



OIL AND GAS COMMISSION

October 28, 2008

5860-4545-59240-06

Gord Oliver, P.Eng.
Manager Exploitation
Terra Energy Corp.
970, 333 – 7th Avenue S.W.
Calgary AB T2P 2Z1

Dear Mr. Oliver:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
MICA FIELD – MICA “A” POOL**

Commission staff have reviewed your application, dated September 4, 2008, requesting Good Engineering Practice (GEP) scheme approval for a portion of the Mica field – Mica “A” oil pool.

Two wells, Terra Mica 16-28-81-14; WA# 20381 and Terra Mica A16-28-81-14 (BH 8-28); WA# 21456, are completed in the subject pool, with individual well daily oil allowables. The majority of this pool is operated under an existing GEP approval with a single project allowable.

The attached Approval 08-06-042 is granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This approval is intended to allow operational flexibility for the preferential production of low GOR wells for maximization of oil recovery. No objections were received following a publication of notice of the application on the OGC website.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Slocomb', is written over a light blue rectangular background.

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering

RESOURCE CONSERVATION

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

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: (250) 261-5744 www.ogc.gov.bc.ca

APPROVAL 08-06-042

**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 Mica field Mica "A" oil pool without well spacing, target area and individual well allowable 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 for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Terra to the Commission dated September 4, 2008.

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

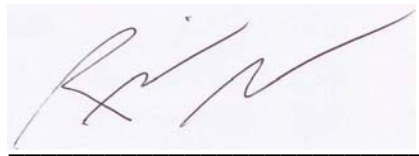
1. The area of the project shall consist of:

Twp 81 Rge 14 W6M - E/2 Section 28.

2. The requirements of Section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the project area are not completed nearer than 100 m to the sides of the approved project area.

3. Oil wells within the project area are subject to a project daily oil allowable of 20.0 m³.

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 day of October 2008.