

April 26, 2012

5000/2200/2240-5000-59240-06

Davin Yee, P.Eng.
Sr. Exploitation Engineer
Progress Energy Ltd.
1200, 205– 5th Avenue S.W.
Calgary AB T2P 2V7

Dear Mr. Yee:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT
OTHER THAN NORMAL SPACING ORDER
JEDNEY, BUBBLES, BUBBLES NORTH FIELDS – MONTNEY “A” POOL**

The Commission has reviewed your application dated May 17, 2011, requesting approval of Good Engineering Practice for an area within the Jedney, Bubbles and Bubbles North fields - Montney formation.

The Commission maps this area outside the current north boundary of the new Regional Northern Montney Field. 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 12-06-011 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 12-06-011-OTN 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.

Should you have any questions, please contact Ron Stefik at (250) 419-4430 or Curtis Kitchen at (250) 419-4443.

Sincerely,



Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Progress Energy Ltd. to the Oil and Gas Commission dated March 14, 2012 for a Good Engineering Practice project.

ORDER 12-06-011

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Jedney, Bubbles North and Bubbles 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-1 Block J Units 58-60, 68-70, 78-80, 88-90, 96-100
NTS 94-G-1 Block K Units 32-35, 42-45, 51-53, 61-63, 71-73, 81-83, 91
NTS 94-G-8 Block B Units 6-10, 12-20, 22-30, 32-40, 42-50, 54-60, 64-70, 74-80, 84-90, 96-100
NTS 94-G-8 Block C Units 1, 11, 21, 31, 41, 51, 61, 71, 81, 91
NTS 94-G-8 Block F Unit 1
NTS 94-G-8 Block G Units 6-10



Paul Jenkins
Commissioner & CEO
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 26th day of April 2012.

IN THE MATTER of an application from Progress Energy Ltd. to the Oil and Gas Commission dated March 14, 2012 for Other Than Normal Spacing.

ORDER 12-06-011-OTN

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Jedney, Bubbles North and Bubbles field – Montney “A” pool within the following area;

NTS 94-G-1 Block J Units 58-60, 68-70, 78-80, 88-90, 96-100

NTS 94-G-1 Block K Units 32-35, 42-45, 51-53, 61-63, 71-73, 81-83, 91

NTS 94-G-8 Block B Units 6-10, 12-20, 22-30, 32-40, 42-50, 54-60, 64-70, 74-80, 84-90, 96-100

NTS 94-G-8 Block C Units 1, 11, 21, 31, 41, 51, 61, 71, 81, 91

NTS 94-G-8 Block F Unit 1

NTS 94-G-8 Block G Units 6-10

- 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 26th day of April 2012.