

November 24, 2017

2020-4800-59240-07

Kevin Wesa  
President and CEO  
Venturion Oil Limited  
1600, 500 – 4<sup>th</sup> Ave. SW  
Calgary, AB T2P 2V6

Dear Mr. Wesa:

**RE: CONCURRENT PRODUCTION SPECIAL PROJECT  
OTHER THAN NORMAL SPACING ORDER  
BOUNDARY LAKE NORTH FIELD – HALFWAY ‘T’ POOL**

The Commission has reviewed your application, dated November 14, 2017, requesting a Concurrent Production approval for the Boundary Lake North field – Halfway ‘T’ pool.

The Boundary Lake North – Halfway “T” pool was discovered in August 2015 with the drilling of well Venturion HZ N Boundary A13-06-88-014 (WA 31607), between the existing Halfway “H” and “K” pools. The well A13-6 was designated Discovery Well status.

Oil production was subject to a daily oil allowable of 26.2 m<sup>3</sup>, and GOR adjustment factor, as a standard conservation and equity measure. Information to-date indicates this to be a single well pool with limited remaining reserves, declining oil rate and gradually increasing producing GOR above initial solution gas. As such, this pool is not suitable for secondary oil recovery. Equity is not an issue and gas production is conserved.

The following Orders are attached:

- 1) Order 17-07-001 designating Concurrent Production for the Boundary Lake North field - Halfway ‘T’ pool as a Special Project under section 75 of the Oil and Gas Activities Act.
- 2) Order 17-07-001 - OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject area and formation.

The daily oil allowable restriction is waived. Gas rate restriction will allow continued economic oil pool depletion while limiting preferential gas production.

As the Discovery Well of a new oil pool, oil production is subject to a 36-month allowable production royalty exemption. Based on the cumulative production to-date and the calculated remaining eligible production months, **the royalty exempt volume cap is limited to 7,882.9 m<sup>3</sup> or the volume produced in the initial 36 producing months, whichever is less.**

Should you have any questions, please contact Petra Kriescher-Trudgeon at (250) 419-4415 or the undersigned at (250) 419-4430.

Sincerely,



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

Attachments

IN THE MATTER of an application from Venturion Oil Limited to the Commission dated November 14, 2017 for a Concurrent Production project approval.


**ORDER 17-07-001**

1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Boundary Lake North field – Halfway 'T' pool is designated as a special project for the recovery of petroleum and natural gas utilizing Concurrent Production within the following area;

DLS Twp 88 Rge 14 W6M - S/2 Section 12.

2 Under section 75(2) of the *Oil and Gas Activities Act*, I specify the following:

- a) The project daily oil allowable is waived.
- b) The project daily gas limit is  $5.0 \text{ e}^3\text{m}^3/\text{d}$ .
- c) All produced gas must be conserved.

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

DATED AT the City of Victoria, in the Province of British Columbia, this 24<sup>th</sup> day of November 2017.

IN THE MATTER of an application from Venturion Oil Limited to the Commission dated November 14, 2017 for Other Than Normal Spacing.

**ORDER 17-07-001-OTN**

1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Boundary Lake North field - Halfway 'T' oil pool within the following area;

DLS Twp 88 Rge 14 W6M - S/2 of Section 12.

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



---

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

DATED AT the City of Victoria, in the Province of British Columbia, this 24<sup>th</sup> day of November 2017.