

May 19, 2009

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
TRAIL AREA – HORN RIVER FORMATION**

The Commission has reviewed your application dated November 18, 2008 requesting experimental scheme approval to explore, develop, evaluate and test the shale gas potential of the Horn River formation, in the trail area in northeast British Columbia.

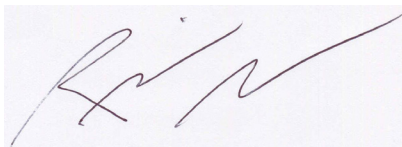
EOG has requested a reduction in gas target buffer distances on the east side of the project boundary. EOG is the registered holder of the Drilling Licences over the subject lands, which extend to the east of the project boundary. However, in order to issue an amendment to the gas target buffer the Commission requires these lands to be held in the form of a petroleum and natural gas lease. EOG may drill off-target and may either apply for a waiver of off-target penalty or apply to amend the scheme approval once lease selection has been made.

Attached is Approval 09-15-004 for the application granted under section 100 of the Petroleum and Natural Gas Act. No objections were received following the publication of a notice of your application on the OGC website.

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

APPROVAL 09-15-004

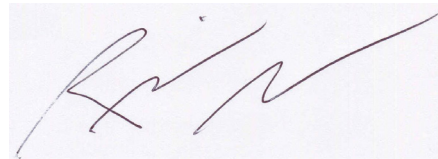
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION**

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 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 Horn River shale gas in the Trail area, as such proposal is described in the application to the Commission received November 18, 2008 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of;
94-O-9 Block B – units 54-57, 64-67, 74-77, and 84-87.
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 to the Commission.
8. This approval terminates upon approval of a production scheme by the Commission, if the Commission is satisfied that the experimental scheme is completed or no longer serves its intended purpose.
9. The approval or any condition of it may be modified, if deemed appropriate.

A handwritten signature in black ink, appearing to read 'Richard Slocomb', is written over a light grey rectangular background.

Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation Department

DATED AT the City of Victoria, in the Province of British Columbia, this 14th day of May 2009.