



September 24, 2010

1400-7710-59240-15

Kelly Young
Senior Geologist
Suncor Energy Oil & Gas Partnership
P.O. Box 2844
150 – 6th Avenue S.W.
Calgary, Alberta T2P 3E3

Dear Mr. Young:

**RE: EXPERIMENTAL SCHEME APPROVAL
BLUEBERRY FIELD – BANFF, EXSHAW AND KOTCHO FORMATIONS**

Commission staff have reviewed the application dated July 30, 2010 requesting experimental scheme approval to explore, develop, evaluate and test the shale gas potential of the Banff, Exshaw and Kotcho formations in the Blueberry field area of northeast British Columbia.

Attached is Approval 10-15-005, granted under section 100 of the Petroleum and Natural Gas Act. The Exshaw formation is the primary zone of interest however it is recognized that well completions will likely also have effect in the Banff and Kotcho formations. These zone inclusions may be refined following well results.

Experimental approval is appropriate to test for technical and commercial viability, with an extended period of information confidentiality to allow refinement of techniques.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Richard Slocomb', is written over a large, light blue circular stamp.

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

Attachment

APPROVAL 10-15-005

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


IN THE MATTER of the experimental scheme of Suncor Energy Oil & Gas Partnership (Operator) to test the commercial viability of shale gas in the Banff, Exshaw and Kotcho formations in the Blueberry field 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 Banff, Exshaw and Kotcho formation shale gas in the Blueberry area, as such proposal is described in the application to the Commission dated July 30, 2010 is hereby approved, subject to terms and conditions herein contained.

1. The area of the experimental scheme consists of:
 - NTS 94-A-13 Block D – Units 36-39, 46-49, 56-59, 66-69 76-79 and 86-89.
2. The gas wells within the scheme area may be produced without individual well allowable restrictions.
3. 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.
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 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.
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 from Suncor Energy Oil & Gas Partnership to the Commission dated July 30, 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 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 24th day of September 2010.