



February 22, 2007

8135-5000-59240-06

Wayne Pethrick
Reservoir Engineering Consultant
Bear Ridge Resources Ltd.
Suite 2200, 330 - 5 Avenue S.W.
Calgary AB T2P 0L4

Dear Mr. Pethrick:

RE: GOOD ENGINEERING PRACTICE APPROVALS
SWAN LAKE - MONTNEY FORMATION

The Commission has reviewed your application dated January 15, 2007 requesting Good Engineering Practice (GEP) schemes approvals for producing Montney Formation gas from two areas within the Swan Lake field.

The Montney formation is observed to be a very thick gross interval with production occurring from several sand/silt packages. The Commission has mapped the subject zone as two separate pools, the upper and lower Montney, designating them as the Montney "A" and Montney "B", respectively. For production and reserves purposes the Montney formation will be treated as one pool and as such will be defined as the Swan Lake – Montney.

Attached are Approvals 07-06-003 (Bear Ridge Project #1) and 07-06-004 (Bear Ridge Project #2) granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*.

These approvals will allow the drilling of additional gas wells without regard for spacing and target regulations in order to optimize pool drainage and recovery. No objections were received following a publication of notice of the applications in the BC Gazette.

The approval area includes rights held under several Drilling Licences. Please be aware that Lease selection is required prior to production from wells completed within the Licence area.

Should you have any questions, please contact Richard Slocomb at (250) 952-0366.

Sincerely,

Doug McKenzie
Director
Resource Conservation Branch

Attachments

RESOURCE CONSERVATION BRANCH

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APPROVAL 07-06-003

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

IN THE MATTER of a Good Engineering Practice (GEP) scheme of Bear Ridge Resources Ltd. (Bear Ridge) for producing Montney Formation gas wells in the Swan Lake field without spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Bear Ridge for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Bear Ridge to the Commission dated January 15, 2007.

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of:

93-P-9:

Block A – units 34-40, 44-50, 60, 70

Block B – units 31-33, 41-43, 51-53 and 61-63.

2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved scheme area.

3. The gas wells within the scheme area may be produced without individual well allowable restrictions.

4. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 22nd day of February 2007.

APPROVAL 07-06-004

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

IN THE MATTER of a Good Engineering Practice (GEP) scheme of Bear Ridge Resources Ltd. (Bear Ridge) for producing Montney Formation gas wells in the Swan Lake field without spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Bear Ridge for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Bear Ridge to the Commission dated January 15, 2007.

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of:

93-P-9:

Block A – units 74-77 and 84-87.

2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved scheme area.

3. The gas wells within the scheme area may be produced without individual well allowable restrictions.

4. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 22nd day of February 2007.