



July 19, 2012

5000-5000-59240-06

Olwen F. Wirth, P.Geol.
VP Exploration
UGR Resources
Suite 700, 736 - 8th Avenue S.W.
Calgary AB T2P 1H4

Dear Ms. Wirth:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT
OTHER THAN NORMAL SPACING ORDER
JEDNEY FIELD – MONTNEY 'A' POOL**

The Commission has reviewed your application dated June 4, 2012, requesting approval of Good Engineering Practice for an area within the Jedney field – 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 Montney 'A' pool as a single formation, removing commingling as an issue.

The following Orders are attached;

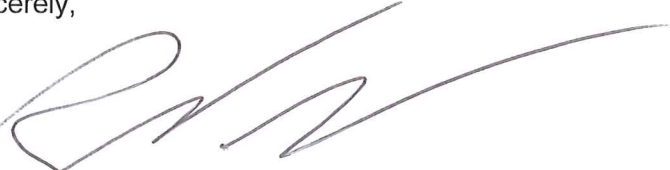
- 1) Order 12-06-020 designating Good Engineering Practice within a portion of the Jedney Field – Montney 'A' pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 12-06-020-OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject pool and area.

Several sections of land in the application area not included in this Order may be requested in a future amendment application, once additional development has occurred.

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 Ron Stefik at (250) 419-4430 or Michelle Gaucher at (250) 419-4482.

Sincerely,



Richard Stocomb, P.Eng
Deputy Commissioner, Engineering
Oil and Gas Commission

Attachments

IN THE MATTER of an application from UGR Blair Creek Ltd. to the Oil and Gas Commission dated June 4, 2012 for a Good Engineering Practice project.


ORDER 12-06-020

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Jedney 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:

NTS 94-G-1 Block H – Units 52-59, 62-69, 72-79, 82-89, 92-99

Block I – Units 2-9, 12-15, 18-20, 28-30, 40, 50

Block J – Units 11-13, 21-23, 31-35, 41-45, 52-57, 62-67,
76, 77, 86, 87.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of July 2012.

IN THE MATTER of an application from UGR Blair Creek Ltd. to the Oil and Gas Commission dated June 4, 2012 for Other Than Normal Spacing.

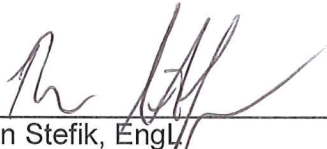
ORDER 12-06-020-OTN

1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved in the Jedney Field – Montney 'A' formation within the following area;

NTS 94-G-1 Block H – Units 52-59, 62-69, 72-79, 82-89, 92-99
Block I – Units 2-9, 12-15, 18-20, 28-30, 40, 50
Block J – Units 11-13, 21-23, 31-35, 41-45, 52-57, 62-67,
76, 77, 86, 87.

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.



Ron Stefik, Engr.
A/Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 19th day of July 2012.