

October 18, 2016

8157-2800-59240-06

Deb Gogol
Senior Developmental Engineering Technologist
EnCana Corporation
PO Box 2850, 500 Centre Street SE
Calgary, AB T2P 2S5

Dear Ms. Gogol:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT
OTHER THAN NORMAL SPACING ORDER
TOWER FIELD – CADOMIN FORMATION**

The Commission has reviewed your application dated July 26, 2016, requesting approval of Good Engineering Practice for an area within the Tower field - Cadomin formation.

Wells drilled within the subject lands will be drilled horizontally, outside of gas target areas, and completed in order to produce water and any associated sweet gas from the Cadomin formation. Water is the primary objective of these wells, but any associated gas will be conserved to sales, and will be considered the primary product for regulatory and royalty purposes. Water and associated gas recovery from this resource will displace the use of fresh water for future Montney development.

The following Orders are attached;

- 1) Order 16-06-001 designating Good Engineering Practice within a portion of the Tower field Cadomin formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 16-06-001-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. No objections were received following notice of application on the OGC website. This approval may be modified at a later date if deemed appropriate.

Should you have any questions, please contact Ron Stefik at (250) 419-4430 or Michelle Harding at (250) 419-4493.

Sincerely,



Richard Slocomb, M.A.Sc., P.Eng
Vice President, Engineering
Oil and Gas Commission

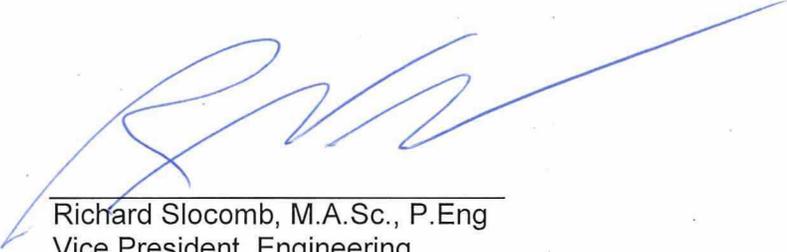
Attachments

IN THE MATTER of an application from EnCana Corporation to the Oil and Gas Commission dated July 26, 2016, for a Good Engineering Practice project.

ORDER 16-06-001

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Tower field – Cadomin pool is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

DLS Twp 80 Rge 17 W6M - Sections 31 - 34
Twp 81 Rge 17 W6M - Sections 3 - 10
Twp 80 Rge 18 W6M - Sections 35 - 36
Twp 81 Rge 18 W6M - Sections 1, 11 - 15



Richard Slocomb, M.A.Sc., P.Eng
Vice President, Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 18th day of October 2016.

IN THE MATTER of an application from EnCana Corporation to the Oil and Gas Commission dated July 26, 2016 for Other Than Normal Spacing.

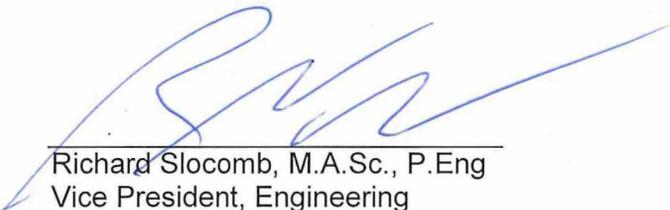
ORDER 16-06-001-OTN

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

DLS Twp 80 Rge 17 W6M - Sections 31 - 34
Twp 81 Rge 17 W6M - Sections 3 - 10
Twp 80 Rge 18 W6M - Sections 35 - 36
Twp 81 Rge 18 W6M - Sections 1, 11 - 15

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, M.A.Sc., P.Eng
Vice President, Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 18th day of October 2016.