



December 21, 2010

9021-5000-59240-06

Byron Woo
Shell Canada Limited
1500, 202 – 6th Avenue S.W.
Calgary AB T2P 2R9

Dear Mr. Woo:

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

The Commission has reviewed your application dated December 13, 2010, requesting amendment of a Good Engineering Practice approval for the Heritage field - Montney formation.

The Commission maps this area within the regional Heritage field Montney “A” pool. The application is intended to expand the target area of the project to avoid areas of undrained reserves. For regulatory purposes, the Commission designates the entire Montney sequence as a single formation, removing commingling as an issue.

As a result of recent legislative changes, authorities previously contained in a single approval document for this activity are now covered in the attached;

- 1) Order 10-06-013 (Amendment #1) designating Good Engineering Practice, Shell Project #3, within a portion of the regional Heritage field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 10-06-013-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.

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 the undersigned at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Slocomb', is written over a faint, larger signature.

For
Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering
Resource Conservation

Attachments

IN THE MATTER of an application from Shell Canada Upstream to the Commission dated December 13, 2010 for a Good Engineering Practice project.

ORDER 10-06-013 (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 80-20 W6M Sections 22, 26 – 28, 33 – 35

DLS 81-20 W6M Sections 3 – 5, 8, 9, 16 – 20, 30

A handwritten signature in black ink, appearing to read 'Alex Ferguson', written over a horizontal line.

Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 21 day of December 2010.

IN THE MATTER of an application from Shell Canada Upstream to the Commission dated December 13, 2010 for Other Than Normal Spacing.

ORDER 10-06-013-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 80-20 W6M Sections 22, 26 – 28, 33 – 35
DLS 81-20 W6M Sections 3 – 5, 8, 9, 16 – 20, 30

- 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.


Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 21st day of December 2010.