

**File Nos. 1636 and 1637
Board Order No. 1636/37-1**

July 28, 2010

MEDIATION AND ARBITRATION BOARD

**IN THE MATTER OF THE PETROLEUM AND NATURAL GAS
ACT, R.S.B.C. AS AMENDED**

AND IN THE MATTER OF

**SW ¼ Section 27, Township 85, Range 18, W6M, Peace River District
SE ¼ Section 27, Township 85, Range 18, W6M, Peace River District
SW ¼ Section 26, Township 85, Range 18, W6M, Peace River District
except Plan PGP46547**

(The "Lands")

BETWEEN:

TERRA ENEGY CORP.

(APPLICANT)

AND:

SQUIRREL FARMS INC.

(RESPONDENT)

CONSENT ORDER

Appearances:

Rick Williams, Counsel, Tim Beatty, John Hrycyk and Sacha Plotnikow for the Applicant, Terra Energy Corp.

Richard Kantz, Blaine Meek and Gary Bickford for the Respondent, Squirrel Farms Inc.

Following an agreement reached at a pre-mediation telephone conference, and at the request of the parties to incorporate the terms of their agreement into a Consent Order of the Board, the Mediation and Arbitration orders, BY
CONSENT:

MAB File 1637 – The Wellsite

1. Upon payment of the amounts set out in paragraphs 2 and 3 below, Terra Energy Corp. ("Terra") including its employees, contractors and assigns shall have the right of entry to and access across the portion of the Lands shown in Schedule "A" for the purpose of constructing, drilling, operating and producing a well as set out in OGC File 9632808, Well Authorization 26359.
2. Within seven (7) days of the Board issuing this Order, Terra will pay to the Respondent, Squirrel Farms Inc., \$27,000.00, which amount includes payment of all back rent for the well site and other amounts due to date.
3. Terra will pay annual rent commencing on July 11, 2010 in the total amount of \$4,512.00, until such time as the wellsite is abandoned and Terra reclaims the site to Oil and Gas Commission Standards.
4. The rent is reviewable every four years, with the first review being anytime after July 11, 2014.

MAB File 1636 – The Flow Line

5. Squirrel Farms Inc. ("Squirrel") agrees to the proposed routing and construction of the flow line as shown on Schedule "B".
6. Terra confirms there will not be any above ground risers or pigging facilities on the right of way on Squirrel's land.

7. Squirrel agrees to not raise any objection with the Oil and Gas Commission on Terra's application to it for the flow line, provided the routing remains the same as shown on Schedule "B".
8. Once the flow line is approved by the OGC and Terra can establish a need for the flow line, specifically that the well has been drilled and completed, Squirrel will consent to the Board issuing a right of entry order to Terra to construct, operate and maintain the flow line.
9. Terra and Squirrel agree that, if a right of entry order is granted by the Board, as above, appropriate compensation for the flow line will be set at \$13,773.00, provided the amount is paid within 2 years of the date of this Order, if not the amount will be renegotiated.

General

10. Terra must serve a copy of this Order on Squirrel prior to entry on the Lands. Service may be accomplished by sending a copy of the Order by registered mail.
11. Nothing in this Order operates as consent, permission, approval or authorization of matters within the jurisdiction of the Oil and Gas Commission.

DATED July 28, 2010

FOR THE BOARD



Cheryl Vickers, Chair

TERRA ENERGY CORP.

