



November 1, 2016

9021-5000-59240-06

Robert Zinselmeyer, P.Eng.
Staff Exploitation Engineer
ARC Resources Ltd.
1200, 308- 4th Avenue S.W.
Calgary AB T2P 0H7

Dear Mr. Zinselmeyer:

**RE: GOOD ENGINEERING PRACTICE (GEP) SPECIAL PROJECT, AMENDMENT #3
OTHER THAN NORMAL SPACING ORDER
HERITAGE FIELD - MONTNEY "A" POOL**

The Commission has reviewed the application from ARC Resources Ltd. (ARC), dated October 25, 2016, requesting an amendment to Good Engineering Practice Special Project Order 13-06-001 Amendment #2, to extend the existing Oil GEP area within the Heritage field – Montney formation.

The Commission maps an oil pool within the regional Heritage field – Montney "A" unconventional gas pool, with several wells producing oil as the primary product. The Commission agrees with ARC that wells drilled on sections 5 and 6 – 81- 16 and section 1 – 81-17 will potentially penetrate an oil/gas transition zone but most likely have a primary product of oil. The addition of these sections will enable ARC to optimize the development and the depletion of the resource while increasing oil recovery.

The following Orders are attached;

- 1) Order 13-06-001 Amendment #3 designating Good Engineering Practice within the oil portion of the Heritage field Montney "A" gas pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 13-06-001 Amendment #3 - 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. This approval may be modified at a later date if deemed appropriate.

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

Sincerely,

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

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

IN THE MATTER of an application from ARC Resources Ltd. (ARC) to the Oil and Gas Commission dated October 25, 2016 for a Good Engineering Practice project.

ORDER 13-06-001 Amendment #3

1. Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Heritage Montney field – Montney “A” pool is designated as a special project for the enhanced recovery of oil utilizing Good Engineering Practice within the following area;

DLS Twp 81 Rge 16 W6M – W/2 Section 5, N/2 & SE/4 Section 6 and Sections 7, 8, 18
 Twp 81 Rge 17 W6M – NW/4 Section 1 and Sections 11 - 24
 Twp 81 Rge 18 W6M - Sections 24, 25, 33 - 35
 Twp 82 Rge 18 W6M - Sections 2 - 4.

2. Oil wells are exempt from the provisions of section 54 of the Drilling and Production Regulation, daily oil allowable, pursuant to section 4(1)(p).



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

DATED AT the City of Victoria, in the Province of British Columbia, this 1st day of November 2016.

IN THE MATTER of an application from ARC Resources Ltd. to the Oil and Gas Commission dated October 25, 2016 for Other Than Normal Spacing.

ORDER 13-06-001-OTN AMENDMENT #3

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

DLS Twp 81 Rge 16 W6M – W/2 Section 5, N/2 & SE/4 Section 6 and Sections 7, 8, 18
 Twp 81 Rge 17 W6M – NW/4 Section 1 and Sections 11 - 24
 Twp 81 Rge 18 W6M - Sections 24, 25, 33 - 35
 Twp 82 Rge 18 W6M - Sections 2 - 4.

- 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.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 1st day of November 2016.