

February 14, 2012

2940-5000-59240-06

Scott Smith, P.Eng.  
Exploitation Engineer  
Progress Energy Resources Corp.  
1200, 205– 5<sup>th</sup> Avenue S.W.  
Calgary AB T2P 2V7

Dear Mr. Smith:

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

The Commission has reviewed your application dated October 27, 2011, requesting amendment of a Good Engineering Practice approval for the Caribou field - Montney formation.

The Commission maps this area within the Caribou field - Montney “A” pool. Application is intended to extend successful development beyond the original approval area, as 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 10-06-024 (Amendment #1) designating Good Engineering Practice, within a portion of the Caribou – Montney “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 10-06-024-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. As a result of this amendment, 100 gas spacing areas have been added to the project area and the target area for the project boundaries has been reduced to **150m** (from 250m).

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 Progress Energy Resources Corporation to the Commission dated October 27, 2011 for a Good Engineering Practice project.

**ORDER 10-06-024 (AMENDMENT #1)**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Caribou 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-G-07	Block B	Units 38-40,48-50,56-60,66-70,72-80,82-90,92,93,96-100
	Block C	Units 31-37,41-47,51-57,61-67,71-79,81-89,91-99
	Block E	Units 11,21,51,61,71,81,91
	Block F	Units 1-9,12-20,22-39,41-49,51-100
	Block G	2,3,6-10,12-19,22-29,34-40,44-50,54-60,64-70,72-80,82-90,92-100
	Block J	2-10,12-20,22-30,36-40,46-50,56-60,66-70
	Block K	1-31,34-41,44-51,54-61,64-70
	Block L	1,11-15,21-25,31-35,41-45,51-57,61-67

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Paul Jeakins  
Commissioner & CEO  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 14<sup>th</sup> day of February 2012.

IN THE MATTER of an application from Progress Energy Resources Corporation to the Commission dated October 27, 2011 for Other Than Normal Spacing.

**ORDER 10-06-024-OTN (AMENDMENT #1)**

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

NTS 94-G-07	Block B	Units 38-40,48-50,56-60,66-70,72-80,82-90,92,93,96-100
	Block C	Units 31-37,41-47,51-57,61-67,71-79,81-89,91-99
	Block E	Units 11,21,51,61,71,81,91
	Block F	Units 1-9,12-20,22-39,41-49,51-100
	Block G	2,3,6-10,12-19,22-29,34-40,44-50,54-60,64-70,72-80,82-90,92-100
	Block J	2-10,12-20,22-30,36-40,46-50,56-60,66-70
	Block K	1-31,34-41,44-51,54-61,64-70
	Block L	1,11-15,21-25,31-35,41-45,51-57,61-67

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

DATED AT the City of Victoria, in the Province of British Columbia, this 14<sup>th</sup> day of February 2012.