MARS Order 1636/37-1
Schedule "A"

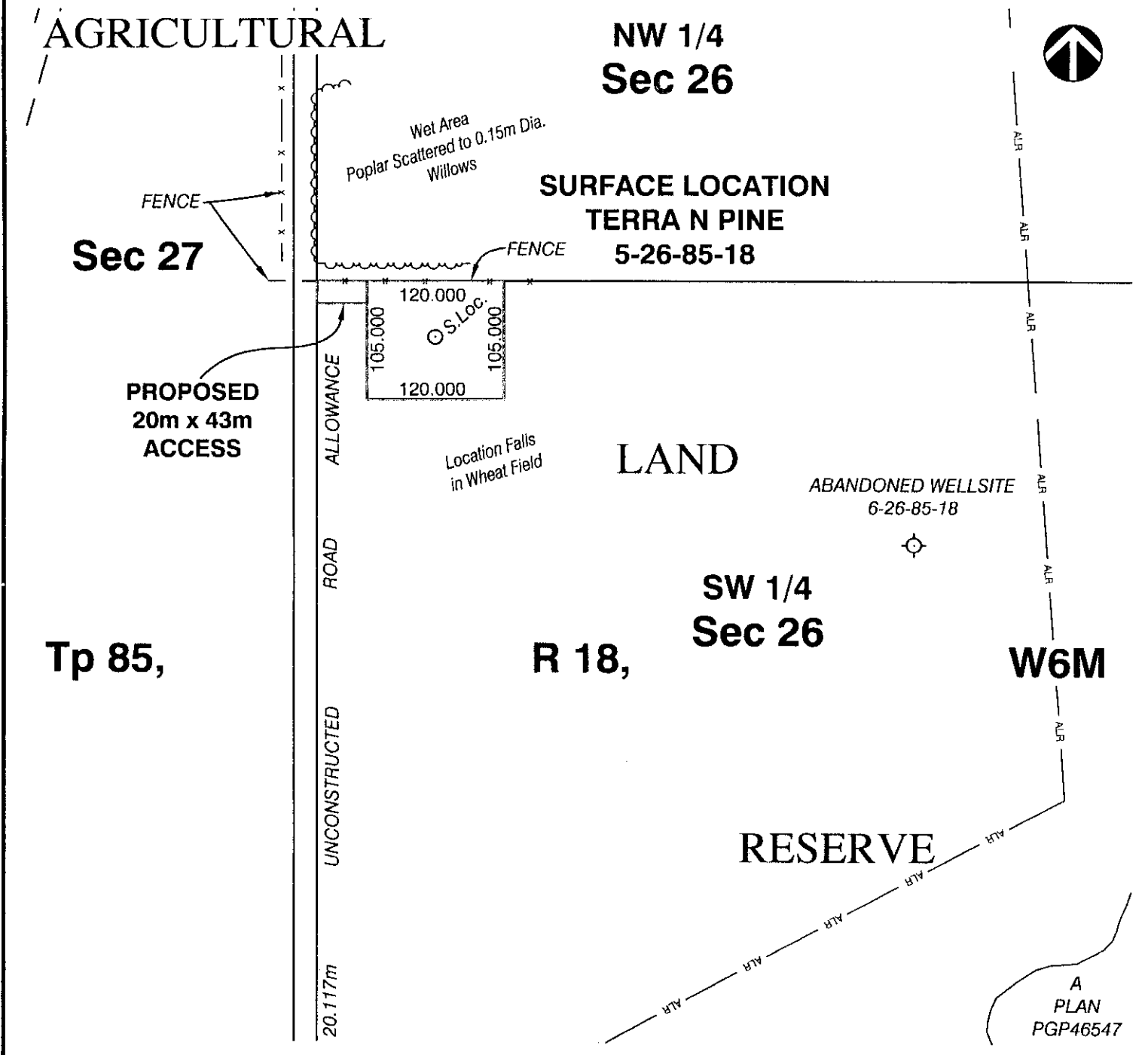
INDIVIDUAL OWNERSHIP PLAN

SHOWING PROPOSED SURFACE LOCATION & 20m ACCESS

IN

SOUTH WEST 1/4 SECTION 26, Tp 85, R 18, W6M EXCEPT PLAN PGP46547

PEACE RIVER DISTRICT



OWNER(S): SQUIRREL FARMS INC., INC. NO. 830087

TITLE No. CA877047

PID No. 014-939-517

SURFACE LOCATION 1.26 ha 3.11 Ac

20.0m ACCESS 0.09 ha 0.22 Ac

Certified correct this 25th day of
JUNE 2009.

