
MADE at the City of Calgary, in the
Province of Alberta, on

March 17, 2015

ALBERTA ENERGY REGULATOR

The Alberta Energy Regulator (AER) pursuant to the *Oil and Gas Conservation Act* (chapter O-6 of the Revised Statutes of Alberta, 2000) the *Oil and Gas Conservation Rules (OGCR; AR 151/71)*, orders as follows:

- 1) The Duvernay zone (zone) within the area outlined on the attachment marked appendix A to this order is subject to Subsurface Order No. 3 (order).
- 2) Notwithstanding sections 4.021, 4.030, 4.040, 7.025, 10.060, 11.010, 11.102, and 11.145 of the *OGCR*, the following requirements apply with respect to the zone within the area designated in clause 1:
 - a) In a drilling spacing unit, there are no well density restrictions, unless the regulator otherwise prescribes under *OGCR* section 4.040.
 - b) Unless the Regulator otherwise prescribes under *OGCR* section 4.040, the target area for wells drilled within the standard drilling spacing unit are as follows: in a drilling spacing unit for a gas or oil well, the target area must be the central area within the drilling spacing unit having sides 100 metres from the sides of the drilling spacing unit and parallel to them.
 - c) Defined pools within the area designated in clause 1 will be subject to good production practice (GPP) as reflected in the AER's MRL order, provided that optimal depletion strategies are employed and wasteful operations are avoided.
 - d) Initial pressure tests in accordance with *Directive 040: Pressure and Deliverability Testing Oil and Gas Wells* are required to be taken at a minimum of one well per each three section by three section area (square nine section block) measured from the well surface location.
 - e) Annual pressure tests in accordance with *Directive 040: Pressure and Deliverability Testing Oil and Gas Wells* are not required.
 - f) Initial deliverability testing in accordance with *Directive 040: Pressure and Deliverability Testing Oil and Gas Wells* is not required.
 - g) The requirements relating to the designation of a control well for production of gas from shale pursuant to *OGCR* section 7.025(2) and the requirements for conducting and reporting information pursuant to *OGCR* sections 11.145(4) and 11.145(5) are suspended.
 - h) When required to take drill cutting samples within the zone pursuant to section 11.010 of the *OGCR* and *Directive 056: Energy Development Applications and Schedules*, a licensee must take the samples at an interval frequency no greater than 30 metres within the zone.
- 3) Notwithstanding clause 2, licensees of a well completed in the zone within the area designated in clause 1 may be required at any time to conduct and provide data, reports, tests, interpretations, or other information, including performance reports, to enable sufficient review of the licensee's activity, resource characterization, and reservoir management pursuant to sections 11.005 and 11.006 of the *OGCR*.

- 4) Where a conflict arises between this order and a term or condition of an approval or licence, the term or condition of an approval or licence prevails.

This order does not in any way predetermine regulatory authorization of wells, pipelines, other production facilities, access roads, and other surface disturbances that may be associated energy resource development of the zone within the area designated in clause 1. Surface energy resource activities and related land access are regulated separately under Alberta legislation administered by the AER and other provincial departments and municipal governments and must comply with *Alberta Land Stewardship Act* regional plans.

This order does not infer that the AER views the zone within the area designated in clause 1 above as productive with respect to mineral rights tenure. This matter is subject to Alberta Energy authority under the *Mines and Minerals Act*.

This order comes into force on April 1, 2015.

Made at the City of Calgary, in the Province of Alberta, on March 17, 2015.

ALBERTA ENERGY REGULATOR

<original signed by>

Mark Taylor, P.Eng.

Vice President, Industry Operations Branch

<original signed by>

Dr. Fran Hein, P.Geol.

