Units 2-10, 12-20, 22-30, 34-40, 44-50, 54-60, 64-70
Block D Units 1-9, 11-19, 21-29, 31-39, 41-49, 51-59, 61-69, 72-79, 82-89



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this / day of June 2011.

IN THE MATTER of an application from Encana Corporation (Encana) to the Commission dated February 1, 2011 for Other Than Normal Spacing.

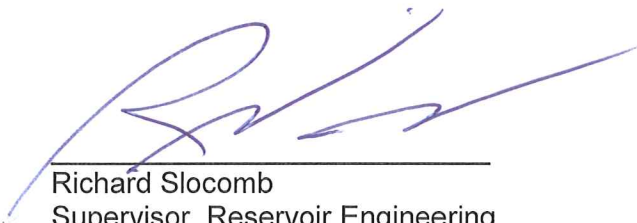
ORDER 11-06-024-OTN

- 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 91-99

NTS 94-O-07 Block C Units 2-10, 12-20, 22-30, 34-40, 44-50, 54-60, 64-70
Block D Units 1-9, 11-19, 21-29, 31-39, 41-49, 51-59, 61-69, 72-79, 82-89

- 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.



Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 1 day of June 2011.