



June 13, 2005

OGC – 05185

Lance Hartwell
Project Geologist
EOG Resources Canada Inc.
1300, 700 – 9th Avenue S.W.
Calgary AB T2P 3V4

Dear Mr. Hartwell:

**RE: EXPERIMENTAL SCHEME APPROVALS
MAXHAMISH, EVIE AND VALIANT AREAS – EXSHAW FORMATION**

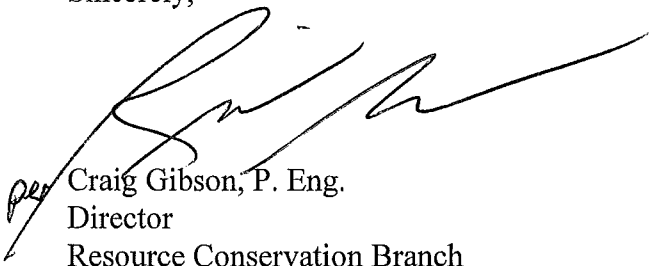
The Commission has reviewed your application dated September 17, 2004 requesting experimental scheme approvals to explore, develop, evaluate and test the shale gas potential of the Exshaw Formation in the Maxhamish, Evie and Valiant areas in northeast British Columbia.

Attached are Approvals 05-15-002 to 02-15-008 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 Exshaw formation in the subject areas. Accordingly, the schemes are considered experimental, as they require 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 each of the scheme approvals. In accordance with section 57 of the *Drilling & Production Regulation* all well reports and well data within the scheme area will be held confidential for a period of 3 years.

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

Sincerely,


Craig Gibson, P. Eng.
Director
Resource Conservation Branch

Attachments

**Approval Letters to Industry
GEP, SWD, CONCURRENT PROD,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.**

Copy 9

- Wellfile (originals)
- 59240
- Daily
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- R. Slocomb
- D. Krezanoski

RESOURCE CONSERVATION BR.

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

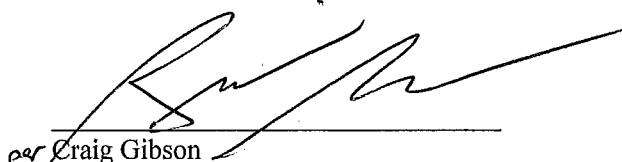
APPROVAL 05-15-002

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 Exshaw shale gas in the Maxhamish, Evie and Valiant areas 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 Exshaw shale gas in the Maxhamish, Evie and Valiant areas, as such proposal is described in the application to the Commission dated September 17, 2004 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of units 71 and 81 of Block F and units 78-80 and 88-90 of Block G/94-J-14.
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.


per Craig Gibson
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of June 2005.

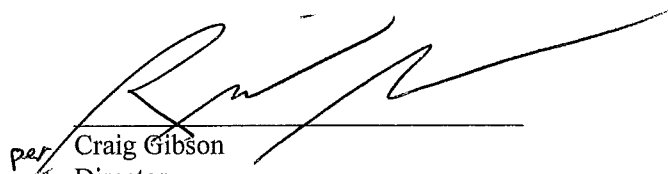
APPROVAL 05-15-003

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PETROLEUM AND NATURAL GAS ACT
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1. The experimental scheme for the exploration and development of Exshaw shale gas in the Maxhamish, Evie and Valiant areas, as such proposal is described in the application to the Commission dated September 17, 2004 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of units 98 and 99 of Block D and units 8, 9, 18, 19, 28, 29, 38, 39, 48, 49 of Block E/94-J-15.
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,
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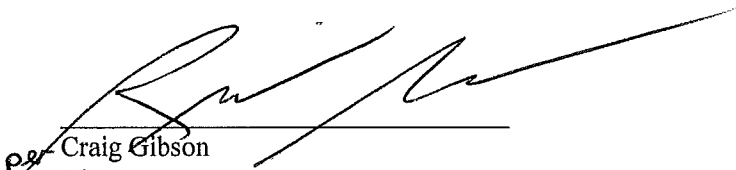
APPROVAL 05-15-004

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1. The experimental scheme for the exploration and development of Exshaw shale gas in the Maxhamish, Evie and Valiant areas, as such proposal is described in the application to the Commission dated September 17, 2004 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of units 58-60, 68-70, 78-80, and 88-90 of Block A and units 51-53, 61-63, 71-73, and 81-83 of Block B/94-O-03.
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:
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2. The area of the experimental scheme consists of units 20, 30, 40, 50, 60, and 70 of Block I and units 11-13, 21-23, 31-33, 41-43, 51-53, and 61-63 of Block J/94-O-03.
3. The gas wells within the scheme area may be produced without individual well allowable restrictions.
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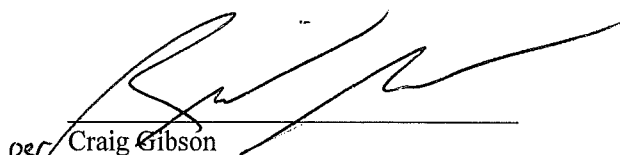
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2. The area of the experimental scheme consists of units 38, 39, 48 and 49 of Block J/94-O-03.
3. The gas wells within the scheme area may be produced without individual well allowable restrictions.
4. The requirements of Section 10 of the Drilling 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.
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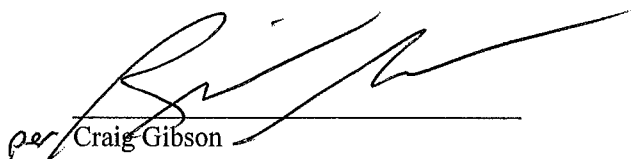
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2. The area of the experimental scheme consists of units 72, 73, 82, 83, 92, and 93 of Block L/94-O-15 and partial units 2 and 3 of Block D/95-B-02.
3. The gas wells within the scheme area may be produced without individual well allowable restrictions.
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.
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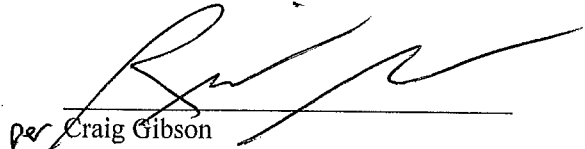
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2. The area of the experimental scheme consists of units 71-73, 81-83 and 91-93 of Block E and units 78-80, 88-90, and 98-100 of Block F and units 8-10, 16-20, and 26-30 of Block K and units 1-3, 11-13, and 21-23 of Block L/94-O-15.
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