



March 20, 2007

8135-5000-59240-06

Sam Coles, P. Eng.
Reservoir Engineer
Canadian Foothills Region
EnCana Corporation
150 - 9th Avenue S.W.
PO Box 2850
Calgary AB T2P 2S5

Dear Mr. Coles:

**RE: GOOD ENGINEERING PRACTICE APPROVAL 03-06-030 (AMENDMENT #3)
SWAN LAKE - MONTNEY**

Attached is a Good Engineering Practice (GEP) scheme approval for the subject pool, as requested in your application of February 8, 2007.

As stated in our previous correspondence, the Commission has mapped the subject zone as two separate pools, the upper and lower Montney, designating them as the Montney "A" and Montney "B", respectively. However, for production and reserves purposes the Montney formation will be treated as one pool and as such will be defined as the Swan Lake – Montney.

On May 23, 2006, the Commission issued EnCana a GEP approval 03-06-030 (Amendment #2) for production from the Swan Lake Montney. Also, on June 14, 2006 another GEP approval 06-06-042 was issued to EnCana for production from the Sunrise Montney "A" pool. Your application of February 8, 2007 has resulted in the amalgamation of areas covered by these two approvals. Therefore, the Approval 03-06-030 (Amendment #3), is hereby granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*. Consequently the GEP Approval 06-06-042 granted on June 14, 2006, for the Sunrise Montney "A" pool is hereby rescinded.

The approval is intended to allow operational flexibility and to allow the drilling of additional gas wells without spacing and target considerations for maximization of gas recovery.

Should you have any questions, please contact Richard Slocomb at (250) 952-0366.

Sincerely,

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 03-06-030 (Amendment #3)

**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION**

IN THE MATTER of a Good Engineering Practice (GEP) scheme of EnCana Corporation (EnCana) for producing the Swan Lake – Montney pool gas wells without spacing, target and production restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves an amendment to the GEP scheme of EnCana for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from EnCana to the Commission dated February 8, 2007.

The scheme approval amendment of May 23, 2006, is hereby amended subject to the conditions herein contained and, in particular:

1. The area of the project shall consist of:

93-P-9

Block A – units 94-100

Block B – units 80, 90-100

Block C – units 71-73, 81-83, 91-93

Block F – units 1-3, 11, 21, 31, 41

Block G – units 1-59, fractional units 61-69

Block H - units 4-60, fractional units 61-70

T77 – R13 W6M: fractional Sections 6 and 7

T77 – R14 W6M: Sections 1-12, 14-18

T76 – R15 W6M: fractional Sections 34-36

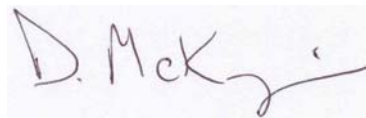
T77 – R15 W6M: Sections 1-3, 7-11, 13-24, 29-32

T78 - R15 W6M: Section 6

T77 – R16 W6M: Sections 11-14, 23, 24, 35, 36

T78 – R16 W6M: Sections 1, 2, 11 and 12.

2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the project area are not completed nearer than 250 m to the sides of the approved project area.
3. The gas wells within the project area may be produced without individual well allowable restrictions.
4. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of March 2007.