

February 1st, 2023

8115-2550-59240-06

Sharon Chin, P.Eng
Senior Development Engineer
i3 Energy Canada Ltd.
4600, Bankers Hall West, 888 – 3 St SW
Calgary AB T2P 5C5

Dear Ms. Chin:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT APPROVAL
OTHER THAN NORMAL SPACING ORDER
SUNDOWN FIELD – WILRICH ‘A’ POOL**

The Commission has reviewed the application from i3 Energy Canada Ltd. (i3), dated September 24th, 2021, requesting a Good Engineering Practice (GEP) approval to allow for an optimized drilling program of horizontal wells at reduced spacing in the Sundown, Jackpine and Noel fields – Wilrich formation.

i3's first two wells in the Wilrich formation have demonstrated the potential for economic production and i3 intends to develop the resource with additional horizontal wells. The Wilrich is a tight formation that may be effectively produced with reduced well spacing and long horizontal wells, requiring GEP approval. The GEP application area consists of forty units intersected by the planned wells, overlapping the Sundown field.

The following Orders are attached:

- 1) Order 23-06-001 designating Good Engineering Practice within a portion of the Sundown field Wilrich 'A' Pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 23-06-001 – 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. Please note that because consent was not provided from adjacent PNG tenure holders for a reduced target area boundary at the project edge, normal distance restriction applies.

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

Sincerely,



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

Attachments



IN THE MATTER of an application from i3 Energy Canada Ltd. to the Oil and Gas Commission dated September 24th, 2021 for a Good Engineering Practice project.

ORDER 23-06-001

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, a portion of the Sundown field – Wilrich formation is designated as a special project for the recovery of gas utilizing Good Engineering Practice within the following area;

NTS 93-P-7

Block G – Units 32-37, 42-47, 51-57, 61-67, 72-77, 82-87
Block H – Units 60, 70

A handwritten signature in blue ink, appearing to read 'R. Stefik'.

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

DATED AT the City of Victoria, in the Province of British Columbia, this 1st day of February 2023.



IN THE MATTER of an application from i3 Energy Canada Ltd. to the Oil and Gas Commission dated September 24th, 2021 for Other Than Normal Spacing.

ORDER 23-06-001 – OTN

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Sundown, Jackpine and Noel fields – Wilrich formation within the following area;

NTS 93-P-7

Block G – Units 32-37, 42-47, 51-57, 61-67, 72-77, 82-87

Block H – Units 60, 70

- 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 250m 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, appearing to read 'R Stefik'.

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

DATED AT the City of Victoria, in the Province of British Columbia, this 1st day of February 2023.