

November 7, 2013

1280-5000-59240-06

Rob Dawson, P. Eng.
Senior Exploitation Engineer
Chinook Energy Inc.
Suite 700, 700 – 2nd Street SW
Calgary, Alberta T2P 2W1

Dear Mr. Dawson:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT
OTHER THAN NORMAL SPACING ORDER
BIRLEY FIELD – MONTNEY FORMATION**

The Commission has reviewed your application, dated September 9, 2013, requesting a Good Engineering Practice approval for an area within the Birley field – Montney formation.

Chinook has applied for GEP approval for 3 areas which are mapped approximately 13 km to the east of the Northern Montney Regional field. Gas and natural gas liquids have been confirmed in the Montney formation in these areas by testing in two vertical wells - c-100-C/94-H-3 (WA 24706) and d-84-L/94-H-3 (WA 23801). The presence of hydrocarbons and the quality of the Upper and Middle Montney through the area indicate the Montney gas resource is present and will be productive.

The following Orders are attached:

- 1) Order 13-06-012 designating Good Engineering Practice within a portion of the Birley field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 13-06-012 OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formation 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. No objections were received following posting of a notice of application on the OGC website.

Should you have any questions, please contact Michelle Gaucher at (250) 419-4482 or Ron Stefik at (250) 419-4430.

Sincerely,



For
Richard Slocomb, P.Eng.
Deputy Commissioner, Engineering
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Chinook Energy Inc. to the Commission dated September 9, 2013 for a Good Engineering Practice project.

ORDER 13-06-012

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

AREA 1

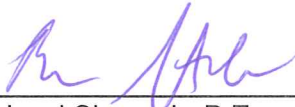
NTS 94-H-3 Block K Units 20, 30, 60, 70, 100
Block L Units 11 – 13, 16, 17, 21 – 23, 26, 27, 28, 32 – 39, 42 – 49, 51 – 70,
72 – 80, 82 – 100
NTS 94-H-4 Block I Units 32, 33, 42, 43, 51 – 53, 61 – 63, 71, 81, 91
NTS 94-H-5 Block A Unit 1
NTS 94-H-6 Block C Unit 10
Block D Unit 1 – 10.

AREA 2

NTS 94-H-3 Block E Units 51, 61, 72, 73, 82, 83
Block F Units 58 – 60, 68 – 70.

AREA 3

NTS 94-H-3 Block F Units 52 – 55, 62 – 65, 71 – 75, 81 – 85, 91
Block G Units 80, 90, 100
Block J Units 10
Block K Units 1.



For Richard Slocomb, P.Eng.
Deputy Commissioner, Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 7th day of November 2013.