



December 29, 2010

9045-7710/8295-59240-15

Maggie Dittrick, P.Geol.
Geologist
Petrobakken Energy Ltd.
800, 425 – 1st Street
Calgary, Alberta T2P 3L8

Dear Ms. Dittrick:

**RE: APPLICATION FOR APPROVAL OF AN EXPERIMENTAL SCHEME
HORN RIVER FIELD (POPLAR HILLS AREA)
EXSHAW & MUSKWA FORMATIONS**

Commission staff have reviewed the application, submitted on your behalf by Fekete Associates Inc. dated November 8, 2010, requesting experimental scheme approval to test the gas potential of the Exshaw and Muskwa formations in the Horn River Field, Poplar Hills area in northeast British Columbia.

As a result of recent legislative changes, this application is now considered a request for Special Project recognition, using innovative technology under section 75 of the *Oil and Gas Activities Act*. Innovative technology is defined under section 10(1) of the *Oil and Gas Activities Act General Regulation* as "technology that is unproven to produce petroleum, natural gas or both in a particular application".

There are presently numerous wells producing gas from shale in the Horn River basin. The Commission has recently rescinded several Experimental Scheme approvals and issued Good Engineering Practice approvals under section 75 of the Act. Petrobakken Energy Ltd.'s proposed development technology is not considered unique, several operators in the area have utilized or are utilizing techniques comparable to those proposed.

The application submitted to the Commission has not demonstrated that the proposed methods are unproven in the particular application. Consequently, the application for experimental scheme approval is denied.

However, the well PBN HZ Poplar Hills a-40-G/94-O-03 (WA# 25913) is eligible for consideration as a special data well under section 2(6) of the *Drilling and Production Regulation*. Approval of application would hold well data confidential for a period of 18 months from rig release, as specified in section 17(1)(e) of the *General Regulation*.

Sincerely,

A handwritten signature in black ink, appearing to read 'R Slocomb', is written over the typed name.

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

cc: Robyn Swanson – Fekete Associates Inc.