



June 27, 2008

9000-8285-59240-15

Bill Beaudoin  
Senior Geologist  
Devon Canada Corporation  
2000, 400 – 3<sup>rd</sup> Avenue S.W.  
Calgary, Alberta T2P 4H2

Dear Mr. Beaudoin:

**RE: EXPERIMENTAL SCHEME APPROVAL (AMENDMENT #1)  
KOMIE AREA – HORN RIVER FORMATION**

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The Commission has reviewed your application received May 30, 2008 requesting an amendment to an existing experimental scheme approval to explore, develop, evaluate and test the shale gas potential of the Horn River formation in the Komie area in northeast British Columbia.

Attached is Approval 07-15-009 (Amendment #1) granted under section 100 of the Petroleum and Natural Gas Act. Please note that only the approval area has been enlarged all other conditions remain the same.

If you have any questions please contact the undersigned at (250) 952-0366.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Slocomb', is written over a light blue rectangular background.

Richard Slocomb, P.Eng.  
Supervisor, Reservoir Engineering  
Resource Conservation

Attachments

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**RESOURCE CONSERVATION**

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**APPROVAL 07-15-009 (Amendment #1)**

**THE PROVINCE OF BRITISH COLUMBIA  
PETROLEUM AND NATURAL GAS ACT  
OIL AND GAS COMMISSION**

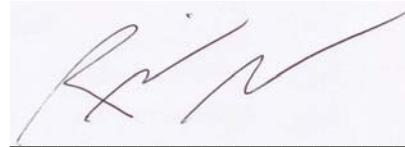
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IN THE MATTER of the experimental scheme of Devon Canada Corporation (Operator) to test the commercial viability of Horn River shale gas in the Komie area of NE British Columbia.

NOW THEREFORE, the Commission, pursuant to section 100 of the Petroleum and Natural Gas Act, R.S.B.C. 1996, c.361, hereby orders as follows:

1. The experimental scheme for the exploration and development of Horn River shale gas in the Komie area, as such proposal is described in the application to the Commission received August 27, 2007 is hereby amended, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of:
  - 94-O-8
  - Block F – unit 71, 81, and 91
  - Block G – units 74-80, 84-90, 94-100
  - Block J – units 4-10, 14-20, 24-30
  - Block K – units 1, 11, and 21.
3. The gas wells within the scheme area may be produced without individual well allowable restrictions.
4. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the project area are not completed nearer than 250 m to the sides of the approved project area.
5. The Operator must submit a progress report to the Commission annually. The progress report is due within 60 days after the end of each period and must contain:
  - a) the daily average rate of gas and water produced during each month for each producing well, and for the scheme as a whole,
  - b) the monthly cumulative gas and water production from each producing well, and for the scheme as a whole,
  - c) details of any workover or fracture treatment program done on any of the wells with results of the workovers or fracture treatment,
  - d) an evaluation of bottom hole pressures and any other data collected,
  - e) representative sample analysis of produced gas and water,
  - f) a discussion of the overall performance of the scheme,
  - g) any other information that is considered necessary, in the opinion of the Commission, to evaluate the progress, performance and efficiency of the scheme.

6. The operations of the experimental scheme will be subject to review by the Commission. The Director, Resource Conservation or the Director, Drilling and Production, may issue guidelines regarding the operations of the scheme.
7. The Operator of the scheme shall complete operations as set out in the proposed program described in the application from Devon to the Commission dated May 30, 2008.
8. The approval or any condition of it may be modified or rescinded, if deemed appropriate.



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Richard Slocomb, P.Eng.  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 27th day of June 2008.