



September 7, 2010

9045-8285-59240-15

Heidi Hofbauer
Mineral Negotiator
Land Department
Imperial Oil Resources Limited
237 Fourth Avenue S.W.
PO Box 2480 Station 'M'
Calgary, Alberta T2P 3M9

Dear Ms. Hofbauer:

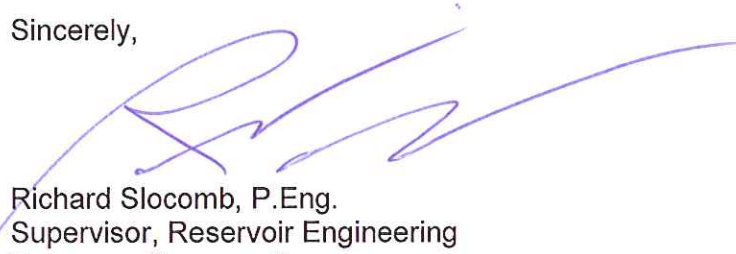
**RE: EXPERIMENTAL SCHEME APPROVAL, AMENDMENT #2
HORN RIVER REGIONAL FIELD (KOMIE AREA) – HORN RIVER FORMATION**

Commission staff have reviewed the request dated August 31, 2010 for amendment to the experimental scheme approval issued November 25, 2009 for the Horn River shale sequence, specifically the Muskwa, Otter Park and Evie formations, in the Horn River Regional Field.

Attached is approval 08-15-008 (Imperial Project #1), Amendment #2, granted under section 100 of the Petroleum and Natural Gas Act. This amendment modifies the approval area to correct for a typo error in Amendment #1, specifically, changing Block J unit 99 to correctly be unit 89. The Commission apologizes for any inconvenience this may have caused. No other changes have been made to the conditions of the 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.

Sincerely,



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

Attachment

APPROVAL 08-15-008 (Amendment #2)


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

IN THE MATTER of the experimental scheme of Imperial Oil Resources Limited (Operator) to test the commercial viability of Horn River formation shale gas in the Horn River Regional field (Komie 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 Komie area, as such proposal is described in the application to the Commission received July 14, 2008 and October 2, 2009 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of:
094-O-02
Block J – units 14-17, 24-27, 34-39, 44-49, 56-59, 66-69, 76-79 and 86-89.
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 project area are not completed nearer than 250 m to the sides of the approved project 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 Imperial Oil Resources Limited to the Commission dated October 2, 2009.
8. The approval or any condition of it may be modified or rescinded, if deemed appropriate.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 8th day of September 2010.