



November 10, 2008

9000-8285-59240-15

Colleen Marples
Senior Reservoir Engineer
EOG Resources Canada Inc.
1300, 700 – 9th Avenue S.W.
Calgary AB T2P 3V4

Dear Ms. Marples:

RE: EXPERIMENTAL SCHEME APPROVAL
TATTOO AREA – HORN RIVER FORMATION

The Commission has reviewed your application dated June 18, 2008 requesting experimental scheme approval to explore, develop, evaluate and test the shale gas potential of the Devonian shale sequence, specifically the Muskwa, Otter Park and Evie formations, in the Tattoo area in northeast British Columbia.

Attached is Approval 08-15-013 for the application granted under section 100 of the Petroleum and Natural Gas Act. At this time there is limited information available for the shale gas potential in the Horn River formation 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 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 progress reports, 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.
Supervisor, Reservoir Engineering
Resource Conservation

Attachments

RESOURCE CONSERVATION

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APPROVAL 08-15-013

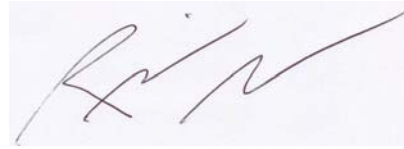
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION**

IN THE MATTER of the experimental scheme of EOG Resources Canada Inc. (Operator) to test the commercial viability of Horn River shale gas in the Tattoo 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 Tattoo area, as such proposal is described in the application to the Commission received June 23, 2008 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of;
94-O-10 Block B – units 96, 97
Block G – units 6 and 7.
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, Drilling and Production, 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 EOG to the Commission dated June 18, 2008.

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 'Richard Slocomb', is written over a light gray rectangular background.

Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 10th day of November 2008.