

February 23, 2024

8200-5000-59240-06

Peter Cochrane, P.Eng.  
Vice President, Engineering  
Coelacanth Energy Inc.  
Suite 2110, 530 - 8<sup>th</sup> Avenue SW  
Calgary AB, T2P 3S8

Dear Mr. Cochrane:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT APPROVAL - AMENDMENT #2  
OTHER THAN NORMAL SPACING ORDER – AMENDMENT #2  
TWO RIVERS FIELD – MONTNEY ‘B’ POOL**

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The BCER has reviewed the application from Coelacanth Energy Inc. (Coelacanth), dated August 16<sup>th</sup>, 2023, requesting amendment to Good Engineering Practice (GEP) approval Special Project Order 19-06-001 in the Two Rivers field – Montney “B” pool.

Coelacanth has drilled three additional wells and has two more wells permitted in the Two Rivers Montney “B” pool that extend outside the current GEP area. The pool currently has two producing oil wells, the discovery well *Coelacanth Hz Two Rivers A10-8-83-16 (WA 34856)*, which was completed in December 2017, and *Coelacanth HZ Two Rivers B16-5-83-16 (WA 38451)*, which was completed in February 2020. WA 34856 and WA 38451 have produced 15,216 m<sup>3</sup> and 5,091 m<sup>3</sup> of oil, respectively.

The following Orders are attached:

- 1) Order 19-06-001 – Amendment #2 designating Good Engineering Practice within a portion of the Two Rivers field Montney formation as a Special Project under section 75 of the *Energy Resource Activities Act*, and
- 2) Order 19-06-001 – Amendment #2 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. The BCER strongly recommends collection of quality well data, such as reservoir pressure testing, to support any further expansion of the GEP area. Also, please note that some portions of the approval area will require PNG Lease conversion from existing Drilling Licence prior to commencement of production.

Should you have any questions, please contact Logan Gray at (250) 419-4465 or the undersigned at (250) 419-4430.

Sincerely,



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Ron Stefik, P.L.Eng.  
Supervisor, Reservoir Engineering  
BC Energy Regulator

Attachments



IN THE MATTER of an application from Coelacanth Energy Inc. to the Energy Regulator dated August 16<sup>th</sup>, 2023 to amend a Good Engineering Practice project.

**ORDER 19-06-001 – Amendment #2**

- 1 Under Section 75(1)(a) of the *Energy Resources Activities Act*, a portion of the Two Rivers field – Montney 'B' pool is designated as a special project for the recovery of oil utilizing Good Engineering Practice within the following area;

DLS Twp 83 Rge 16 W6M – W/2 Section 3, Section 4, E/2 Section 5, Sections 7-9, W/2 Section 10, SW/4 section 17, Section 18, W/2 Section 19, SW/4 Section 30

Twp 83 Rge 17 W6M – NE/4 Section 12, E/2 Section 13, NW/4 and E/2 Section 24, and S/2 Section 25.

- 2 Under section 75(2) of the Energy Resource Activities Act, I specify the following:
  - a) The project unadjusted daily oil allowable is waived.

A handwritten signature in blue ink, appearing to read 'R. Stefik', is written over a horizontal line.

Ron Stefik, P.L.Eng.  
Supervisor, Reservoir Engineering  
Energy Regulator

DATED AT the City of Victoria, in the Province of British Columbia, this 23<sup>rd</sup> day of February 2024.



IN THE MATTER of an application from Coelacanth Energy Inc. to the Energy Regulator dated August 16<sup>th</sup>, 2023 to amend an Other Than Normal Spacing approval.

**ORDER 19-06-001 – Amendment #2 - OTN**

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Two Rivers field - Montney 'B' pool within the following area;  
  
DLS        Twp 83 Rge 16 W6M – W/2 Section 3, Section 4, E/2 Section 5, Sections 7-9, W/2 Section 10, SW/4 section 17, Section 18, W/2 Section 19, SW/4 Section 30  
  
             Twp 83 Rge 17 W6M – NE/4 Section 12, E/2 Section 13, NW/4 and E/2 Section 24, and S/2 Section 25.
- 2 Under section 65.1(3) of the *Petroleum and Natural Gas Act*, I specify the following:
  - a) the target area for an oil well completed within the project area is not nearer than 100 m to the sides of the Other Than Normal Spacing area,
  - b) an oil well completed outside the target area specified in paragraph (a) may be subject to an off-target production penalty,
  - c) oil wells drilled within the specified project area are not subject to spacing requirements.

A handwritten signature in blue ink, appearing to read 'R. Stefik', is written over a horizontal line.

Ron Stefik, P.L.Eng.  
Supervisor, Reservoir Engineering  
Energy Regulator

DATED AT the City of Victoria, in the Province of British Columbia, this 23<sup>rd</sup> day of February 2024.