

September 15, 2009

File: 3360-4980/5000-59240-15

Gary Cole  
Senior Staff Landman  
Husky Oil Operations Ltd.  
707 – 8<sup>th</sup> Ave. SW  
Box 6525, Station “D”  
Calgary, Alberta T2P 3G7

Dear Mr. Cole:

**RE: APPLICATION FOR APPROVAL OF AN EXPERIMENTAL SCHEME  
CYPRESS FIELD – DOIG AND MONTNEY FORMATIONS**

Commission staff have reviewed your application dated May 8, 2009 requesting experimental scheme approval to evaluate the gas potential of the Doig and Montney formations in the Cypress field in northeast British Columbia.

The Montney tight gas play has been undergoing intense development activity since 2005/2006. The technologies used to exploit this reservoir are well known and to date the Commission has not issued an experimental scheme approval in any of the areas of development. Operators are exploring in similar structured environments in the Altares and Kobes fields.

Although the Doig Phosphate shale play has not had much attention in the area under application, Husky’s proposed completion technologies are considered common tight gas/shale gas operations.

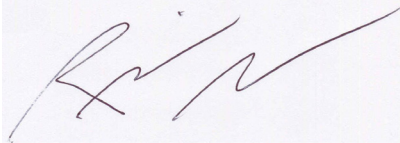
Husky has drilled and completed one vertical well at a-31-B/94-B-15 (WA# 23514). Husky completed three upper Montney intervals and the Doig Phosphate interval. All four zones yielded favorable results.

The application submitted to the Commission has not demonstrated that the proposed methods are untried and unproven in the particular application. Therefore, Husky’s application for experimental scheme approval is denied.

While the Commission appreciates Husky’s desire to hold the results of their core analysis confidential it does not consider experimental schemes an appropriate vehicle for this. Please note that the Commission recently proposed changes to legislation regarding the confidentiality of wells in which additional, non-standard data is collected. It has been proposed that these wells be designated as “Special Data Wells” garnering additional confidentiality. The Special Data Well proposal has been drafted by the Commission and has been submitted to CAPP for comments.

Should you have any questions or concerns please contact Travis Mercure at (250) 419-4448 or the undersigned at (250) 419-4421.

Sincerely,

A handwritten signature in dark ink, appearing to read 'R. Slocomb', is displayed within a light gray rectangular box.

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