



March 31, 2006

9000-8000-59240-15  
OGC - 06127

Rob Pryde  
Geology Advisor  
Encana Corporation  
Encana on 9<sup>th</sup>  
150, 9<sup>th</sup> Avenue SW  
Calgary AB T2P 2S5

Dear Mr. Pryde:

**RE: EXPERIMENTAL SCHEME APPROVAL**  
**TRAIL AREA - DEVONIAN FORMATIONS**

The Commission has reviewed your application dated February 27, 2006 requesting experimental scheme approval to explore, develop, evaluate and test the shale gas potential of the Devonian sequence in the Trail area in northeast British Columbia.

Attached is Approval 06-15-001 for the application granted under section 100 of the Petroleum and Natural Gas Act. At this time there is very limited information available for the shale gas potential in the Devonian formations in the subject area. Accordingly, the scheme is considered experimental, as it requires ongoing research as to drilling, completion and production methodology. No objections were received following the publication of a notice of your application in the B.C. Gazette.

The Commission must be notified in writing of the effective commencement date of activity for the scheme approval. In accordance with section 57(4)(e) of the *Drilling & Production Regulation* all well reports and well data will be held confidential for a period of 3 years after the date of release of the drilling rig for a well forming part of this experimental scheme.

Please note that a progress report, as specified in item 5 of the approval, must be submitted on an annual basis with the first one due on the first anniversary of the commencement date.

Sincerely,

Richard Slocomb, P. Eng.  
A/ Director  
Resource Conservation Branch

Attachments

**Approval Letters to Industry  
Experimental Schemes -  
CBM, SHALE GAS, Etc.**

Copy 11

- Daily
- Wellfile (originals)
- 59240
- R. Slocomb
- R. Stefik
- G. Farr
- GIS Co-op Students
- Resource Revenue
- S. Chicorelli
- D. Krezanoski (FSJ)
- L. Stellmaker (FSJ)

**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

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

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

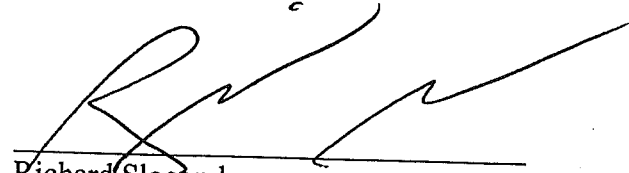
---

IN THE MATTER of the experimental scheme of Encana Corporation (Encana) to test the commercial viability of Devonian shale gas in the Trail 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 Devonian shale gas in the Trail area, as such proposal is described in the application to the Commission dated February 27, 2006 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of:
  - 94-O-9  
Block D – units 80, 90, 100  
Block E – unit 10
  
  - 94-O-10  
Block A – units 38-40, 48-50, 56-60, 66-100  
Block B – units 31, 41, 51-53, 61-63, 71-73, 81-83, 91-93  
Block G – units 1-3  
Block H – units 1-10.
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 Branch or the Director, Operations Engineering Branch, 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.



---

Richard Slocomb  
A/ Director  
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 31<sup>st</sup> day of March 2006.