

June 17, 2009

8200-4800-59240-06

Mike Johnson, P.Eng.  
Sr. Exploitation Engineer  
Galleon Energy Inc.  
400, 250 – 2nd Street S.W.  
Calgary AB T2P 0C1

Dear Mr. Johnson:

**RE: GOOD ENGINEERING PRACTICE APPROVAL  
TWO RIVERS –HALFWAY “E” & “G” POOLS**

Commission staff have reviewed your application, dated May 4, 2009, requesting Good Engineering Practice (GEP) approval for producing gas from the Halfway formation in the Two Rivers field.

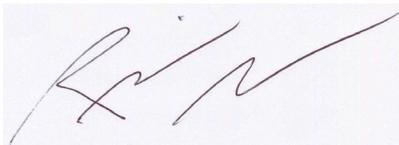
Portions of the application area have been mapped into the Two Rivers – Halfway ‘E’ and ‘G’ gas pools. The Halfway ‘E’ pool currently contains well A10-30-83-15W6 (WA #13493) and the ‘G’ pool contains well 6-32-83-15W6 (WA #18996).

Attached are GEP Approvals 09-06-019 and 09-06-020, hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. These approvals are intended to allow the drilling and production of gas wells at increased density without regard for normal spacing and target areas, for maximization of gas recovery.

No objections were received following public notice of the application on the OGC website.

Should you have any questions, please contact the undersigned at (250) 952-0366 or Kelly Okuszko at (250) 952-0325.

Sincerely,



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

Attachment

**APPROVAL 09-06-019**

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

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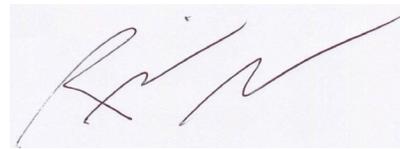
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Galleon Energy Inc. (Galleon) for producing gas from the Two Rivers - Halfway "E" pool without spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Galleon as such scheme is described in

*an Application from Galleon to the Commission dated May 4, 2009 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;  
Twp 83 Rge 15 W6M Sections 30, 31
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 250 m to the sides of the approved project area.
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.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 17<sup>th</sup> day of June 2009.

**APPROVAL 09-06-020**

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

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IN THE MATTER of a Good Engineering Practice (GEP) scheme of Galleon Energy Inc. (Galleon) for producing gas from the Two Rivers - Halfway "G" pool 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 Galleon as such scheme is described in

*an Application from Galleon to the Commission dated May 4, 2009 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;  
Twp 83 Rge 15 W6M Sections 29 – 32
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 250 m to the sides of the approved project area.
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.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 17<sup>th</sup> day of June 2009.