



October 15, 2007

9000-8285-59240-15

Bruce Hancock
Team Lead, West Sierra
Encana Corporation
Encana on 9th
150, 9th Avenue SW
Calgary AB T2P 2S5

Dear Mr. Hancock:

RE: EXPERIMENTAL SCHEME APPROVAL
OOTLA AREA – HORN RIVER FORMATION

The Commission has reviewed your application received August 14, 2007 requesting an amendment to the existing experimental scheme approval to explore, develop, evaluate and test the shale gas potential of the Horn River formation, in the Ootla area in northeast British Columbia.

Based on early results from the wells within the Horn River Basin, exploration is still considered experimental, and requires ongoing research as to drilling, completion and production methodology.

Attached is Approval 07-15-002 (Amendment #1) for the application granted under section 100 of the Petroleum and Natural Gas Act. No objections were received following the posting of a notice of your application on the OGC website.

Sincerely,

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

Attachments

RESOURCE CONSERVATION

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0291
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

APPROVAL 07-15-002 (Amendment #1)

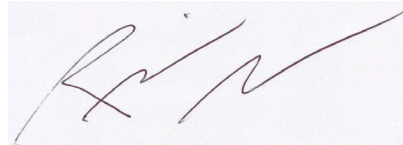
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION**

IN THE MATTER of the experimental scheme of Encana Corporation (Encana) to test the commercial viability of Horn River shale gas in the Ootla 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 Ootla area, as such proposal is described in the application to the Commission received August 14, 2007 is hereby amended, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of:
 - 94-O-8
 - Block J – units 38-40, 48-50, 58-60, 68-70, 78-80, 88-90
 - Block K – units 31, 41, 51-90, 96-100.
 - Block L – units 51, 61, 71, 81, and 91
 - 94-O-9
 - Block C – units 6-10
 - Block D – unit 1
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, Operations Engineering, 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 Nexen to the Commission dated August 14, 2007.
8. 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, P.Eng.
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 15th day of October 2007.