



December 6, 2013

9045-8295-59240-15

Courtney Heffernan, GIT
NEBC Shale Gas
Nexen Energy ULC
801 – 7th Avenue SW
Calgary, AB T2P 3P7

Dear Ms. Heffernan:

**RE: APPLICATION FOR INNOVATIVE TECHNOLOGY SPECIAL PROJECT
HORN RIVER FIELD – MUSKWA-OTTER PARK & EVIE FORMATIONS**

The Commission has reviewed your application dated November 28, 2013, requesting approval for a Special Project utilizing Innovative Technology in the Horn River field, Muskwa-Otter Park and Evie shale formations.

A Special Project for “the application of innovative technology” may be approved under Section 75 of the Oil and Gas Activity Act. Section 10 of the Oil and Gas Activities Act General Regulation defines;

“innovative technology” means technology that is unproven to produce petroleum, natural gas or both in a particular application.”

The proposal outlined in your application may reduce well completion costs for economic development of shale gas resources. The mechanism of production from hydraulic fracture enhanced formations has been demonstrated in numerous wells. As such, your application for Innovative Technology is denied.

The objective formations, Unconventional Zones listed in Schedule 2 of the Drilling and Production Regulation, are subject to modified well spacing and target requirements as noted in Section 7 of the Regulation.

Well reports and well data will be subject to the confidentiality provisions of Section 17 of the General Regulation based on the existing well classifications.

Should you have any questions, please contact the undersigned at (250) 419-4430.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Stefik', is written over a horizontal line.

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