

November 24, 2010

0320-4997-59240-06

Darcy Spratt, R.E.T  
Senior Exploitation Technologist  
Terra Energy Corp.  
Suite 970, 333 – 7<sup>th</sup> Avenue S.W.  
CALGARY, AB T2P 2Z1

Dear Mr. Spratt:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT  
OTHER THAN NORMAL SPACING ORDER  
ALTARES – DOIG PHOSPHATE-MONTNEY “A” POOL**

The Commission has reviewed your application dated September 10, 2010, requesting approval of Good Engineering Practice for an area within the Altares field - Montney formation.

The Commission maps this area within the Altares – Doig Phosphate-Montney “A” pool. Gas recovery from this resource will benefit from the ability to produce horizontal wells in optimal locations, drilling from central sites. For regulatory purposes, the Commission designates the entire Doig Phosphate-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 10-06-047 designating Good Engineering Practice within a portion of the Altares – Doig Phosphate-Montney “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 10-06-047–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. No objections were received following notice of application on the OGC website.

Should you have any questions, please contact the undersigned at (250) 419-4421 or Kelly Okuszeko at (250) 419-4433.

Sincerely,



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

Attachments

IN THE MATTER of an application from Terra Energy Corp. (Terra) to the Commission dated September 10, 2010 for a Good Engineering Practice project.

**ORDER 10-06-047**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Altares – Doig Phosphate - Montney “A” pool is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

084-25 W6M Sections 3, 10, 15, 16, 20, 21, 22, 29



---

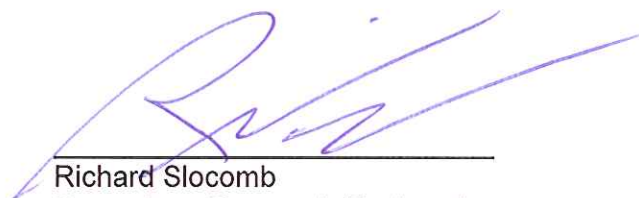
Richard Stocomb  
Supervisor, Reservoir Engineering  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 24 day of November 2010.

IN THE MATTER of an application from Terra Energy Corp. (Terra) to the Commission dated September 10, 2010 for Other Than Normal Spacing.

**ORDER 10-06-047-OTN**

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Altares – Doig Phosphate-Montney “A” pool within the following area;  
084-25 W6M Sections 3, 10, 15, 16, 20, 21, 22, 29
  
- 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 24 day of November 2010.