

January 11, 2012

9021-5000-59240-06

Carla Brodie
Sr. Engineering Technologist
Pengrowth Energy Corporation
2100, 222 – 3rd Avenue S.W.
Calgary AB T2P 0B4

Dear Ms. Brodie:

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

The Commission has reviewed your application dated December 13, 2011, requesting amendment of a Good Engineering Practice approval for the Heritage field – Montney “A” pool.

A GEP Order was issued for the area of application on June 16, 2009. Gas recovery from this resource benefits 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 09-06-017 (Amendment #1) designating Good Engineering Practice, within a portion of the Heritage field Montney “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 09-06-017-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. The target area for the project boundaries has been reduced to **150m** (from 250m) as a result of this amendment. The approval area remains unchanged. Due to changes in tenure, the approval has transferred from Monterey Exploration Ltd. to Pengrowth Energy Corporation.

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

Sincerely,



Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

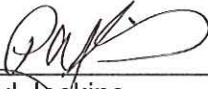
Attachments

IN THE MATTER of an application from Pengrowth Energy Corporation to the Oil and Gas Commission dated December 13, 2011 for a Good Engineering Practice project amendment.

ORDER 09-06-017 (Amendment #1)

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Heritage 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;

DLS 80-21W6 – Sections 21, 28-33
DLS 81-21W6 – Sections 5, 6 and 8.



Paul Jenkins
Commissioner & CEO
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 11th day of January 2012.

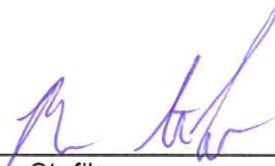
IN THE MATTER of an application from Pengrowth Energy Corporation to the Oil and Gas Commission dated December 13, 2011 for Other Than Normal Spacing.

ORDER 09-06-017-OTN (Amendment #1)

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

DLS 80-21W6 – Sections 21, 28-33
DLS 81-21W6 – Sections 5, 6 and 8.

- 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.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 11th day of January 2012.