



September 1, 2015

5860-5000-59240-06

Jeremy Zakresky, P.Eng.
Leucrotta Exploration Inc.
700, 639 – 5th Avenue S.W.
Calgary AB T2P 0M9

Dear Mr. Zakresky:

**RE: GOOD ENGINEERING PRACTICE (GEP) SPECIAL PROJECT APPROVAL
OTHER THAN NORMAL SPACING ORDER
HERITAGE FIELD – MONTNEY “A” POOL**

The Commission has reviewed the application from Leucrotta Exploration Inc. (Leucrotta), dated July 14th, 2015, requesting approval of Good Engineering Practice (GEP) within the Heritage (Mica) field – Montney formation.

Well Leucrotta Hz Mica 13-07-082-13, WA 30807, was drilled in November 2014 and production tested in February to March 2015. The lower Montney horizontal production test revealed that an oil leg to the Montney “A” pool had been discovered. The fluid properties vary significantly from the other Montney oil wells. The Commission strongly recommends Leucrotta to verify these fluid properties with additional fluid sampling and a PVT study. The GEP application area consists of 16 DSUs and two fractural DSUs. At this time the project DOA is calculated for a single well and will be adjusted DOA once additional wells have been drilled.

The following Orders are attached:

- 1) Order 15-06-003 designating Good Engineering Practice within a portion of the Heritage field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 15-06-003 OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject pool and area.

A monthly production allowable report form must be submitted to the Commission as per section 59(2)(b) of the Drilling and Production Regulation, and can be found on our website at: <http://www.bcogc.ca/industry-zone/documentation/Production-Allowables>. 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 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

IN THE MATTER of an application from Leucrotta Exploration Inc. to the Oil and Gas Commission dated July 14th, 2015 for a Good Engineering Practice project.

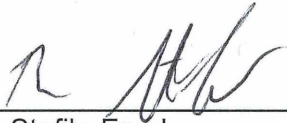
ORDER 15-06-003

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

DLS Twp 82 Rge 13 W6M - Sections 7, 18, W/2 Fractional Sections 8 and 17,
 Twp 82 Rge 14 W6M - Sections 12 and 13

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

- a) The project unadjusted daily oil allowable is 99.6 m³/d



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 September 2015.

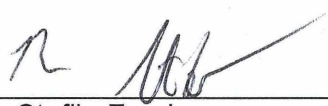
IN THE MATTER of an application from Leucrotta Exploration Inc. to the Oil and Gas Commission dated July 14th, 2015 for Other Than Normal Spacing.

ORDER 15-06-003-OTN

- 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 82 Rge 13 W6M - Sections 7, 18, W/2 Fractional Sections 8 and 17,

 Twp 82 Rge 14 W6M - Sections 12 and 13

- 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 September 2015.