

Xin Zhang, P.Eng.
Staff Reservoir Engineer
Cenovus Energy Inc.
225 6 Ave SW
Calgary AB, T2P 3S9

Dear Xin Zhang:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT APPROVAL
OTHER THAN NORMAL SPACING ORDER
CUTBANK FIELD – MONTNEY FORMATION**

The Regulator has reviewed the application from Cenovus Energy Inc. (Cenovus), dated October 2nd, 2025, requesting a Good Engineering Practice (GEP) approval to allow for an optimized drilling program of horizontal wells at reduced spacing in the Cutbank field – Montney formation

Cenovus has not yet drilled any Montney wells in this area, and while it lies just south of the Heritage field boundary, Montney development remains limited. Some activity exists to the north within Heritage and to the east in Alberta, but direct well control and geological data near the approved area is minimal.

Given the limited evidence demonstrating the Montney's viability as an unconventional target in the application area, the Regulator will approve only a reduced area around the initial pads. Any expansion of the approval area will depend on the submission of high-quality data from forthcoming wells. Robust reservoir pressure data will be critical. Failure to provide sufficient, reliable data may limit or delay any future amendment to expand the GEP area.

The following Orders are attached:

- 1) Order 26-06-001 designating Good Engineering Practice within a portion of the Cutbank field – Montney formation as a Special Project under section 75 of the *Energy Resource Activities Act*, and
- 2) Order 26-06-001 – OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the Cutbank field – Montney formation.

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 Logan Gray at (250) 419-4430 or the undersigned at (250) 419-4482.

Sincerely,



Michelle Gaucher, P.Eng.
Supervisor, Reservoir Engineering
BC Energy Regulator

Attachments



IN THE MATTER of an application from Cenovus Energy Inc. to the BC Energy Regulator dated October 2nd, 2025 for a Good Engineering Practice project.

ORDER 26-06-001

- 1 Under Section 75(1)(a) of the *Energy Resource Activities Act*, a portion of the Cutbank field – Montney formation is designated as a special project for the recovery of gas utilizing Good Engineering Practice within the following area;

NTS 93-P-8

Block A – Units 31-35, 41-45, 51-55, 61-65, 71-73, 81-83, 91-95
Block H – Units 1-5, 11-15, 21-25

A handwritten signature in blue ink that reads 'M Gaucher'.

Michelle Gaucher, P.Eng.
Supervisor, Reservoir Engineering
BC Energy Regulator

DATED AT the City of Victoria, in the Province of British Columbia, this 4th day of June 2026.



IN THE MATTER of an application from Cenovus Energy Inc. to the BC Energy Regulator dated October 2nd, 2025 for Other Than Normal Spacing.

ORDER 26-06-001 – OTN

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

NTS 93-P-8 Block A – Units 31-35, 41-45, 51-55, 61-65, 71-73, 81-83, 91-95
 Block H – Units 1-5, 11-15, 21-25

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 target area specified in paragraph (a) may be subject to an off-target production penalty,
- c) gas wells drilled within the specified project area are not subject to spacing requirements.

A handwritten signature in blue ink that reads 'M Gaucher'.

Michelle Gaucher, P.Eng.
Supervisor, Reservoir Engineering
BC Energy Regulator

DATED AT the City of Victoria, in the Province of British Columbia, this 4th day of June 2026.