



February 4, 2013

5170-2505-59240-06

Neil Rubeniuk  
Engineering Manager  
Sub-Surface Regulatory & Royalty Optimization  
ConocoPhillips Canada Resources Corp.  
401-9<sup>th</sup> Avenue S.W.  
P.O. Box 130, Station "M"  
Calgary, Alberta T2P 2H7

Dear Mr. Rubeniuk:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT  
OTHER THAN NORMAL SPACING ORDER  
KELLY FIELD – FALHER A 'B' POOL**

The Commission has reviewed your application dated December 18, 2012, requesting approval of Good Engineering Practice for an area within the Kelly field - Falher formation.

The Commission maps this area within the Kelly field – Falher A 'B' pool. Gas recovery from this resource will benefit from the ability to produce horizontal wells in optimal locations.

The following Orders are attached;

- 1) Order 13-06-002 designating Good Engineering Practice within a portion of the Kelly field Falher A 'B' pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 13-06-002-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. No objections were received following notice of application on the OGC website.

Should you have any questions, please contact Ron Stefik at (250) 419-4430 or Curtis Kitchen at (250) 419-4443.

Sincerely,



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

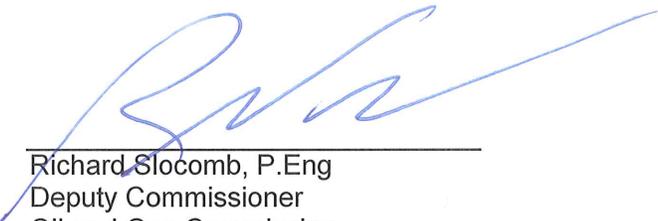
Attachments

IN THE MATTER of an application from ConocoPhillips Canada Operations Ltd. to the Oil and Gas Commission December 18, 2012 for a Good Engineering Practice project.

**ORDER 13-06-002**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Kelly field – Falher A 'B' pool is designated as a special project for the enhanced recovery of natural gas utilizing Good Engineering Practice within the following area;

NTS 93-P-01 Block H Units 34-37, 44-47, 56, 57, 66 and 67.



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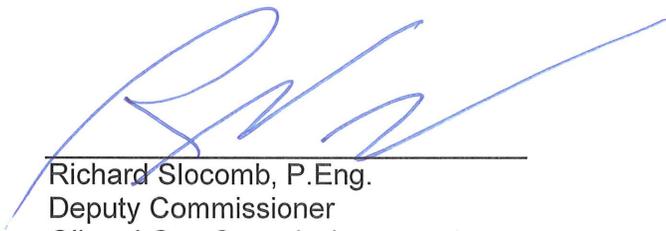
Richard Slocomb, P.Eng  
Deputy Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 4<sup>th</sup> day of February 2013.

IN THE MATTER of an application from ConocoPhillips Canada Operations Ltd. to the Oil and Gas Commission December 18, 2012 for Other Than Normal Spacing.

**ORDER 13-06-002-OTN**

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing is approved within the Kelly field Falher A 'B' pool within the following area;  
NTS 93-P-01 Block H Units 34-37, 44-47, 56, 57, 66 and 67.
- 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 150 m to the sides of the Other Than Normal Spacing area,
  - b) a gas well completed outside the specified target area may be subject to an off-target production penalty,
  - c) gas wells drilled within the specified project area are not subject to spacing requirements.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 4<sup>th</sup> day of February 2013.