S. Pengelly
S.D. PENGELLY, B.C.L.S.



McELHANNEY GEOMATICS
Professional Land Surveying Ltd.
8808 - 72nd Street
Fort St. John, British Columbia
Phone: (250)787-0356, Fax: (250)787-0310

DISTANCES ARE IN METRES.
PORTIONS REFERRED TO ARE OUTLINED IN RED.

REVISION: 2	DRAWN BY: RC
SCALE: 1:5000	JOB: 3111-16249IP1

TERRA ENERGY CORP.

MAB order 1636/37-1
Schedule "B"

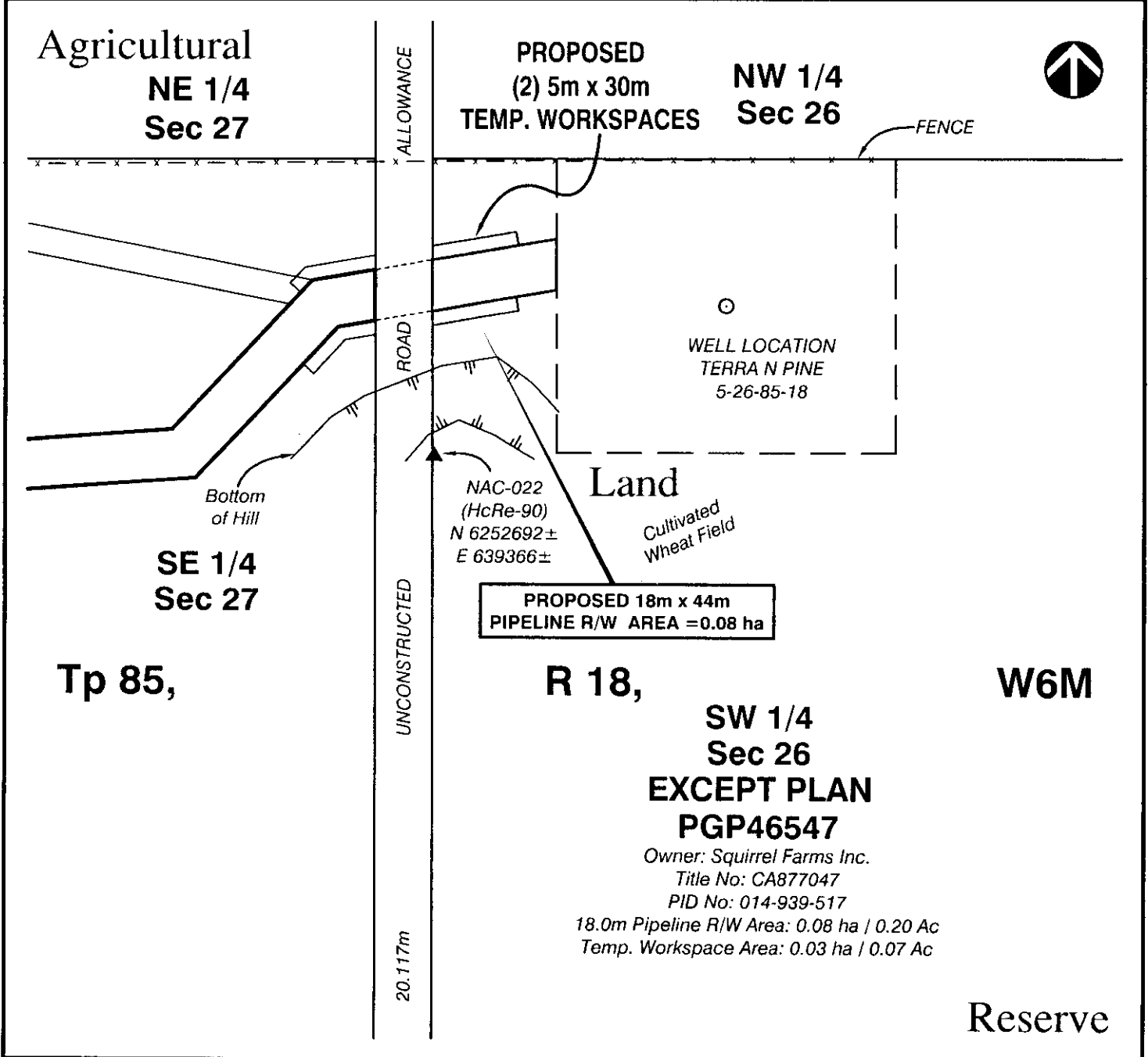
INDIVIDUAL OWNERSHIP PLAN

SHOWING 18.0m PIPELINE RIGHT OF WAY AND TEMP. WORKSPACES

WITHIN THE

**SOUTH WEST 1/4 OF SECTION 26, EXCEPT PLAN PGP46547,
Tp 85, R 18, W6M**

PEACE RIVER DISTRICT



Tp 85,

R 18,

W6M

**SW 1/4
Sec 26
EXCEPT PLAN
PGP46547**

Owner: Squirrel Farms Inc.
Title No: CA877047
PID No: 014-939-517
18.0m Pipeline R/W Area: 0.08 ha / 0.20 Ac
Temp. Workspace Area: 0.03 ha / 0.07 Ac

Reserve

OWNER: Squirrel Farms Inc.

TITLE CA877047

PID 014-939-517

PIPELINE R/W 0.08 ha 0.20 Ac
TEMP. WORKSPACES 0.03 ha 0.07 Ac

Certified correct this 3rd day of
January 2010.

S.D. PENGELLY, BCLS



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DISTANCES ARE IN METRES.
PORTIONS REFERRED TO ARE OUTLINED IN RED AND GREEN.
REVISION: 2
SCALE: 1:2000
DRAWN BY: NMA
JOB : 3111-J19200/P1

TERRA ENERGY CORP.

