

September 7, 2017

0320-3200-59240-15

Graham Janega
VP, Subsurface
Canbriam Energy Inc.
2100, 215 – 2nd Street SW
Calgary, AB T2P 1M4

Dear Mr. Janega,

**RE: APPLICATION FOR INNOVATIVE TECHNOLOGY
ALTARES FIELD – NORDEGG FORMATION**

Commission staff have reviewed the application from Canbriam Energy Inc. (Canbriam) dated August 1st, 2017 requesting an Innovative Technology Special Project (formerly termed Experimental Scheme) approval, under section 75(1)(b) of the Oil and Gas Activities Act, to evaluate the Jurassic aged Nordegg shale formation in the Altares field area. Canbriam staff presented on aspects of this proposal during a meeting with Commission staff on August 24th.

The Commission issued Experimental Scheme Approval 10-15-003, on September 10, 2010, for an area within the Altares field, Nordegg formation. The well Canbriam HZ Altares b-24-H/94-B-8 (WA# 25584) was completed with 3 stages and flow tested gas, resulting in the Commission designating an Altares field Nordegg “A” gas pool. The extended confidentiality period for wells drilled under Experimental Scheme Approval 10-15-003 ended September 10, 2013, three years from the date of the Order, as per section 17(1)(f)(i) of the Oil and Gas Activities Act General Regulation.

As per section 10(1) of the Regulation, *“innovative technology” means technology that is unproven to produce petroleum, natural gas or both in a particular application.* Hydraulic fracture stimulation of a horizontal well within a shale formation to produce natural gas is a proven technology. The referenced horizontal well b-24-H was completed with fracture stimulation within the Nordegg and tested gas within close proximity to the area of application. Though the current application is targeting a variation in reservoir quality, with more extensive development, it is insufficient to be considered a significant innovation. Therefore, the application for an Innovative Technology Special Project is hereby denied.

The Commission recognizes that Canbriam is applying detailed analysis to evaluate this opportunity. New wells may be eligible for recognition, upon application, as a Special Data Well, with an 18-month confidentiality period.

Should you have any questions, please contact the undersigned at (250) 419-4430.

Sincerely,



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