



September 19, 2005

1880-4100-59240-06
OGC - 05257

Gord Oliver, P.Eng.
Manager Exploitation
Terra Energy Corp.
700, 505 - 3rd Street SW
CALGARY, AB T2P 3E6

Terra Energy Project #2(03)

Rescinded 2006/08/10

Dear Mr. Oliver:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
BOUDREAU - BALDONNEL "A" POOL**

The Commission has reviewed your application dated August 4, 2005 requesting a Good Engineering Practice (GEP) scheme approval for producing gas from the Boudreau - Baldonnel "A" pool.

Attached is a GEP scheme approval for a portion of the subject pool, as requested. The Approval 05-06-040 is hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This approval is intended to allow operational flexibility and the production of additional gas wells for maximization of reserves recovery.

Please note that the well Terra Bearflat 09-23-84-21 W6M (WA# 11410), located off-target for gas production, remains subject to a penalized daily gas allowable (DGA) of 21.0 e³m³/d. Furthermore, production from the sum of wells within the project area is limited to a DGA of 60.0 e³m³/d.

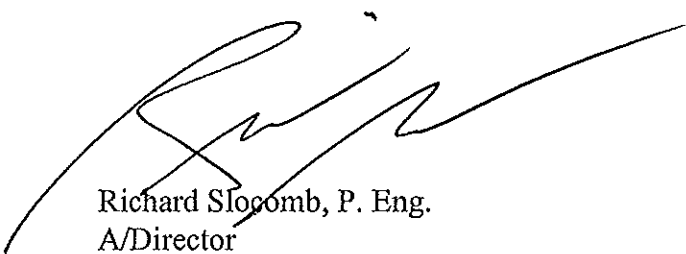
Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,

Approval Letters to Industry
GEP, SWD, CONCURRENT PROD,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.

Copy 9

- Wellfile (originals)
- 59240
- Daily
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- R. Slocomb
- D. Krezanoski


Richard Slocomb, P. Eng.
A/Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St, Victoria BC

APPROVAL 05-06-040

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

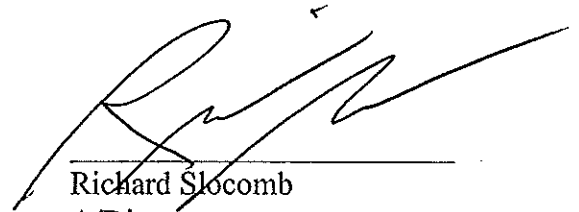
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Terra Energy Corp. (Terra) for producing a portion of the Boudreau – Baldonnel “A” pool without spacing restrictions.

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

an Application from Terra to the Commission dated August 4, 2005.

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

1. The area of the scheme shall consist of ;
Twp 84 Rge 21 W6M – Section 23.
2. Project production is limited to a daily gas allowable of 60.0 e³m³/d.
3. The off-target well Terra Bearflat 09-23-84-21 W6M (WA# 11410) is restricted to a previously approved penalized daily gas allowable of 21.0 e³m³/d.
4. 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.
5. This approval may be modified or rescinded at a later date if deemed appropriate.



Richard Slocomb
A/Director
Resource Conservation Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 19th day of September 2005.