



July 11, 2011 ✓

8220-5000-59240-06

Darren Evans, P. Eng.
Storm Resources Ltd.
800, 205 – 5th Avenue S.W.
Calgary AB T2P 2V7

Dear Mr. Evans:

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

The Commission has reviewed your application dated June 2, 2011, requesting amendment of a Good Engineering Practice approval for an area within the Umbach field - Montney formation.

The application is intended to extend successful development of the Montney formation as gas recovery from this resource benefits from the ability to produce horizontal wells in optimal locations. Gas target buffer distances have been reduced to 150 meters on various project boundaries specified in the attached approval based on documentation of consent from off-setting rights owners. 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 11-06-018 (Amendment #1) designating Good Engineering Practice, Storm Project #1, within a portion of the Umbach - Montney “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 11-06-018-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.
- 3) Order 11-06-028 designating Good Engineering Practice, Storm Project #2, within a portion of the Umbach - Montney “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 4) Order 11-06-028-OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formation and area.

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 'Alex Ferguson', is written over a horizontal line.

Alex Ferguson
Commissioner
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Storm Resources Ltd. to the Commission dated June 2, 2011 for a Good Engineering Practice project

ORDER 11-06-018 (AMENDMENT #1)

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Umbach field Montney formation is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

NTS 94-H-3 Block C Units 60, 70, 78-80, 88-90, 100

NTS 94-H-3 Block D Units 32, 33, 42, 43, 51-55, 61-65, 71-75, 81-85, 91, 94-97,

NTS 94-H-3 Block E Units 1, 4-7, 14-19, 24-29, 34-39, 44-49, 54-59, 64-69

NTS 94-H-3 Block F Unit 10.



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 11 day of July 2011.

IN THE MATTER of an application from Storm Resources Ltd. to the Commission dated June 2, 2011 for a Good Engineering Practice project

ORDER 11-06-028

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Umbach field Montney formation is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

NTS 94-H-3 Block D Units 92, 93
NTS 94-H-3 Block E Units 2 and 3.



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 11 day of July 2011.

IN THE MATTER of an application from Storm Resources Ltd. to the Commission dated June 2, 2011 for Other Than Normal Spacing.

ORDER 11-06-028-OTN

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

NTS 94-H-3 Block D Units 92, 93
NTS 94-H-3 Block E Units 2 and 3.

- 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 11 day of July 2011.

IN THE MATTER of an application from Storm Resources Ltd. to the Commission dated June 2, 2011 for Other Than Normal Spacing.

ORDER 11-06-018-OTN (AMENDMENT #1)

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

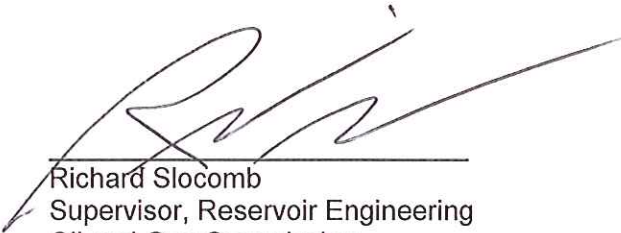
NTS 94-H-3 Block C Units 60, 70, 78-80, 88-90, 100

NTS 94-H-3 Block D Units 32, 33, 42, 43, 51-55, 61-65, 71-75, 81-85, 91, 94-97,

NTS 94-H-3 Block E Units 1, 4-7, 14-19, 24-29, 34-39, 44-49, 54-59, 64-69

NTS 94-H-3 Block F Unit 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.



Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this // day of July 2011.