



April 30, 2008

5852-8285-59240-15

Colleen Marples  
Senior Reservoir Engineer  
EOG Resources Canada Inc.  
1300, 700 – 9<sup>th</sup> Avenue S.W.  
Calgary AB T2P 3V4

Dear Ms. Marples:

**RE: EXPERIMENTAL SCHEME APPROVAL (AMENDMENT #2)  
MAXHAMISH AREA – HORN RIVER FORMATION**

---

The Commission has reviewed your application dated March 19, 2008 requesting an amendment to the experimental scheme approval to explore, develop, evaluate and test the shale gas potential of the Horn River formation in the Maxhamish area in northeast British Columbia.

Attached is Approval 06-15-004 (Amendment #2) for the application 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 dark ink, appearing to read 'R. Slocomb', is written over a light-colored rectangular background.

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

Attachments

---

**RESOURCE CONSERVATION BRANCH**

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0291  
Location: 6<sup>th</sup> Flr 1810 Blanshard St. Victoria BC

**APPROVAL 06-15-004 (Amendment #2)**

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

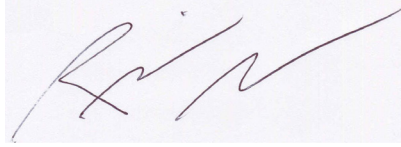
---

IN THE MATTER of the experimental scheme of EOG Resources Canada Inc. (Operator) to test the commercial viability of Horn River shale gas in the Maxhamish 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 Maxhamish area, as such proposal is described in the application to the Commission received March 19, 2008 is hereby amended, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of;  
94-O-15 Block E – units 71, 81, 91-93  
Block F – units 78-80, 88-90, 98-100  
Block K – units 8-10, 18-20, 28-30, 38-40, 48-50  
Block L – units 1-3, 11-13, 21-23, 31, and 41.
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 scheme area are not completed nearer than 250 m to the sides of the approved scheme 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 approval or any condition of it may be modified or rescinded, if deemed appropriate.

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

---

Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 30th day of April 2008.