



September 10, 2010

0320-3200-59240-15

John Nieto
Vice President Exploration
Canbriam Energy Inc.
500, 521 – 3rd Ave SW
Calgary, Alberta T2P 3T3

Dear Mr. Nieto:

**RE: EXPERIMENTAL SCHEME APPROVALS
ALTARES & FARRELL CREEK WEST FIELDS – NORDEGG FORMATION**


Commission staff have reviewed the application dated June 24, 2010 requesting experimental scheme approval to explore, test, evaluate and develop the shale gas potential of the Jurassic aged Nordegg shale formation in the Altares and Farrell Creek West field areas of northeast British Columbia. A meeting of staff from the OGC and Canbriam Energy was held on May 27, 2010 in this regard.

Attached are Approvals 10-15-003, Altares field, and 10-15-004, Farrell Creek West field, for the areas of application, granted under section 100 of the Petroleum and Natural Gas Act.

Experimental approval is appropriate to test for technical and commercial viability, with an extended period of information confidentiality to allow refinement of techniques.

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

Sincerely,



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

Attachments

APPROVAL 10-15-003

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

IN THE MATTER of the experimental scheme of Canbriam Energy Inc. (Operator) to test the commercial viability of shale gas in the Nordegg formation in the Altares field 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:

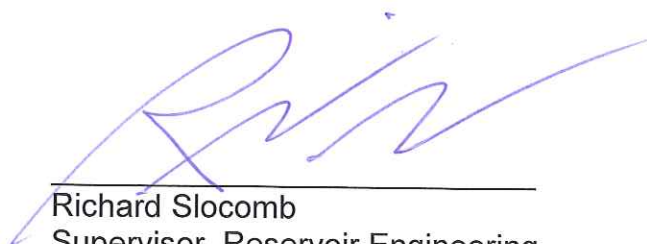
The experimental scheme for the exploration and development of Nordegg formation shale gas in the Altares area, as such proposal is described in the application to the Commission dated June 24, 2010 is hereby approved, subject to terms and conditions herein contained.

1. The area of the experimental scheme consists of:

94-B-08 Block A – units 92-95
Block H – units 2-5, 12-15, 22-25.

2. The gas wells within the scheme area may be produced without individual well allowable restrictions.
3. 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.
4. 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.

5. The operations of the experimental scheme will be subject to review by the Commission. The Supervisor, Reservoir Engineering or the Director, Drilling and Production, may issue guidelines regarding the operations of the scheme.
6. The Operator of the scheme shall complete operations as set out in the proposed program described in the application from Canbriam Energy Inc. to the Commission dated June 24 2010.
7. This approval terminates upon approval of a production scheme by the Commission, if the Commission is satisfied that the experimental scheme is completed or no longer serves its intended purpose.
8. The approval or any condition of it may be modified or rescinded, if deemed appropriate.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 10th day of September 2010.

APPROVAL 10-15-004

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

IN THE MATTER of the experimental scheme of Canbriam Energy Inc. (Operator) to test the commercial viability of shale gas in the Nordegg formation in the Farrell Creek West field 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:

The experimental scheme for the exploration and development of Nordegg formation shale gas in the Farrell Creek West area, as such proposal is described in the application to the Commission dated June 24, 2010 is hereby approved, subject to terms and conditions herein contained.

1. The area of the experimental scheme consists of:
 - 94-B-01 Block H – units 92-95
 - Block I – units 2-5.
2. The gas wells within the scheme area may be produced without individual well allowable restrictions.
3. 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.
4. 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.

5. The operations of the experimental scheme will be subject to review by the Commission. The Supervisor, Reservoir Engineering or the Director, Drilling and Production, may issue guidelines regarding the operations of the scheme.
6. The Operator of the scheme shall complete operations as set out in the proposed program described in the application from Canbriam Energy Inc. to the Commission dated June 24 2010.
7. This approval terminates upon approval of a production scheme by the Commission, if the Commission is satisfied that the experimental scheme is completed or no longer serves its intended purpose.
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Richard Slocomb
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