

July 23, 2012

9021-5000-59240-06

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

Dear Mr. Woo:

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

The Commission has noted an error occurred when generating GEP approval Orders 12-06-016 and 12-06-017. The previous issued orders with those numbers are hereby replaced with orders 12-06-022 and 12-06-023 respectively, there are no changes other than the approval number. Please replace with the attached, we apologize for any inconvenience.

The Commission maps these areas within the regional Heritage field - Montney “A” pool. Gas recovery from this resource benefits from the ability to produce multiple 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) Orders 12-06-022 and 12-06-023 designating Good Engineering Practice within a portion of the regional Heritage field - Montney “A” pool, as Special Projects under section 75 of the *Oil and Gas Activities Act*, and
- 2) Orders 12-06-022-OTN and 12-06-023-OTN 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. Order 12-06-022 includes four gas spacing areas and Order 12-06-023 includes one gas spacing area.

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

Sincerely,



Richard Slocomb, P.Eng.  
Deputy Commissioner  
Oil and Gas Commission

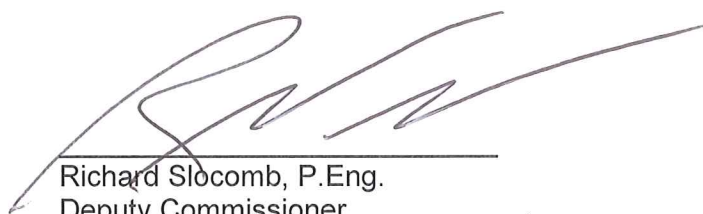
Attachments

IN THE MATTER of an application from Shell Canada Limited to the Oil and Gas Commission dated February 7, 2012 for a Good Engineering Practice project.

**ORDER 12-06-022**

- 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 Twp 78 Rge 21 W6M Sections 11-13 and 23.



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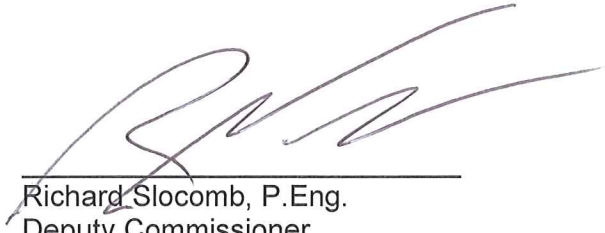
Richard Slolcomb, P.Eng.  
Deputy Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 23<sup>rd</sup> day of July 2012.

IN THE MATTER of an application from Shell Canada Limited to the Oil and Gas Commission dated February 7, 2012 for Other Than Normal Spacing.

**ORDER 12-06-022-OTN**

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Heritage field - Montney "A" pool within the following area;  
DLS Twp 78 Rge 21 W6M Sections 11-13 and 23.
  
- 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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Richard Slocomb, P.Eng.  
Deputy Commissioner  
Oil and Gas Commission

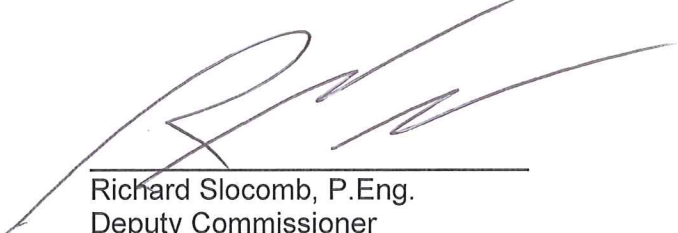
DATED AT the City of Victoria, in the Province of British Columbia, this <sup>23<sup>rd</sup></sup> day of July 2012.

IN THE MATTER of an application from Shell Canada Limited to the Oil and Gas Commission dated February 7, 2012 for a Good Engineering Practice project.

**ORDER 12-06-023**

- 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 Twp 79 Rge 21 W6M Section 34.



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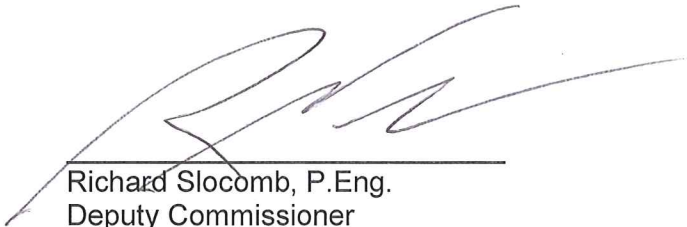
Richard Slocomb, P.Eng.  
Deputy Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 23<sup>rd</sup> day of July 2012.

IN THE MATTER of an application from Shell Canada Limited to the Oil and Gas Commission dated February 7, 2012 for Other Than Normal Spacing.

**ORDER 12-06-023-OTN**

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Heritage field - Montney "A" pool within the following area;  
DLS Twp 79 Rge 21 W6M Section 34.
  
- 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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Richard Slocomb, P.Eng.  
Deputy Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this <sup>rd</sup>23 day of July 2012.