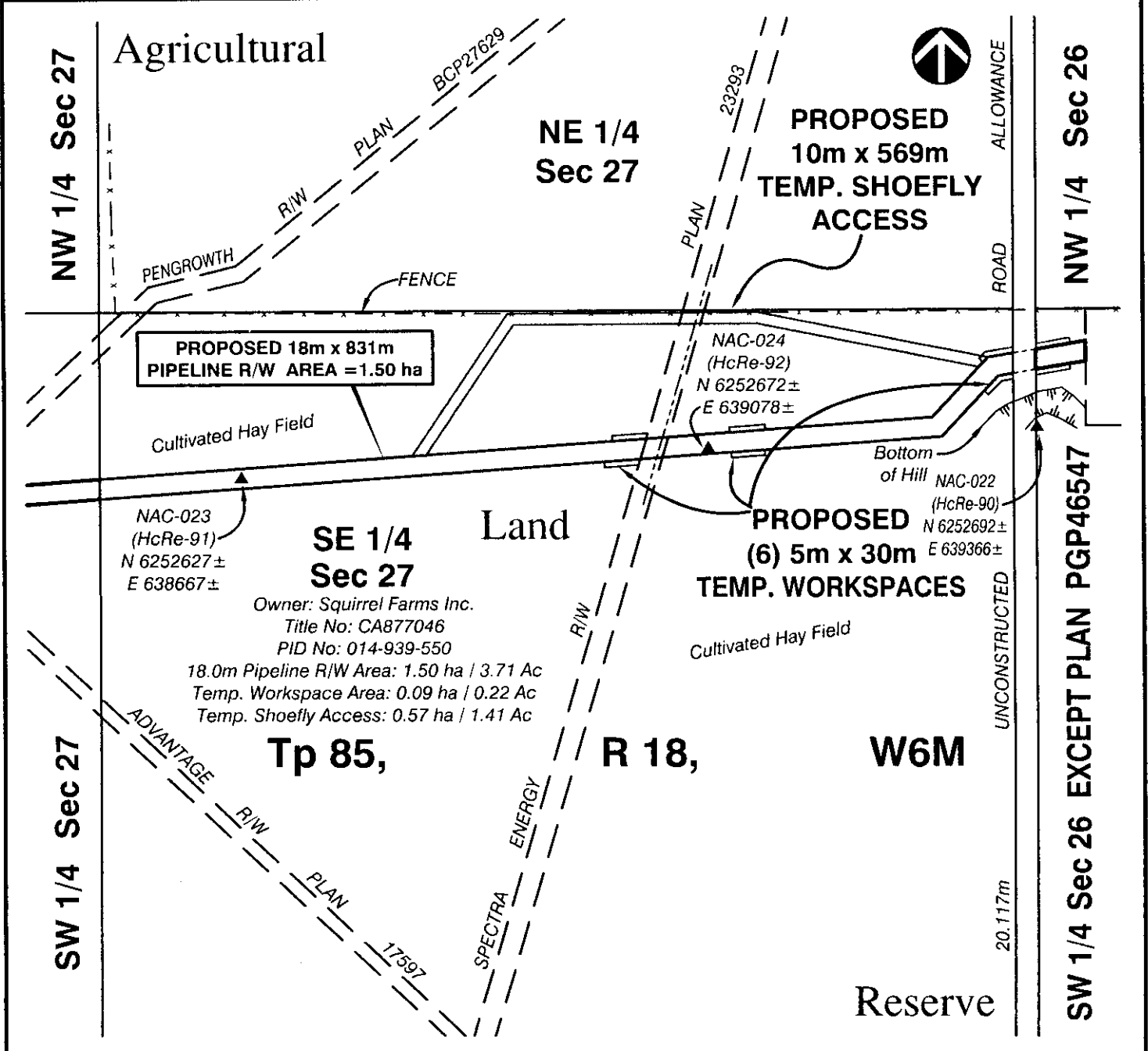
INDIVIDUAL OWNERSHIP PLAN

SHOWING 18.0m PIPELINE RIGHT OF WAY, TEMPORARY SHOEFLY ACCESS AND TEMPORARY WORKSPACES

WITHIN THE

SOUTH EAST 1/4 OF SECTION 27, Tp 85, R 18, W6M

PEACE RIVER DISTRICT



OWNER: Squirrel Farms Inc.

TITLE CA877046

PID 014-939-550

PIPELINE R/W 1.50 ha 3.71 Ac

WORKSPACES 0.09 ha 0.22 Ac

SHOEFLY ACCESS 0.57 ha 1.41 Ac

Certified correct this 3rd day of
January 2010.

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DISTANCES ARE IN METRES.
PORTIONS REFERRED TO ARE OUTLINED IN RED AND GREEN.

REVISION: 2

DRAWN BY: NMA

SCALE: 1:5000

JOB : 3111-J19200IP2

TERRA ENERGY CORP.

