



March 9, 2010

1300-8200-59240-06

Claire Galvin
District Manager, Rainbow Assets
Foothills/NW Plains Business Unit
Husky Oil Operations Limited
PO Box 6525, Station D
Calgary, Alberta T2P 3G7

Dear Ms. Galvin:

RE: GOOD ENGINEERING PRACTICE APPROVAL, AMENDMENT #2
BIVOUAC – JEAN MARIE “A” POOL

Commission staff have reviewed your application, dated February 1, 2010, requesting Good Engineering Practice (GEP) approval for producing gas from the Bivouac field Jean Marie “A” pool.

Gas recovery from this tight formation would benefit from the ability to produce horizontal wells in optimal locations, drilling from central pads.

Attached is GEP Approval 04-06-035 (Amendment #2), hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This amendment expands the previous approval area and is 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 notice of application on the OGC website.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Slocomb', written over a light blue horizontal line.

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

Attachment

APPROVAL 04-06-035 (Amendment #2)

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 Husky Oil Operations Limited (Husky) for producing the Bivouac – Jean Marie "A" gas pool without target and spacing restrictions.

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

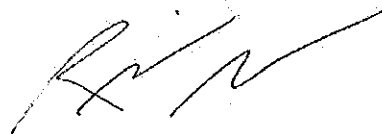
an Application from Husky to the Commission dated February 17, 2004, February 7, 2008, February 1, 2010 and related submissions.

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

1. The area of the scheme shall consist of;

- 94-I-01 Block I – unit 100
Block J – units 91-100
Block K – units 91-93
- 94-I-08 Block A – units 10, 20, 30, 40, 50, 60, 70, 80, 90, 100
Block B – units 1-19, 21-29, 31-79, 81-89, 91-99
Block C – units 1-3, 12, 13, 22, 23, 31-33, 41-43, 51-55, 61-65, 74, 75, 84, 85
Block F – units 31, 41
Block G – units 1-9, 11-17, 21-27, 31-59, 61-69, 71-79, 81-89, 91-99
Block H – units 10, 20, 30, 36-40, 46-50, 56-60, 66-100
Block I – units 1-50, 56-60, 66-70, 76-80, 86-90, 96-100
Block J – units 1-9, 11-15, 21-25, 31-35, 41-45, 51-55, 61-65, 71-79, 81-89, 91-99
- 94-I-09 Block A – units 6-10, 16-20, 26-30
Block B – units 1-9, 11 and 21.

- 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.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

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