

September 12, 2011

6400-5000-59240-06

Kevin Fossenier
Senior Explorationist
Yoho Resources Inc.
750, 736 – 6th Avenue S.W.
Calgary AB T2P 3T7

Dear Mr. Fossenier:

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

The Commission has reviewed your application dated August 7, 2011, requesting approval of a Good Engineering Practice approval for an area within the Nig Creek 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. 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 11-06-037 and 11-06-038 designating Good Engineering Practice, Yoho Project #1 and Yoho Project #2, within a portion of the Nig Creek - Montney formation as Special Projects under section 75 of the *Oil and Gas Activities Act*, and
- 2) Orders 11-06-037-OTN and 11-06-038-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.

Should you have any questions, please contact Kelly Okuszko at (250) 419-4433 or Travis Mercure at (250) 419-4448.

Sincerely,



Paul Jeakins
Chief Operating Officer
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Yoho Resources Inc. to the Commission dated August 7, 2011 for a Good Engineering Practice project

ORDER 11-06-037

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Nig Creek 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-A-13	Block I	Units 92-95, 100
NTS 94-A-13	Block J	Unit 91
NTS 94-H-3	Block D	Units 20, 30, 36, 37, 40, 46, 47, 50, 56, 57, 60, 66, 67, 70, 78, 79, 88, 89, 100
NTS 94-H-3	Block E	Unit 10
NTS 94-H-4	Block A	Units 2-5, 10-15, 18-25, 28-35, 38-45, 48-57, 61-67, 72-77, 82-87, 91-97
NTS 94-H-4	Block B	Units 1, 11, 21, 31, 41
NTS 94-H-4	Block G	Units 31, 41
NTS 94-H-4	Block H	Units 1-7, 14-17, 24-27, 34-40, 44-50, 54-57, 64-67, 74-79, 84-89, 96-99
NTS 94-H-4	Block I	Units 6-9.



Paul Jeakins
Chief Operating Officer
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this ^{Bth} day of September 2011.

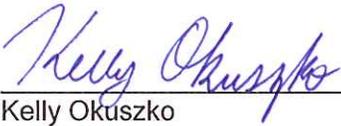
IN THE MATTER of an application from Yoho Resources Inc. to the Commission dated August 7, 2011 for Other Than Normal Spacing.

ORDER 11-06-037-OTN

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

NTS 94-A-13	Block I	Units 92-95, 100
NTS 94-A-13	Block J	Unit 91
NTS 94-H-3	Block D	Units 20, 30, 36, 37, 40, 46, 47, 50, 56, 57, 60, 66, 67, 70, 78, 79, 88, 89, 100
NTS 94-H-3	Block E	Unit 10
NTS 94-H-4	Block A	Units 2-5, 10-15, 18-25, 28-35, 38-45, 48-57, 61-67, 72-77, 82-87, 91-97
NTS 94-H-4	Block B	Units 1, 11, 21, 31, 41
NTS 94-H-4	Block G	Units 31, 41
NTS 94-H-4	Block H	Units 1-7, 14-17, 24-27, 34-40, 44-50, 54-57, 64-67, 74-79, 84-89, 96-99
NTS 94-H-4	Block I	Units 6-9.

- 2 Under section 65.1(3) of the *Petroleum and Natural Gas Act*, I specify the following:
- 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,
 - a gas well completed outside the specified target area may be subject to an off-target production penalty,
 - gas wells drilled within the specified project area are not subject to spacing requirements.



Kelly Okuszko
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2011.

IN THE MATTER of an application from Yoho Resources Inc. to the Commission dated August 7, 2011 for a Good Engineering Practice project

ORDER 11-06-038

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Nig Creek 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-4	Block A	Units 100
NTS 94-H-4	Block B	Units 91-93
NTS 94-H-4	Block G	Units 1-3
NTS 94-H-4	Block H	Unit 10.



Paul Jeakins
Chief Operating Officer
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this ^{BTC} day of September 2011.

IN THE MATTER of an application from Yoho Resources Inc. to the Commission dated August 7, 2011 for Other Than Normal Spacing.

ORDER 11-06-038-OTN

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

NTS 94-H-4 Block A Units 100
NTS 94-H-4 Block B Units 91-93
NTS 94-H-4 Block G Units 1-3
NTS 94-H-4 Block H 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.



Kelly Okuszko
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of September 2011.