EMD99-01

SUBJECT: DIRECTIONAL DRILLING UNDER PROTECTED AREAS IN NORHEAST BC

On March 11, 1999, government announced the approval of the Dawson Creek Land and Resource Management Plan (LRMP). This is the third plan approved in northeast BC, developed in the local community, with oil and gas interests represented by the Canadian Association of Petroleum Producers. The Fort Nelson and Fort St. John plans were approved in October 1997. The LRMP’s are divided into Resource Management Zones (RMZ) with supporting objectives and strategies. Each RMZ is classified as either Protected Area, Special Management, General Management or Enhanced Resource Development. In most cases, resource development is not permitted within or underlying Protected Areas. However directional drilling with no surface access is permitted on new tenures under the following listed Protected Areas, shown on the attached maps. Surface access will continue to be permitted on all tenures that existed prior to designation of the Protected Areas.

<table>
<thead>
<tr>
<th>Dawson Creek LRMP</th>
<th>Fort St. John LRMP</th>
<th>Fort Nelson LRMP</th>
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<tr>
<td>Klin-se-zza</td>
<td>Beaton-Doig Canyon</td>
<td>Hay River</td>
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<td>Peace River-Boudreau Lake</td>
<td>Ekwan Lakes</td>
<td>Goguka Creek</td>
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<td>Kiskatinaw River</td>
<td>Sikanni Canyon</td>
<td>Jackpine Remnant</td>
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<td>Sikanni Falls</td>
<td>Klua Lakes</td>
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<td>Chinchaga Lakes</td>
<td>Maxhamish Lake</td>
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Requests to include parcels of available oil and gas rights underlying these areas in one of the regularly scheduled dispositions of Crown petroleum and natural gas rights should be submitted to the office of the Director of Petroleum Lands Branch, PO Box 9326, Stn Prov Gov’t, 6th floor, 1810 Blanshard Street, Victoria, British Columbia, V8W 9N3. Parcels offered in dispositions will include the following caveat: “Directional drilling only is allowed under xxxx protected area. Surface access within the boundaries of the protected area will not be permitted.”

Gerald German
A/Assistant Deputy Minister
Energy and Minerals Division

April 6, 1999

Attachment

For further information contact:

Colin Magee
A/Director
Petroleum Lands Branch
PO Box 9326, Stn. Prov. Gov’t
6th floor, 1810 Blanshard Street
Victoria, British Columbia
V8W 9N3

Telephone: (250) 952-0335
Facsimile: (250) 952-0331
PROTECTED AREA BOUNDARIES ARE CURRENTLY BEING FINALIZED. DETAILED MAPS WILL BE AVAILABLE FROM THE PETROLEUM LANDS BRANCH.

Projection: Universal Transverse Mercator Zone 10 NAD83
Map produced: April 17, 1996
Province of British Columbia

Ministry of Employment & Investment
Energy & Minerals Division
Petroleum Titles Branch

Sikanni Canyon Protected Area

PROTECTED AREA BOUNDARIES ARE CURRENTLY BEING FINALIZED.
DETAILED MAPS WILL BE AVAILABLE FROM THE PETROLEUM LANDS BRANCH.

Projection UTM Zone 10, NAD 83.
Map produced: December 03, 1997

1:75000
Province of British Columbia
Ministry of Employment & Investment
Energy & Mines Division
Petroleum Titles Branch

Chinchaga Lakes Protected Area

1 : 75000

Projection UTM Zone 10, NAD 83.
Map produced: December 08, 1987

PROTECTED AREA BOUNDARIES ARE CURRENTLY BEING FINALIZED.
DETAILED MAPS WILL BE AVAILABLE FROM THE PETROLEUM TITLES BRANCH.