

February 9, 2012

5170-5000-59240-06

C.L. Chomiak
Development Technologist
Canadian Deep Basin BU
EnCana Corporation
150 – 9th Avenue SW
CALGARY, AB T2P 2S5

Dear Ms. Chomiak:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT, AMENDMENT #1
OTHER THAN NORMAL SPACING ORDER, AMENDMENT #1
KELLY FIELD – MONTNEY FORMATION**

The Commission has reviewed your application dated October 3, 2011, requesting approval of Good Engineering Practice amendment for an area within the Kelly field - Montney formation.

Gas recovery from this resource will benefit from the ability to produce horizontal wells in optimal locations, drilling from central sites. For regulatory purposes, the Commission designates the entire Montney sequence as a single formation, removing commingling as an issue.

The following Orders are attached;

- 1) Order 11-06-026 (Amendment #1) designating Good Engineering Practice within a portion of the Kelly field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 11-06-026-OTN (Amendment #1) approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject pool and area.

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, 17 gas spacing units have been added to the south east portion of the project.

Should you have any questions, please contact Ron Stefik at (250) 419-4430 or Kelly Okuszkó at (250) 419-4433.

Sincerely,



Paul Jeakins
Commissioner & CEO
Oil and Gas Commission


Attachments

IN THE MATTER of an amendment application from EnCana Corporation to the Commission dated October 3, 2011 for a Good Engineering Practice project.

ORDER 11-06-026 (Amendment #1)

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Kelly field – Montney formation is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

NTS 93-I-16 Block I	Units 51-53, 61-63, 71-73, 81-83, 91-93
NTS 93-P-1 Block A	Units 1-3, 11-15, 21-25, 31-35, 41-45, 51-57, 61-67, 71-79, 81-89, 94-99
NTS 93-P-1 Block B	Units 72-80, 82-90, 96-100
NTS 93-P-1 Block C	Units 71, 81, 91-93
NTS 93-P-1 Block F	Units 1-3, 11-19, 21-29, 38, 39, 48, 49
NTS 93-P-1 Block G	Units 6-11, 16-21, 26-30, 32-39, 42-49, 51-57, 61-67, 71-77, 81-87, 94-97
NTS 93-P-1 Block H	Units 4-9, 14-20, 24-30, 34-39, 44-49, 56-60, 66-70, 78-80, 88-90
NTS 93-P-1 Block J	Units 4-7, 16-19 and 26-29.



Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 9th day of February 2012.

IN THE MATTER of an amendment application from EnCana Corporation to the Commission dated October 3, 2011 for Other Than Normal Spacing.


ORDER 11-06-026-OTN (Amendment #1)

1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Kelly field Montney formation within the following area;

NTS 93-I-16 Block I	Units 51-53, 61-63, 71-73, 81-83, 91-93
NTS 93-P-1 Block A	Units 1-3, 11-15, 21-25, 31-35, 41-45, 51-57, 61-67, 71-79, 81-89, 94-99
NTS 93-P-1 Block B	Units 72-80, 82-90, 96-100
NTS 93-P-1 Block C	Units 71, 81, 91-93
NTS 93-P-1 Block F	Units 1-3, 11-19, 21-29, 38, 39, 48, 49
NTS 93-P-1 Block G	Units 6-11, 16-21, 26-30, 32-39, 42-49, 51-57, 61-67, 71-77, 81-87, 94-97
NTS 93-P-1 Block H	Units 4-9, 14-20, 24-30, 34-39, 44-49, 56-60, 66-70, 78-80, 88-90
NTS 93-P-1 Block J	Units 4-7, 16-19 and 26-29.

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 250 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.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 7th day of February 2012.