

May 19, 2008

7900-2700-59240-06

Bill Meeuwissen, P.Eng.
VP, Production & Operations
Monterey Exploration Ltd.
1000, 500 – 4th Ave S.W.
Calgary AB T2P 2V6

Dear Mr. Meeuwissen:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
SQUIRREL FIELD – GETHING “B” POOL**

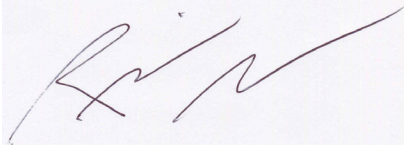
Commission staff have reviewed the application, dated January 16, 2009, prepared by Fekete Associates Inc. on behalf of Monterey Exploration, requesting Good Engineering Practice (GEP) scheme approval for producing gas from the subject pool.

Squirrel Gething “B” is currently a single well pool. Performance and test analysis indicate that the discovery well 7-33-87-19 W6M (WA# 21272) will effectively drain only a portion of the potential reserves. Higher well density should increase reserves recovery.

Attached is Approval 09-06-013, granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This approval is intended to allow the drilling and production of gas wells in the GEP areas without regard for spacing and target restrictions for maximization of gas recovery.

Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,



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

Attachment

cc. Brian Ohlinger, Fekete Associates Inc.

APPROVAL 09-06-013

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

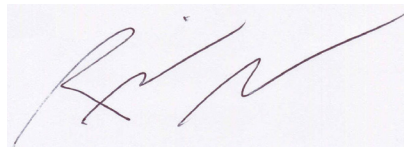
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Monterey Exploration Ltd. (Monterey) for producing gas from the Squirrel - Gething "B" pool without spacing restrictions.

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 as such scheme is described in

an Application by Fekete Associates Inc, on behalf of Monterey, to the Commission dated January 16, 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 section 33-87-19 W6M.
2. The spacing area requirement of Section 10 of the *Drilling and Production Regulation* is hereby waived.
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 20th day of May 2009.