



November 24, 2011

9022-5000-59240-06

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

Dear Mr. Yee:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT
OTHER THAN NORMAL SPACING ORDER
NORTHERN MONTNEY FIELD – MONTNEY “A” POOL**

The Commission has reviewed your application dated October 11, 2011, requesting a Good Engineering Practice approval for the Blueberry field - Montney formation.

The Commission has mapped this area within the newly created regional Northern Montney field Montney “A” pool. 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 11-06-046 designating Good Engineering Practice, within a portion of the regional Northern Montney field Montney “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 11-06-046-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.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Jeakins', with a large, stylized flourish extending to the left.

Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Progress Energy Resources Corp. to the Oil and Gas Commission (Commission) dated October 11, 2011 for a Good Engineering Practice project.

ORDER 11-06-046

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Northern Montney 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-A-12 Block L – Units 52-55, 62-65, 74-79, 84-89, 96-99
NTS 94-A-13 Block D – Units 6-9, 16-19, 26-29, 38, 39, 48 and 49.



Paul Jenkins
Commissioner & CEO
Oil and Gas Commission

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

IN THE MATTER of an application from Progress Energy Resources Corp. to the Oil and Gas Commission (Commission) dated October 11, 2011 for Other Than Normal Spacing.

ORDER 11-06-046-OTN

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Northern Montney field Montney "A" pool within the following area;
NTS 94-A-12 Block L – Units 52-55, 62-65, 74-79, 84-89, 96-99
NTS 94-A-13 Block D – Units 6-9, 16-19, 26-29, 38, 39, 48 and 49.
- 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, ASCT
Sr Technical Advisor, Reservoir Engineering
Oil and Gas Commission

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