

June 4, 2013

6400-5000-59240-06

Sean Pell
Exploitation Engineer
Progress Energy Canada Ltd.
1200, 205 – 5th Avenue SW
Calgary AB T2P 2V7

Dear Mr. Pell:

**RE: GOOD ENGINEERING PRACTICE SPECIAL PROJECT
OTHER THAN NORMAL SPACING ORDER
NIG CREEK FIELD – MONTNEY “A” POOL**

The Commission has reviewed a joint application by Yoho Resources Inc. (Yoho) and Progress Energy Canada Ltd. (Progress) received May 13, 2013, requesting a division of the Good Engineering Practice Approval 11-06-037 Amendment #1 for an area within the Nig Creek field - Montney formation.

The area in Approval 11-06-037 Amendment #1 was jointly held by Yoho and Progress. The two companies agree on a division of the approval area, creating 2 separate GEP approval areas specific to their current tenure rights – one for Yoho (Approval 11-06-037 Amendment #2) and one for Progress (Approval 13-06-007).

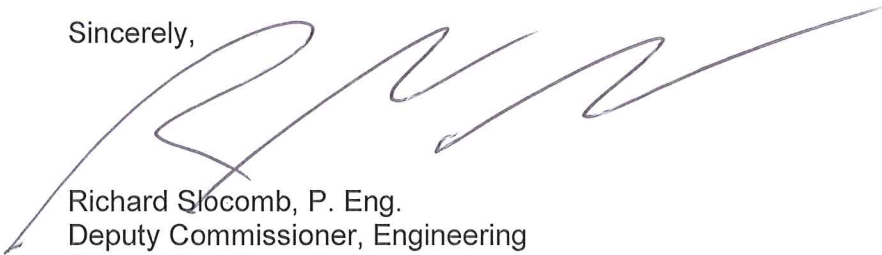
The following Orders are attached;

- 1) Order 13-06-007 designating Good Engineering Practice within a portion of the Nig Creek - Montney formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 13-06-007-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.

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

Sincerely,



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

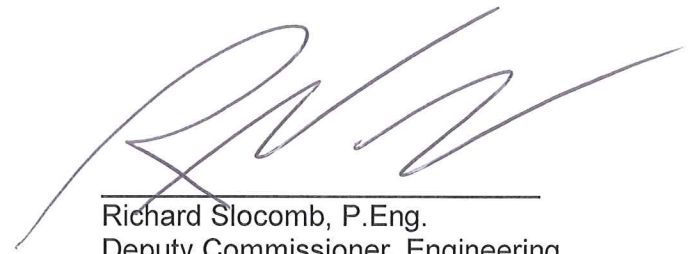
Attachments

IN THE MATTER of an application from Progress Energy Canada Ltd. to the Commission received May 13, 2013 for an amendment to a Good Engineering Practice project

ORDER 13-06-007

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

NTS 94-H-4	Block A	Units 94-97
NTS 94-H-4	Block G	Units 31, 41
NTS 94-H-4	Block H	Units 4-7, 14-17, 24-27, 34-40, 44-50, 54-57, 64-67, 74-79, 84-89, 96-99
NTS 94-H-4	Block I	Units 6-9.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 4th day of June 2013.

IN THE MATTER of an application from Progress Energy Canada Ltd. to the Commission received May 13, 2013 for an amendment to an Other Than Normal Spacing Order.

ORDER 13-06-007-OTN

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

NTS 94-H-4	Block A	Units 94-97
NTS 94-H-4	Block G	Units 31, 41
NTS 94-H-4	Block H	Units 4-7, 14-17, 24-27, 34-40, 44-50, 54-57, 64-67, 74-79, 84-89, 96-99
NTS 94-H-4	Block I	Units 6-9.

- 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.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 4th day of June 2013.