



OGC File: 9632345

January 28, 2010

Monterey Exploration Ltd.
Suite 1000, 500-4th Avenue, SW
Calgary, Alberta T2P 2V6

Attention: Surface Land Administrator

Re: Approval for Short Term Use of Water

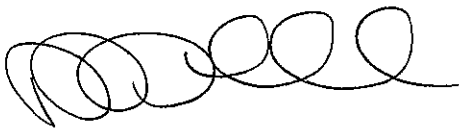
This approves you, under Section 8 of the *Water Act* to divert and use water as follows:

1. The approved water withdrawal point is the Moberly River at:
UTM location N. 6217870, E. 603431.
2. The approved use of water is restricted to the oil and gas activities of the Operator.
3. The maximum quantity of water that may be diverted is 1600 m³/day, at a rate not to exceed 14 l/s (0.5 cfs).
4. On any stream no diversion is permitted where stream discharge is less than 55 l/s. No diversion is permitted where stream (wetted) depth is less than 0.30 metres (12 inches) at the withdrawal location.
5. On any lake, water withdrawal must cease if drawdown exceeds 0.10 metres (relative to the water level documented at the commencement of withdrawal activities). In the event that drawdown exceeds 0.10 metres, withdrawals may resume only when water levels have risen above the 0.10 metres drawdown level.
6. Approval has been granted to use the water from January 28, 2010 to January 27, 2011.
7. This approval does not authorize any instream work.
8. A copy of this approval must be available for inspection at the tank truck and wellsite location(s).
9. End-of-pipe intakes must contain a screen with a mesh size that does not exceed one tenth of an inch.

10. The holder of this approval must maintain accurate records of all water withdrawal activities throughout the term of this approval. Upon request, these records must be made available to the Oil and Gas Commission or Conservation Officers Service for review. These records must include the following information: Associated OGC file number, name of water source(s), UTM coordinates and BCGS map sheet location data associated with each source and diversion point location(s), date of withdrawal(s) (specific dates must be used, date ranges are not acceptable), and volume of water withdrawn in cubic metres (m³) on all individual source(s) approved within the authorization.

11. Where water withdrawal volumes are approved for 500 m³/day or more, the holder of this approval must maintain accurate records of all water withdrawal activities throughout the term of this permit. These records must be submitted to the Oil and Gas Commission c/o OGCWater.VolumeData@gov.bc.ca on or before the 15th of April (for activities occurring between October 1 and March 31, inclusive) and, on or before the 15th of October (for activities occurring between April 1 and September 30, inclusive). These records must include the following information: Associated OGC file number, name of water source(s), UTM coordinates and BCGS map sheet location data associated with each source and diversion point location(s), date of withdrawal(s) (specific dates must be used, date ranges are not acceptable), and volume of water withdrawn in cubic metres (m³) on all individual source(s) approved within the authorization.

The attached plan(s) form an integral part of this authorization.

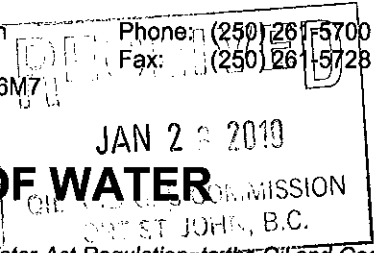


Becky Donnell
Natural Resource Officer



OIL AND GAS COMMISSION

Project Assessment Branch
200, 10003 - 110th Ave
FORT ST. JOHN BC V1J 6M7
Phone: (250) 261-5700
Fax: (250) 261-5728



APPLICATION FOR SHORT TERM USE OF WATER

Application must be submitted under the authority of the Water Act R.S.B.C. 1996, c. 361, s8, and the Water Act Regulation, to the Oil and Gas Commission at the address noted above. Information collected on this application will be used for public record in accordance with Freedom of Information legislation.

Form with fields: Zone (South checked), OGC File Number (9632345), Company Name (Monterey Exploration Ltd.), Address (Suite 1000, 500-4th Ave S.W. Calgary, AB T2P 2V6), Name of water supply source (Moberly River), Is this a Schedule 'A' listed source (Yes checked), Wetted Stream Width (7.8 metres), Stream Depth (0.39 metres), Velocity (0.56 m/s), Date measurements were taken (January 27, 2010), Location of the point of diversion (Northing: 6217870, Easting: 603431), Quantity of water proposed (1600 m³/day), Months during which the water is to be used (January 28, 2010/Spring Break-up), Purpose for which the water is to be used (Freezing Access), Legal description of the land (Proposed and existing wellsites in NE BC), Works to be installed (Water Truck and pump with fish screen), Company Representative (Brad Wilson), Signature (Erin O'Donnell), Land/Referral Agent (Erin O'Donnell), Phone Numbers (403-691-7733, 250-785-6340), Date (January 28, 2010).