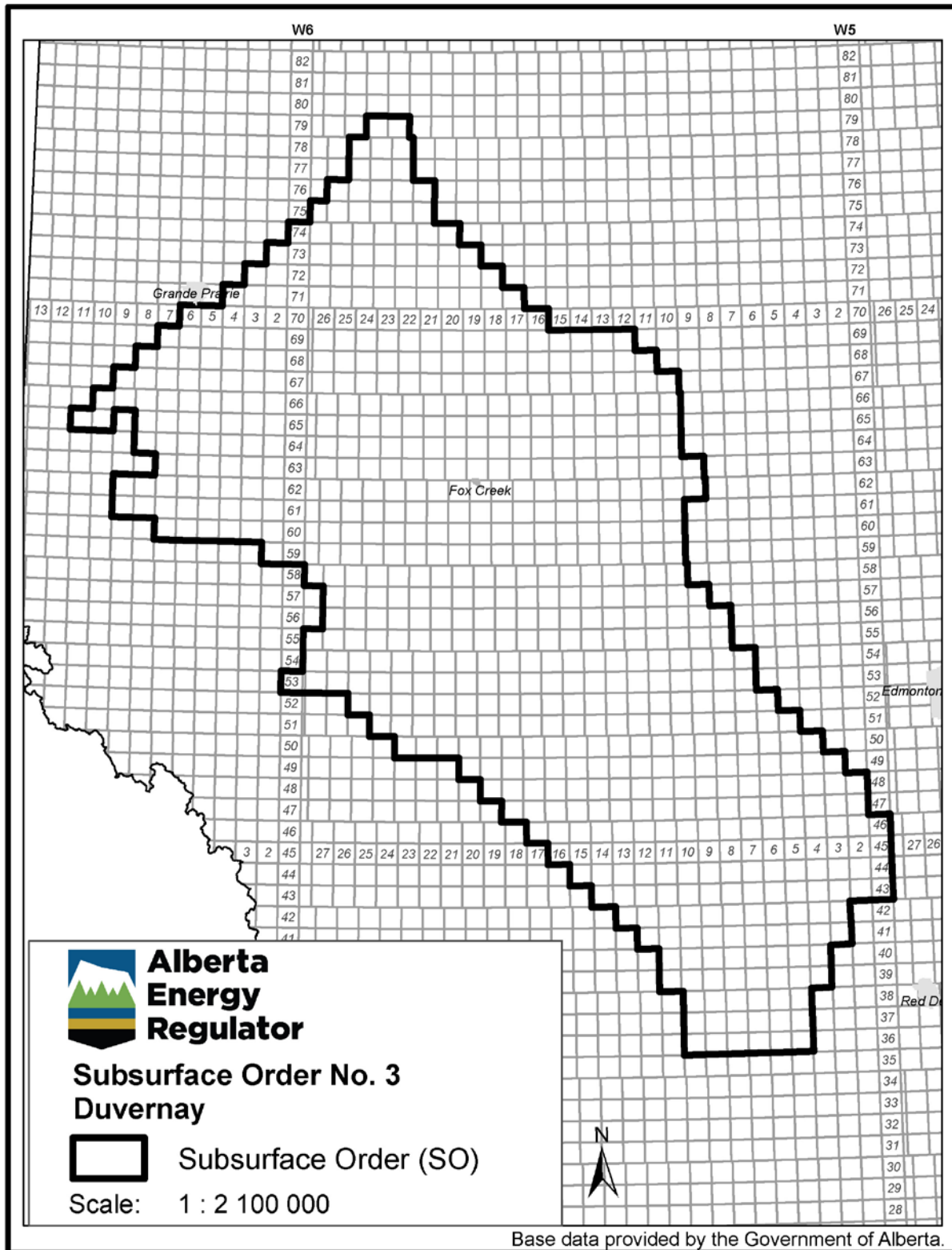
Chief Geologist

<original signed by>

Jim Jenkins, P.Eng.

Director, Reserves Section, Science & Evaluation Branch

Appendix A – Subsurface Order No. 3: Duvernay Effective April 1, 2015



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