

May 14, 2009

9000-8285-59240-15

J. Kevin Hall  
Chief Operating Officer  
Storm Gas Resource Corp.  
800, 205 – 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V7

Dear Mr. Hall:

**RE: EXPERIMENTAL SCHEME APPROVAL  
OOTLA AND GOTE AREAS – HORN RIVER FORMATION**

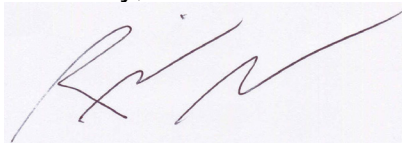
Commission staff have reviewed your application dated December 2, 2008 requesting experimental scheme approval to explore and evaluate shale gas potential of the Horn River formation in the Ootla and Gote areas of northeast British Columbia.

Attached are Approvals 09-15-011 (SGR Project #1), 09-15-012 (SGR Project #2) and 09-15-013 (SGR Project #3) granted under section 100 of the Petroleum and Natural Gas Act. At this time there is limited information available regarding shale gas potential in the subject area. Accordingly, the scheme is considered experimental, as it requires ongoing research as to drilling, completion and production methodology. No objections were received following the posting of a notice of your application on the OGC website.

The Commission must be notified in writing of the effective commencement date of activity for the scheme 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.

Please note that progress reports, as specified in item 5 of the approvals, must be submitted on an annual basis with the first one due on the first anniversary of the commencement date.

Sincerely,



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

Attachment

**APPROVAL 09-15-011**

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

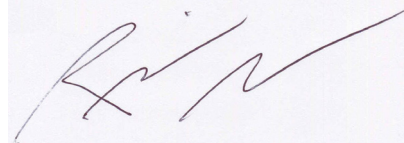
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IN THE MATTER of the experimental scheme of Storm Gas Resource Corp. (Operator) to test the commercial viability of Horn River formation shale gas in the Ootla area of NE British Columbia.

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 December 2, 2008 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of:  
94-O-9 Block A – units 11, 21  
94-P-12 Block D – units 18-20, and 28-30.
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, or their designates, 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 to the Commission.
8. 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.
9. The approval or any condition of it may be modified, if deemed appropriate.

A handwritten signature in black ink, appearing to read 'R. Slocomb', is written over a light blue rectangular background.

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Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 14<sup>th</sup> day of May 2009.

**APPROVAL 09-15-012**

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

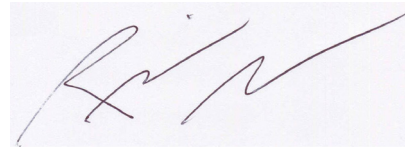
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IN THE MATTER of the experimental scheme of Storm Gas Resource Corp. (Operator) to test the commercial viability of Horn River formation shale gas in the Ootla area of NE British Columbia.

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 December 2, 2008 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of:  
94-P-12 Block D – units 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,
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Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 14<sup>th</sup> day of May 2009.

APPROVAL 09-15-013

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

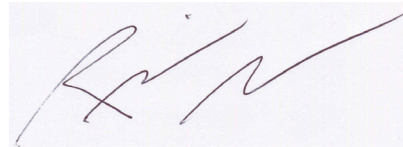
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IN THE MATTER of the experimental scheme of Storm Gas Resource Corp. (Operator) to test the commercial viability of Horn River formation shale gas in the Gote area of NE British Columbia.

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 Gote area, as such proposal is described in the application to the Commission received December 2, 2008 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of:  
94-P-12 Block E – units 94, 95  
Block L – units 4, 5, 14, 15, 24, and 25
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,
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