

May 13, 2013

6400-5000-59240-06

Lesley Jorgensen  
Engineering Technologist  
Storm Resources Ltd.  
1208, 250 – 2<sup>nd</sup> Street S.W.  
Calgary AB T2P 0C1

Dear Ms. Jorgensen:

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

The Commission has reviewed your application, dated April 17, 2013, requesting a Good Engineering Practice approval for an area within the Nig Creek field – Montney formation.

The application is intended to extend successful development of the Montney formation as gas recovery from this resource benefits from the ability to produce horizontal wells in optimal locations. Gas target buffer distances have been reduced to 150 meters on various project boundaries specified in the attached approval based on accepted practice for unconventional gas production and standard approval buffers within Schedule 2 unconventional zones. For regulatory purposes, the Commission designates the entire Montney sequence as a single formation, removing commingling as an issue.

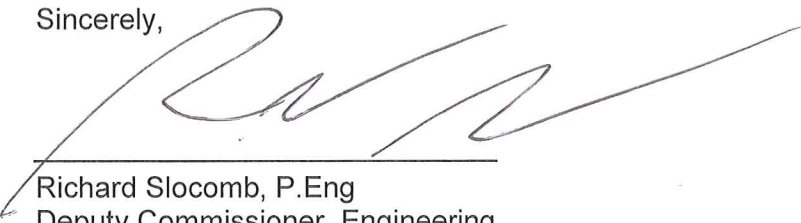
This approval area includes 2 spacing units and is adjacent to the southwest edge of GEP Order 11-06-018.

The following Orders are attached;

- 1) Order 13-06-006 designating Good Engineering Practice within a portion of the Nig Creek - Montney “A” pool as a Special Project under section 75 of the *Oil and Gas Activities Act*, and
- 2) Order 13-06-006-OTN approving Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject formation and area.

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

Sincerely,



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

Attachments

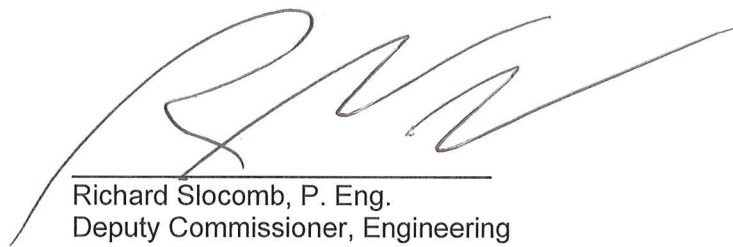
IN THE MATTER of an application from Storm Resources Ltd. to the Commission dated April 17, 2013 for a Good Engineering Practice project

**ORDER 13-06-006**

- 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-3      Block D -Units 80, 90, 98, 99  
                            Block E -Units 8, 9

NTS 94-H-4      Block A -Units 71, 81.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 13<sup>th</sup> day of May 2013.

IN THE MATTER of an application from Storm Resources Ltd. to the Commission dated April 17, 2013 for Other Than Normal Spacing.

**ORDER 13-06-006-OTN**

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

NTS 94-H-3      Block D -Units 80, 90, 98, 99  
                            Block E -Units 8, 9

NTS 94-H-4      Block A -Units 71, 81.

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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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 13<sup>th</sup> day of May 2013.