

June 9, 2010

4300-5000-59240-06

Leonard Fabes, P.Eng
Exploitation Engineer
Canadian Natural Resources Ltd.
2500, 855 – 2nd Street S.W.
Calgary AB T2P 4J8

Dear Mr. Fabes:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
GRAHAM FIELD – MONTNEY FORMATION**

Commission staff have reviewed the application, dated May 5, 2010, requesting Good Engineering Practice (GEP) scheme approval for producing gas from the Montney formation in the Graham area.

Although well control is limited within the area of application, GEP approval will allow the location and orientation of horizontal wells from central locations for effective gas recovery without regard to normal well spacing and target area restrictions.

Attached is Approval 10-06-022, granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. Gas target buffer distances have been reduced to 150 meters for the area boundaries where documentation of consent from off-setting rights owners was received. Gas target buffer distances for locations that off-set untenured Crown land remain at 250 meters.

Please note that the GEP area with rights held under Drilling Licence will require Lease selection prior to production from wells on those tenures.

Should you have any questions, please contact the undersigned at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,



For

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

Attachment

APPROVAL 10-06-022

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 Canadian Natural Resources Ltd. (CNRL) for producing gas from the Graham area – Montney formation 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 CNRL as such scheme is described in

an Application from CNRL to the Commission dated April 30, 2010 and related submissions.

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

1. The area of the scheme shall consist of;

94-B-8	Block J	Units 80, 90, 100
	Block K	Units 71, 81, 91-93
94-B-9	Block B	Units 10, 20, 30, 38-40, 48-50
	Block C	Units 1-3, 11, 21, 31 and 41.

2. 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 150 m to the sides of the approved project area, with the exception of the following project boundaries where gas wells may be completed to within **250 m**:

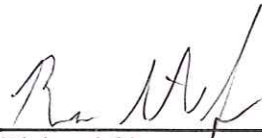
94-B-8 Block J - east boundary of Unit 100.

94-B-9 Block B - east boundary of Units 10, 20, 30 and south boundary of Units 38, 39.

94-B-9 Block C - north boundary of Units 2, 3 and west boundary of Units 11, 21.

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

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

For 
Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 9th day of June 2010.