

June 23, 2011

8160-5000-59240-06

Darren Tisdale  
Senior Geologist  
Painted Pony Petroleum Ltd.  
300, 602 – 12<sup>th</sup> Avenue S.W.  
Calgary AB T2R 1J3

Dear Mr. Tisdale:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT, AMENDMENT #1  
OTHER THAN NORMAL SPACING ORDER, AMENDMENT #1  
TOWN FIELD – MONTNEY “A” POOL**

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The Commission has reviewed your application dated May 31, 2011, requesting amendment of a Good Engineering Practice approval for an area within the Town field - Montney formation.

The Commission maps this area within the Town field Montney “A” pool. Approval is intended to extend successful development beyond the original approval area as 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 10-06-038 (Amendment #1) designating Good Engineering Practice within a portion of the Town field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 10-06-038-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.

For regulatory purposes, the Commission designates the entire Montney sequence as a single formation, removing commingling as an issue. No objections were received following notice of application on the OGC website.

Should you have any questions, please contact Richard Slocomb at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,



Alex Ferguson  
Commissioner  
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Painted Pony Petroleum Ltd. to the Oil and Gas Commission dated May 31, 2011 to amend a Good Engineering Practice project.

**ORDER 10-06-038 (AMENDMENT #1)**

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

NTS 94-B-16      Block B Units 98-100  
                         Block C Units 91-99  
                         Block E Units 11, 21, 31, 41, 51, 61, 71, 81, 91  
                         Block F Units 1-9, 11-100  
                         Block G Units 8-10, 18-20, 28-30, 38-40, 48-50, 60, 70, 80, 90, 100  
                         Block J Unit 10  
                         Block K Units 1-10, 12-19, 22-29, 32-37, 42-47  
                         Block L Unit 1.



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Alex Ferguson  
Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 23 day of June 2011.

IN THE MATTER of an application from Painted Pony Petroleum Ltd. to the Oil and Gas Commission dated May 31, 2011 for Other Than Normal Spacing.

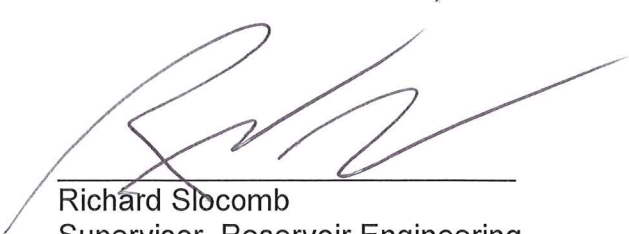
**ORDER 10-06-038-OTN (AMENDMENT #1)**

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

NTS 94-B-16      Block B Units 98-100  
                         Block C Units 91-99  
                         Block E Units 11, 21, 31, 41, 51, 61, 71, 81, 91  
                         Block F Units 1-9, 11-100  
                         Block G Units 8-10, 18-20, 28-30, 38-40, 48-50, 60, 70, 80, 90, 100  
                         Block J Unit 10  
                         Block K Units 1-10, 12-19, 22-29, 32-37, 42-47  
                         Block L 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 150 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.



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Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 24 day of June 2011.