

November 10, 2010

0320-4800-59240-06

Scot Collins, P.Eng.
Senior Engineer
Northpoint Energy Ltd.
1600, 734 – 7th Avenue S.W.
CALGARY, AB T2P 3P8

Dear Mr. Collins:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT – AMENDMENT #1
OTHER THAN NORMAL SPACING ORDER – AMENDMENT #1
ALTARES FIELD – HALFWAY FORMATION**

The Commission has reviewed your application dated October 13, 2010, requesting amendment of a Good Engineering Practice approval for the Altares field - Halfway formation.

The Commission maps this area within the Altares field Halfway "B" pool. Gas recovery from this resource will benefit from the ability to produce horizontal wells in optimal locations, drilling from central sites.

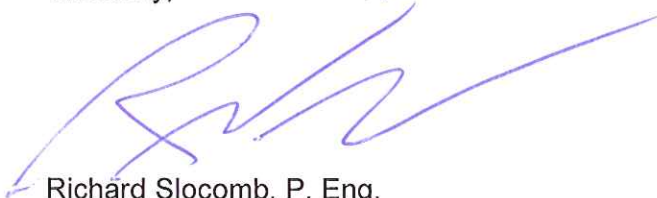
As a result of recent legislative changes, authorities previously contained in a single approval document for this activity are now covered in the attached;

- 1) Order 06-06-060 (Amendment #1) designating a Good Engineering Practice within the Altares field Halfway gas formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Orders 06-06-060–OTN (Amendment #1) approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formation and area.

One gas spacing unit has been added to the project area as a result of the amendment. 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.

Should you have any questions, please contact the undersigned at (250) 419-4421 or Kelly Okuszko at (250) 419-4433.

Sincerely,



Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering
Resource Conservation

Attachments

IN THE MATTER of an application from Northpoint Energy Ltd. to the Commission dated October 13, 2010 for a Good Engineering Practice project.

ORDER 06-06-060 (Amendment #1)

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

NTS 94-A-05 Block D Units 20, 30, 40, 50, 60, 70, 80, 90

NTS 94-B-08 Block A Units 11-13, 21-23, 31-33, 41-43, 51-53, 61-63, 71-73, 81-83, 92-95
Block H Units 2-5, 12-15, 22-25, 32-35, 42-45, 52-55, 62-65, 74, 75, 84, 85



Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 10 day of November 2010.

IN THE MATTER of an application from Northpoint Energy Ltd. to the Commission dated October 13, 2010 for Other Than Normal Spacing.

ORDER 06-06-060-OTN (Amendment #1)

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Altares field Halfway formation within the following area;
NTS 94-A-05 Block D Units 20, 30, 40, 50, 60, 70, 80, 90
NTS 94-B-08 Block A Units 11-13, 21-23, 31-33, 41-43, 51-53, 61-63, 71-73, 81-83, 92-95
Block H Units 2-5, 12-15, 22-25, 32-35, 42-45, 52-55, 62-65, 74, 75, 84, 85
- 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.



Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 10 day of November 2010.