

March 10, 2010

9000-8285-59240-15

Jon Dola
Geologist (in training)
Nexen Inc.
801 – 7th Avenue S.W.
Calgary, Alberta T2P 3P7

Dear Mr. Dola:

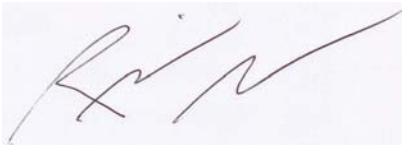
**RE: EXPERIMENTAL SCHEME APPROVAL
OOTLA AREA – HORN RIVER FORMATION**

The Commission has reviewed your application dated February 11, 2010 requesting an amendment to the experimental scheme approval to explore, develop, evaluate and test the shale gas potential of the Horn River formation in the Ootla area in northeast British Columbia.

Nexen has requested that the current approval area be reconfigured to accommodate a proposed multi-well pad. Attached is Approval 07-15-007 (Amendment #1) for the application granted under section 100 of the Petroleum and Natural Gas Act. Please note that this application did not result in any additional land area and all other approval conditions remain unchanged.

If you have any questions please contact the undersigned at (250) 419-4421.

Sincerely,



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

Attachments

APPROVAL 07-15-007 (Amendment #1)

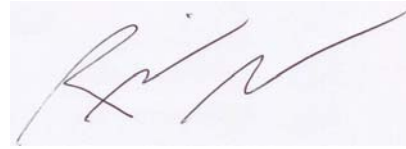
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION**

IN THE MATTER of the experimental scheme of Nexen Inc. (Operator) to test the commercial viability of Horn River shale gas in the Ootla 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 Ootla area, as such proposal is described in the application to the Commission received February 22, 2010 is hereby amended, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of:
 - 94-O-8
 - Block H – units 96-99
 - Block I – units 6-9, 14-20, 24-30
 - Block J – units 11 and 21.
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 Supervisor, Reservoir Engineering 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 Nexen to the Commission dated March 22, 2006 and February 22, 2010.
8. The approval or any condition of it may be modified or rescinded, if deemed appropriate.

A rectangular box containing a handwritten signature in black ink. The signature is cursive and appears to read 'Richard Slocomb'.

Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 10th day of March 2010.