



March 24, 2015

9021-5000-59240-06

Neal Melnyk
Exploitation Technologist
ARC Resources Ltd.
1200, 308- 4th Avenue S.W.
Calgary AB T2P 0H7

Dear Mr. Melnyk:

**RE: GOOD ENGINEERING PRACTICE (GEP) SPECIAL PROJECT, AMENDMENT #1
OTHER THAN NORMAL SPACING ORDER
HERITAGE FIELD - MONTNEY "A" POOL**

The Commission has reviewed the application from ARC Resources Ltd. (ARC), dated November 24, 2014, requesting an amendment to Good Engineering Practice Special Project Order 13-06-001, 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 is currently of the opinion that the application area:

DLS Twp 81 Rge 16 W6M – NW/4 of Section 3, Sections 4-6, 9, 10, 17
Twp 81 Rge 17 W6M – Section 1

includes a transition zone between the oil and gas pool, challenging the ability to establish the primary product of individual wells prior to placing on production. ARC is requested to initiate a review of the primary product of individual wells following six months of production, to potentially request reclassification of the primary product of each, in a timely matter. The decision criteria to determine the primary product can be found at <http://www.bcogc.ca/node/8186/download>.

Therefore, an extension of the current oil GEP will not be granted for these areas at this time. Montney gas wells in these sections are subject to the provisions of Schedule 2 of the Drilling and Production Regulation, removing well spacing and subject to a lease line setback distance of 150 m for the completed portions of wells.

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