



June 9, 2010

9045-8295/8550-59240-06

Dan Martin, P.Eng.
Chief Exploitation Engineer
Ramshorn Canada Investments Limited
2800, 500 – 4th Avenue S.W.
Calgary, AB T2P 2V6

Dear Mr. Martin:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
HORN RIVER FIELD – MUSKWA-OTTER PARK & EVIE “A” POOLS**

Commission staff have reviewed your application, dated February 19, 2010, requesting Good Engineering Practice (GEP) approval for producing gas from the Horn River field (Tattoo/Coles Lake area), Horn River shale; including the Muskwa, Otter Park and Evie formations.

The Horn River Basin is an area of intense new activity for shale gas development. Several recent wells have been drilled within the area of application. Gas recovery from this resource would benefit from the ability to produce horizontal wells in optimal locations, drilling from central pads.

Attached is GEP Approval 10-06-011, hereby 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 at increased density without regard for normal spacing and target areas for maximization of gas recovery. The project target area has been adjusted where consent from off-setting tenure holders has been provided, for efficient reserves recovery. No objections were received following notice of application on the OGC website.

For regulatory purposes, the Commission designates the Middle Devonian aged Muskwa-Otter Park as a single formation, and the Evie shale as a separate zone. Therefore, wells completed in the Muskwa-Otter Park formation are not considered commingled, removing any requirement for application, notification or approval.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Richard Slocomb', with the word 'For' written in purple ink to the left.

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

Attachment

APPROVAL 10-06-011

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 Ramshorn Canada Investments Limited (Ramshorn) for producing gas from the Horn River field – Muskwa-Otter Park & Evie “A” regional pools 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 Ramshorn as such scheme is described in

an Application from Ramshorn to the Commission dated February 19, 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:


- NTS 94-O-10 Block I - units 34-39, 44-49, 54-60, 64-70, 76-80, 86-90, 98-100
- NTS 94-O-10 Block J - units 51-57, 61-67, 71-75, 81-85, 91-100
- NTS 94-O-10 Block K - unit 91
- NTS 94-O-15 Block A - units 8-10, 20, 30
- NTS 94-O-15 Block B - units 1-30, 34-40, 44-50
- NTS 94-O-15 Block C - units 1, 11-13, 21-23, 31-33 and 41-43.

2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved project area, except for;

- 100 m to the eastern boundary of the approved project area at 34, 44-B/94-O-15.
- 50 m to the northern boundary of the approved project area, ranging from 44-B to 43-C/94-O-15.
- 100 m to the southern and western boundary of the approved project area, ranging from 34-I/94-O-10 to 43-C/94-O-15.

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.