



OIL AND GAS COMMISSION

September 7, 2007

5600-4150-59240-06

Brad Wilson
Manager, Production and Operations
Monterey Exploration Ltd.
1800, 407 – 2nd Street S.W.
Calgary AB T2P 2Y3

Dear Mr. Wilson:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
LAPRISE CREEK – BALDONNEL/UPPER CHARLIE LAKE “A” POOL**

The Commission has reviewed your application dated August 8, 2007 (prepared by Fekete Associates Inc.) requesting a Good Engineering Practice (GEP) scheme approval for producing gas from a portion of the Laprise Creek – Baldonnel/Upper Charlie Lake “A” pool.

Attached is a GEP scheme approval for the subject pool. The Approval 07-06-030 is hereby granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*.

This approval is intended to allow operational flexibility and to allow the drilling and production of gas wells without spacing and target considerations for maximization of gas recovery. No objections were received following a publication of notice of the application in the OGC website.

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

Sincerely,

A handwritten signature in black ink that reads 'D. McKenzie'. The signature is written in a cursive, slightly slanted style.

Doug McKenzie
Director
Resource Conservation

Attachment

cc: Barry Braithwaite, Fekete Associates Inc.

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0291
Location: 6th Flr 1810 Blanshard St, Victoria BC

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5700 Fax: (250) 261-5744 www.ogc.gov.bc.ca

APPROVAL 07-06-030

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

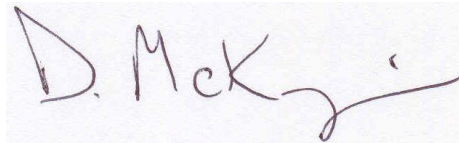
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Monterey Exploration Ltd. (Monterey) for producing a portion of the Laprise Creek field Baldonnel/Upper Charlie Lake "A" gas pool without well spacing and target restrictions.

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

an Application from Monterey to the Commission dated August 8, 2007.

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

1. The area of the project shall consist of:
 - 94-G-8: Block I – units 31 and 41
 - 94-H-5: Block L – units 18, 19, 28, 29, 40 and 50.
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.



Doug McKenzie
Director
Resource Conservation Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 7th day of September 2007.