



May 13, 2019

8200-5000-59240-06

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
TWO RIVERS FIELD – MONTNEY “B” POOL**

The Commission has reviewed the application from Leucrotta Exploration Inc. (Leucrotta), dated April 5th, 2019, requesting approval of Good Engineering Practice (GEP) within the Two Rivers field – Montney “B” pool.

Well Leucrotta HZ Two Rivers A10-08-83-16, WA 34856, was drilled and completed with multi-stage fracture stimulation in December 2017 followed by a 9-day production test. The production test indicates a primary product of oil. Due to the unconventional nature to this pool with its low permeability and modest reservoir pressure, a daily oil allowable (DOA) is waived. The GEP application area consists of 3 sections intersected by this well.

The following Orders are attached:

- 1) Order 19-06-001 designating Good Engineering Practice within a portion of the Two Rivers field Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 19-06-001 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 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,

A handwritten signature in blue ink, appearing to read 'Ron Stefik', written over a horizontal line.

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

Attachments

IN THE MATTER of an application from Leucrotta Exploration Inc. to the Oil and Gas Commission dated April 5th, 2019 for a Good Engineering Practice project.

ORDER 19-06-001

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

DLS Twp 83 Rge 16 W6M - Sections 7, 8 and 18

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

- a) The project unadjusted daily oil allowable is waived



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

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of May 2019.

IN THE MATTER of an application from Leucrotta Exploration Inc. to the Oil and Gas Commission dated April 5th, 2019 for Other Than Normal Spacing.

ORDER 19-06-001-OTN

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

DLS Twp 83 Rge 16 W6M - Sections 7, 8 and 18

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 13th day of May 2019.