

December 10, 2010

6480-2700/2800/2850-59240-06

Nkem Ejiofor
Development Engineer
Talisman Energy
P.O. Box 130, Station M
Calgary, Alberta, T2P 2H7

Dear Mr. Ejiofor:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECTS
OTHER THAN NORMAL SPACING ORDERS
OJAY FIELD – GETHING “P”, CADOMIN “V”, AND NIKANASSIN “Y” POOLS**

The Commission has reviewed your application dated September 17, 2010, requesting Good Engineering Practice approval for gas production from the Paddy, Cadotte, Falher, Gething, Cadomin and Nikanassin formations within the Ojay field.

Cdn Forest Oil drilled the well a-72-A/93-I-9 [WA 25880] in March 2010 and was completed and tested 105.5 10^3 m³/d in April 2010. Talisman did not participate in the a-72-A well based on Talisman's interpretation that the a-72-A well was off structure and thus the chances of getting an economic well were lower than if the well was drilled on structure. Accordingly, Talisman drilled the well d-73-A/93-I-9 [WA 25800] to target a seismically defined structure on trend with the c-84-A and b-95-A wells. The well d-73-A/93-I-9 was rig released in July 2010 and subsequently completed and tested at a reported rate of 127 10^3 m³/d in November 2010. The Paddy, Cadotte, and Falher formations were not completed and tested and therefore are not mapped by the OGC. Because these formations were not evaluated in the d-73-A well, they won't be considered for GEP at this time.

Talisman contends that because the application area encompasses an Other Than Normal Spacing DSU with a larger area (451 Ha) compared to a standard DSU (260 Ha), an additional well will help capture reserves that would be left undrained by the a-72-A well.

Devon Canada Corporation objected to Talisman's application on October 28, 2010, as a mineral rights owner (50% / 50% with Talisman) in the offsetting DSU to the south of the area of application. Devon's objection was based on pressure information from an off-setting structure which indicates depletion in its wells due to the presence of high permeability fractures commonly found in the Ojay field. Devon also feels that GEP approval would set precedence for the area and would lead to over-capitalization of the field.

Devon does not currently have a well drilled or licensed on the structure targeted by Talisman. Furthermore, seismic data provided by both Talisman and Devon suggests that Devon may not have a viable drilling location on their lands. Therefore, GEP is approved on the basis of the unique structural setting and that the subject DSU is 74% larger than a typical DSU, thus an additional well may capture additional reserves not captured by the a-72-A well. The OGC regards this as a unique situation and feels GEP approval will not set precedence over the entire Ojay field.

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December 7, 2010

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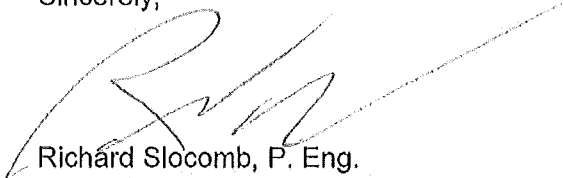
As a result of recent legislative changes, authorities previously contained in a single approval document for this activity are now covered in the attached;

- 1) Orders 10-06-054 designating Good Engineering Practice within the Ojay field Gething "P", Cadomin "V", and Nikanassin "Y" pools as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Orders 10-06-054-OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formations and areas.

Please note that commingled production from the zones approved for GEP continue to be subject to the requirements of the Outer Foothills Commingling Guideline.

Should you have any questions, please contact the undersigned at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,



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

Attachments

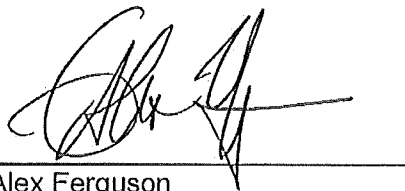
Cc Dave Thomas, Devon Canada Corporation

IN THE MATTER of an application from Talisman Energy Inc. to the Commission dated September 17, 2010 for a Good Engineering Practice project.

ORDER 10-06-054

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Ojay field – Gething “P”, Cadomin “V”, and Nikanassin “Y” pools are designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

NTS 93-I-09 Block A Units 71-73, 81-83.

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

Alex Ferguson
Commissioner
Oil and Gas Commission

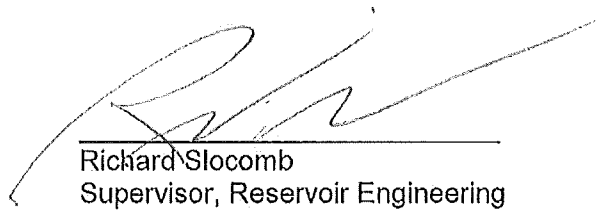
DATED AT the City of Victoria, in the Province of British Columbia, this 1st day of December 2010.

IN THE MATTER of an application from Talisman Energy Inc. to the Commission dated September 17, 2010 for Other Than Normal Spacing.

ORDER 10-06-054-OTN

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Ojay field Gething "P", Cadomin "V", and Nikanassin "Y" pools within the following area;
NTS 93-I-09 Block A Units 71-73, 81-83.

- 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 250 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 7th day of December 2010.