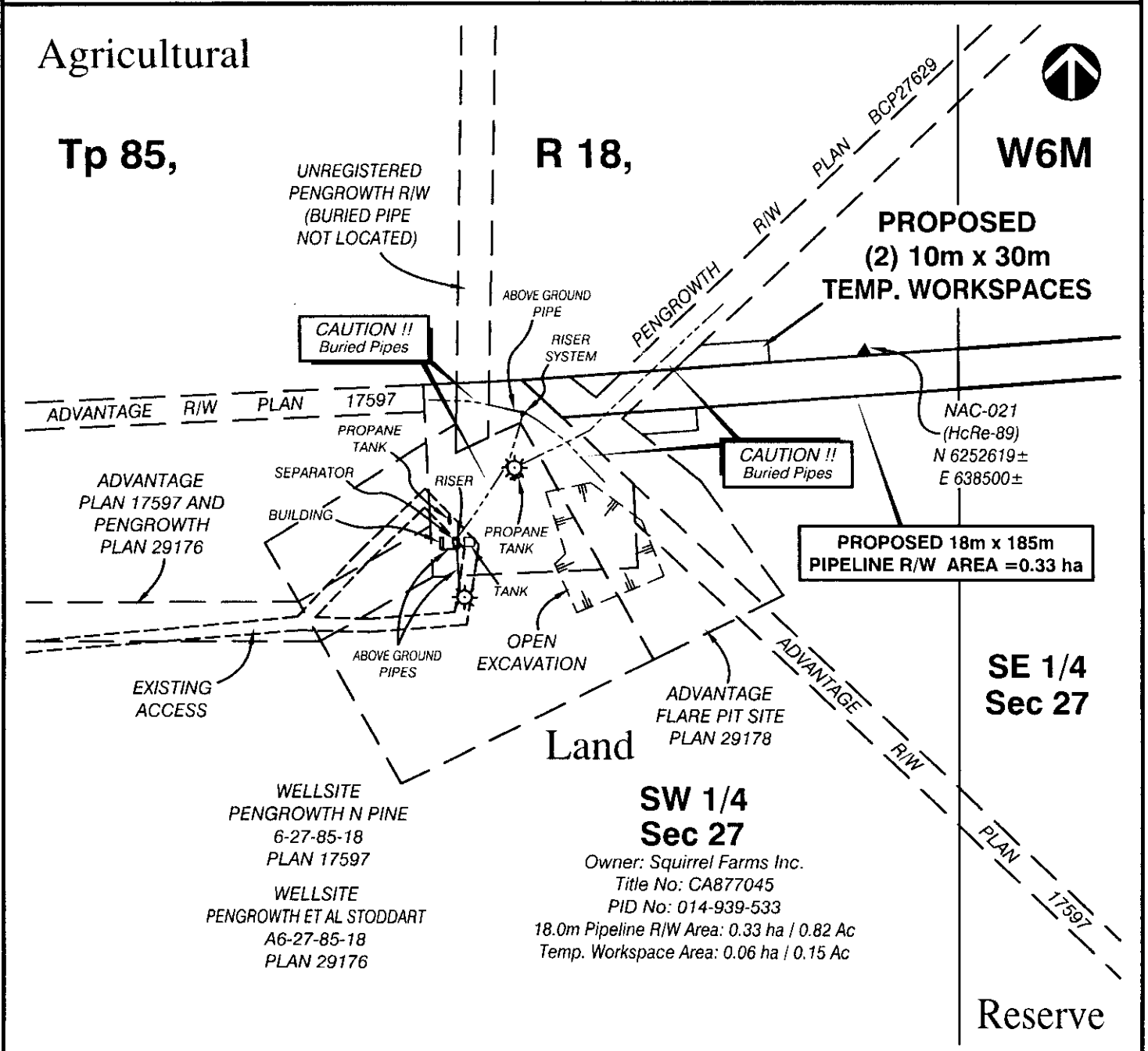
INDIVIDUAL OWNERSHIP PLAN

SHOWING 18.0m PIPELINE RIGHT OF WAY AND TEMPORARY WORKSPACES

WITHIN THE

SOUTH WEST 1/4 OF SECTION 27, Tp 85, R18, W6M

PEACE RIVER DISTRICT



OWNER: Squirrel Farms Inc.

TITLE CA877045

PID 014-939-533

PIPELINE R/W 0.33 ha 0.82 Ac

WORKSPACES 0.06 ha 0.15 Ac

Certified correct this 3rd day of January 2010.

S.D. PENGELLY BCLS



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DISTANCES ARE IN METRES.
PORTIONS REFERRED TO ARE OUTLINED IN RED & GREEN.

REVISION: 1

DRAWN BY: NMA

SCALE: 1:2500

JOB : 3111-J19200IP3