



August 10, 2010

9021-5000-59240-06

Byron Woo
Shell Canada Limited
1500, 202 – 6th Avenue S.W.
Calgary AB T2P 2R9

Dear Mr. Woo:

**RE: GOOD ENGINEERING PRACTICE APPROVAL, AMENDMENT #5
HERITAGE - MONTNEY "A" POOL**

The Commission has reviewed your application dated August 4, 2010, requesting a Good Engineering Practice (GEP) scheme amendment for producing gas from the Montney formation in the Heritage area. The area of application has been designated as part of the regional Heritage - Montney "A" pool by the Commission.

The Approval 04-06-001 (Amendment #5) is hereby granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*. Gas target buffer distances have been reduced to 150 meters on various project boundaries specified in the attached approval, based on documentation of consent from off-setting rights owners, to allow the drilling and production of gas wells within the GEP area for maximization of gas recovery.

Should you have any questions, please contact the undersigned at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,

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

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

Attachment

APPROVAL 04-06-001 (AMENDMENT #5)

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 Shell Canada Limited (Shell) for producing gas from a portion of the regional Heritage – Montney “A” gas pool without spacing, target and production restrictions.

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

Applications from Shell to the Commission dated December 5, 2008, June 30, 2009, March 12, 2010, and August 4, 2010.

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

1. The area of the project shall consist of:

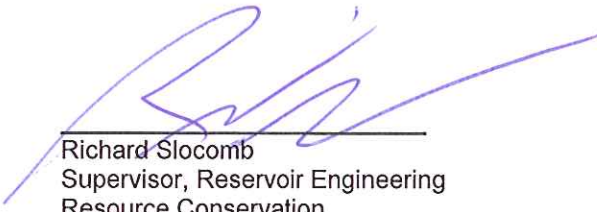
77-19 W6M	Sections 19 – 22, 28 – 33
77-20 W6M	Sections 12, 13, 23 – 26, 34 – 36
78-18 W6M	Sections 5 – 8, 18
78-19 W6M	Sections 1, 2, 5 – 23, 27 – 33
78-20 W6M	Sections 1, 2, 23 – 28, 34 – 36
79-18 W6M	Sections 5 – 10, 15 – 22, 27, 28, 33, 34
79-19 W6M	Sections 1 – 35
79-20 W6M	Sections 1, 2, 10 – 16, 21 – 36
80-18 W6M	Sections 3, 4, 7, 9, 15 – 21, 24, 26 – 34
80-19 W6M	Sections 1 – 25, 36
80-20 W6M	Sections 1 – 18, 20, 21, 23, 24, 29-32
80-21 W6M	Sections 9-12, 14-16, 22-24, 26, 27, 34, 36
81-19 W6M	Sections 2, 12
81-20 W6M	Sections 6, 7
81-21 W6M	Sections 2 - 4, 9 – 12, 15, 22, 27

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 sides of the approved project area, except for 150 m to the:

east and north sides of section 27-78-19W6
east side of section 33-78-19W6
east side of section 21-80-18W6
north side of sections 31, 32, and 33-80-18W6
north and west sides of section 36-80-19W6

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 10th day of August 2010.