



OIL AND GAS COMMISSION

OGC File: 9628147  
Approval: 02-15-016 (Amendment #1)

9000-2700-59240-15

October 5, 2007

Scott Meyers  
Peace River Project Manager  
Hudson's Hope Gas Ltd.  
5336 Stadium Trace Parkway, Suite 206  
Birmingham, Alabama 35244

Dear Mr. Meyers:

**RE: EXPERIMENTAL SCHEME APPROVAL FOR COAL BED GAS, AMENDMENT #1  
HUDSON HOPE AREA GATES, MOOSEBAR AND GETHING FORMATION COALS**

This letter and attached Approval 02-15-016 (Amendment #1) dated October 3, 2007, cancel and replace the Approval 02-15-016 (Amendment #1) dated October 1, 2007.

Attached is Approval 02-15-016 (Amendment #1) for the scheme approval granted under Section 100 of the Petroleum and Natural Gas Act.

This letter and approval document forms an integral part of your Experimental Scheme and should be attached thereto.

If you require further information, please contact the undersigned at (250) 261-5700.

Yours truly,

Dean Zimmer  
Oil and Gas Program Manager  
BC Oil and Gas Commission

Attachment

DZ/td

**APPROVAL 02-15-016 (Amendment #1)**

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

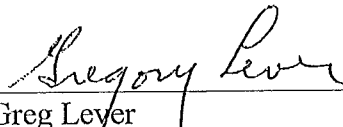
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IN THE MATTER of the experimental scheme of Hudson's Hope Gas Ltd. (HHG), to evaluate the coalbed methane potential of the Gates, Moosebar and Gething Formation coals of the Hudson's Hope area of northeast British Columbia.

NOW THEREFORE, the Commission, pursuant to section 100 of the Petroleum and Natural Gas Act, R.S.B.C. 1996, c.361 orders as follows:

1. The experimental scheme to evaluate coalbed methane potential by exploration and production from the Gates, Moosebar and Gething Formation coals in the Hudson's Hope area as described in the application from HHG to the Commission dated August 21, 2007 is hereby amended, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of the following lands:
  - Township 81-Range 24: Sections 19, 30 and 31
  - Township 81-Range 25: Sections 24, 25, 26, 31, 35 and 36
  - Township 81-Range 26: Sections 23F, 26F, 35F and 36
  - Township 82-Range 24: Sections 6 and 7
  - Township 82-Range 25: Sections 1, 2, 4-10, 12, 15-17, and 21-23
  - Township 82-Range 26: Sections 1, 2F, 11F, 12, 14FS
  - 093-O-16      Block I – 72-77, 82-87, 91-97
  - 093-P-13      Block L – unit 100
  - 094-A-04      Block D – units 10, 18-20, 28-30, 37F, 38-40, 47F, 48-50, 57F, 58-60, 67F, 68-70, 77F, 78-80, 87F, 88-90, 97F and 98-100
  - Block E – units 7F, 8-10, 17F, 18-20, 27F and 28-30
  - 094-B-01      Block A – units 1-7, 11-17, 21-27, 31-37, 41-47, 51, 56-59, 61, 66-69, 71-79, 81-89 and 91-99
  - Block H – units 1-9, 11-19 and 21-29.
3. The gas wells within the scheme area may be produced without individual well allowable restrictions.
4. Submit a report of the progress, performance and efficiency of the scheme every 6 months in the first year, and then annually thereafter, within 60 days after the end of each period. The following information must be included in the progress report:
  - The daily average rate of gas and water production during each month for each producing well, and for the scheme as a whole;
  - The monthly cumulative gas and water production for each producing well, and for the scheme as a whole;

- Representative sample analysis of produced water obtained once each 6 months;
  - The date and type of any well treatment or workover for any well in the scheme;
  - All information gathered to evaluate the coal's reservoir qualities such as gas content, desorption analysis, injectivity tests and permeabilities of coal seams.
  - Any other information that is considered necessary, in the opinion of the Commission, to evaluate the progress, performance and efficiency of the scheme.
5. Associated gas produced during the pilot testing may be flared for a maximum period of 6 months with a total volume not to exceed  $255 \times 10^3 \text{ m}^3/\text{well}$ .
  6. A well may be drilled anywhere within the scheme area provided that it is not nearer than 100 m to the sides of the scheme area.
  7. The requirement to test and determine the absolute open flow potential of the wells as set out in Section 84 of the *Drilling and Production Regulation* is hereby waived.
  8. The requirement to measure the static bottom hole pressure of each well prior to production as set out in Section 95 of the *Drilling and Production Regulation* is hereby waived.
  9. All information and analysis related to the scheme shall be made available to the Commission upon request.
  10. The approval or any condition of it may be modified or rescinded upon application or if deemed appropriate by the Commission.

  
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Greg Leyer  
Chief Engineer  
Engineering Branch  
B.C Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 3 day of October 2007.