

November 7, 2013

1280-5000-59240-06

Rob Dawson, P. Eng. Senior Exploitation Engineer Chinook Energy Inc. Suite 700, 700 – 2<sup>nd</sup> Street SW Calgary, Alberta T2P 2W1

Dear Mr. Dawson:

RE:

GOOD ENGINEERING PRACTICE SPECIAL PROJECT

OTHER THAN NORMAL SPACING ORDER BIRLEY FIELD - MONTNEY FORMATION

The Commission has reviewed your application, dated September 9, 2013, requesting a Good Engineering Practice approval for an area within the Birley field – Montney formation.

Chinook has applied for GEP approval for 3 areas which are mapped approximately 13 km to the east of the Northern Montney Regional field. Gas and natural gas liquids have been confirmed in the Montney formation in these areas by testing in two vertical wells - c-100-C/94-H-3 (WA 24706) and d-84-L/94-H-3 (WA 23801). The presence of hydrocarbons and the quality of the Upper and Middle Montney through the area indicate the Montney gas resource is present and will be productive.

The following Orders are attached:

- 1) Order 13-06-012 designating Good Engineering Practice within a portion of the Birley field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 13-06-012 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 posting of a notice of application on the OGC website.

Should you have any questions, please contact Michelle Gaucher at (250) 419-4482 or Ron Stefik at (250) 419-4430.

Sincerely,

For.

Richard Slocomb, P.Eng.

Deputy Commissioner, Engineering

Oil and Gas Commission

Attachments

IN THE MATTER of an application from Chinook Energy Inc. to the Commission dated September 9, 2013 for Other Than Normal Spacing.

## ORDER 13-06-012-OTN

1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within a portion of the Birley field – Montney formation within the following areas;

## AREA 1

N 1 S 94-11-3	DIOCK IN	Office 20, 30, 60, 70, 100
	Block L	Units 11 – 13, 16, 17, 21 – 23, 26, 27, 28, 32 – 39, 42 – 49, 51 – 70,
		72 – 80, 82 – 100
		,
NTS 94-H-4	Block I	Units 32, 33, 42, 43, 51 – 53, 61 – 63, 71, 81, 91
NTS 94-H-5	Block A	Unit 1
NTS 94-H-6	Block C	Unit 10
N 13 94-11-0	DIOCK C	Offic 10
	Block D	Unit 1 – 10.
AREA 2		
	DI. J. E	Haita E4 04 70 70 00 00
NTS 94-H-3	BIOCK F	Units 51, 61, 72, 73, 82, 83
	Block F	Units 58 – 60, 68 – 70.
	D.OOK I	

## AREA 3

NTS 94-H-3	Block F	Units 52 – 55, 62 – 65, 71 – 75, 81 – 85, 91
	Block G	Units 80, 90, 100
	Block J	Units 10
	Block K	Units 1.

Block K Unite 20, 30, 60, 70, 100

- 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 150m 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, Eng. L.

Supervisor, Reservoir Engineering

Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 7 day of November 2013.

IN THE MATTER of an application from Chinook Energy Inc. to the Commission dated September 9, 2013 for a Good Engineering Practice project.

## ORDER 13-06-012

1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, a portion of the Birley field – Montney formation is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following areas;

AREA 1		
NTS 94-H-3	Block K	Units 20, 30, 60, 70, 100
	Block L	Units 11 – 13, 16, 17, 21 – 23, 26, 27, 28, 32 – 39, 42 – 49, 51 – 70,
		72 – 80, 82 – 100
NTS 94-H-4	Block I	Units 32, 33, 42, 43, 51 – 53, 61 – 63, 71, 81, 91
NTS 94-H-5	Block A	Unit 1
NTS 94-H-6	Block C	Unit 10
	Block D	Unit 1 – 10.
AREA 2		
NTS 94-H-3	Block E	Units 51, 61, 72, 73, 82, 83
		Units 58 – 60, 68 – 70.
AREA 3		
NTS 94-H-3	Block F	Units 52 – 55, 62 – 65, 71 – 75, 81 – 85, 91
		Units 80, 90, 100
		Units 10
		Units 1.
	DIOOK IX	Office 1.

For Richard Slocomb, P.Eng.

Deputy Commissioner, Engineering

Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this that day of November 2013.