

March 25, 2020

8200-5000-59240-06

Kiel Crowe, P.Eng.  
Senior Exploitation Engineer  
Leucrotta Exploration Inc.  
700, 639 – 5<sup>th</sup> Avenue S.W.  
Calgary AB T2P 0M9

Dear Mr. Crowe:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT APPROVAL - AMENDMENT #1  
OTHER THAN NORMAL SPACING ORDER – AMENDMENT #1  
TWO RIVERS FIELD – MONTNEY “B” POOL**

The Commission has reviewed the application from Leucrotta Exploration Inc. (Leucrotta), dated February 13<sup>th</sup>, 2020, requesting amendment to Good Engineering Practice (GEP) approval Special Project Order 19-06-001 in the Two Rivers field – Montney “B” pool.

Well Leucrotta HZ Two Rivers B16-05-83-16, WA 38451 is the second well in the Two Rivers field Montney “B” pool, drilled and completed with multi-stage fracture stimulation in February 2020 and followed by an approximately 5-day production test. The production test indicates a primary product of oil. Due to the unconventional nature to this pool with its low permeability and modest reservoir pressure, a daily oil allowable (DOA) is waived. The GEP application area consists of eight oil spacing units (DSUs) intersected by the wells.

The following Orders are attached:

- 1) Order 19-06-001 – Amendment #1 designating Good Engineering Practice within a portion of the Two Rivers field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 19-06-001 – Amendment #1 OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject pool 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 Petra Kriescher-Trudgeon at (250) 419-4415 or the undersigned at (250) 419-4430.

Sincerely,



---

Ron Stefik, Eng.L.  
Supervisor, Reservoir Engineering  
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Leucrotta Exploration Inc. to the Oil and Gas Commission dated February 13<sup>th</sup>, 2020 to amend a Good Engineering Practice project.

**ORDER 19-06-001 – Amendment #1**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, a portion of the Two Rivers field – Montney formation is designated as a special project for the recovery of oil utilizing Good Engineering Practice within the following area;

DLS        Twp 83 Rge 16 W6M - W/2 Section 3, Section 4, E/2 Section 5, Sections 7, 8 and 18.

- 2 Under section 75(2) of the *Oil and Gas Activities Act*, I specify the following:
  - a) The project unadjusted daily oil allowable is waived.



---

Ron Stefik, Eng.L.  
Supervisor, Reservoir Engineering  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 25<sup>th</sup> day of March 2020.

IN THE MATTER of an application from Leucrotta Exploration Inc. to the Oil and Gas Commission dated February 13<sup>th</sup>, 2020 for Other Than Normal Spacing.

**ORDER 19-06-001 – Amendment #1 - OTN**

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

DLS        Twp 83 Rge 16 W6M - W/2 Section 3, Section 4, E/2 Section 5, Sections 7, 8 and 18.

2 Under section 65.1(3) of the *Petroleum and Natural Gas Act*, I specify the following:

- a) the target area for an oil well completed within the project area is not nearer than 100 m to the sides of the Other Than Normal Spacing area,
- b) an oil well completed outside the target area specified in paragraph (a) may be subject to an off-target production penalty,
- c) oil wells drilled within the specified project area are not subject to spacing requirements.



---

Ron Stefik, Eng.L.  
Supervisor, Reservoir Engineering  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 25<sup>th</sup> day of March 2020.