



August 29, 2005

9000-1750/1870/2700-59240-15

OGC - 05240

Wendell Beavers
Consulting Project Manager -
Hudson's Hope Gas Ltd.
5336 Stadium Trace Parkway, Suite 206
Birmingham, Alabama 35244

Dear Mr. Beavers:

RE: FLARING EXTENSION - COAL BED GAS EXPERIMENTAL SCHEME APPROVAL
HUDSON'S HOPE AREA, GATES, MOOSEBAR AND GETHING FORMATION COALS

The Commission has reviewed your application dated August 18, 2005 requesting an extension of the time period allowed for testing one well (a-100-D/94-A-04) within the approved Coal Bed Gas (CBG) experimental scheme area for exploration and production from the Gates, Moosebar and Gething Formation coals in the Hudson's Hope area of northeast British Columbia.

The CBG experimental scheme approval, granted on December 31, 2002, limited well test flaring to a 6 months duration and a total volume of 255.0 10^3 m^3 per well. The total amounts of gas flared from the a-100-D well was 40.5 10^3 m^3 over a 6 month period. Hudson's Hope Gas (HHG) recently became operator of the existing wells in the experimental scheme area and has some concerns with the quality and type of data collected by the previous operator Peace River Corporation (PRC). HHG has requested an extension of the time period allowed for flaring in order to confirm production in a pumped-off state, evaluate alternative pumping technologies and to justify and plan for the next stages of development. The Commission agrees that due to the size and scope of a new CBG development, additional flexibility with regard to flaring is warranted. As such the Commission will extend the allowed flaring duration by 6 months, for the well a-100-D/094-A-04 (WA# 16077)

Disposal of produced water will be to an underground formation as specified by section 94 of the Drilling and Production Regulation (D & P Regulation) unless otherwise approved by the Commission. Gas analyses will be required as specified by section 90 of the D & P Regulation unless otherwise approved by the Commission.

Sincerely,

[Handwritten signature of Craig Gibson]

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

PLEASE NOTE:
INCORRECTLY
LABELED WA#.
PLEASE DISREGARD
PREVIOUS APPROVAL
FAX # 205 425-4711

Approval Letters to Industry
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RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St. Victoria BC

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: (250) 261-5744
www.ogc.gov.bc.ca