

July 8, 2010

9045-7710-59240-15

Andrew Gilchrist
Regulatory Analyst
Quicksilver Resources Canada Inc.
2000, 125 – 9th Avenue SE
Calgary, Alberta T2G 0P8

Dear Mr. Gilchrist:

**RE: EXPERIMENTAL SCHEME APPROVAL
HORN RIVER FIELD (FORTUNE AREA) – EXSHAW FORMATION**


Commission staff have reviewed the application dated May 26, 2010 requesting an experimental scheme approval to explore, develop, evaluate and test the shale oil potential of the Exshaw shale formation in the Fortune area in northeast British Columbia. This proposal was initially outlined during a meeting between staff from Quicksilver Resources Canada Inc. and the OGC in Victoria on April 7, 2010.

Attached is Approval 10-15-002, granted under section 100 of the Petroleum and Natural Gas Act.

Approval allows evaluation of this remote potential unconventional oil resource and refinement of drilling and completion methods in a confidential manner.

Should you have any questions, please contact Ron Stefik at (250) 419-4430.

Sincerely,



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

Attachment

APPROVAL 10-15-002

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

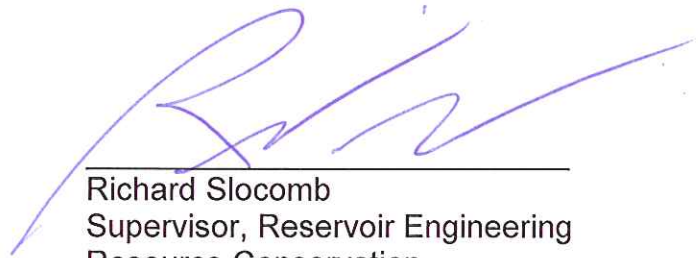
IN THE MATTER of the experimental scheme of Quicksilver Resources Canada Inc. (Operator) to test the commercial viability of Exshaw shale oil in the Horn River Field (Fortune) area of NE British Columbia.

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:

The experimental scheme for the exploration and development of Exshaw shale oil in the Fortune area, as such proposal is described in the application to the Commission dated May 26, 2010 is hereby approved, subject to terms and conditions herein contained.

1. The area of the experimental scheme consists of:
 - 94-O-15 Block A – units 51-53, 61-63, 71-73, 81-83
 - 94-O-16 Block D – units 60, 70, 80 and 90.
2. The oil wells within the scheme area may be produced without individual well allowable restrictions.
3. The requirements of Section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the project area are not completed nearer than 100 m to the sides of the approved project area.
4. 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 oil, gas and water produced during each month for each producing well, and for the scheme as a whole,
 - b) the monthly cumulative oil, 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 oil, 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.
5. 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.

6. The Operator of the scheme shall complete operations as set out in the proposed program described in the application to the Commission dated May 26, 2010.
7. 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.
8. The approval or any condition of it may be modified, if deemed appropriate.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 08 day of July 2010.