



October 19, 2005

2020-4530/4540-59070-20  
OGC – 05282

Jane MacTaggart  
VP Exploitation  
Iteration Energy Ltd.  
Suite 700, 700 – 2<sup>nd</sup> Street SW  
CALGARY AB T2P 2W1

Dear Ms. MacTaggart:

**RE: APPLICATION FOR COMMINGLED PRODUCTION  
ITERATION N BOUNDARY 14-4-88-14 W6M; WA# 10116**

The Commission has reviewed your application dated September 29, 2005 requesting permission to commingle production from the Nancy and Coplin formations encountered in the subject well.

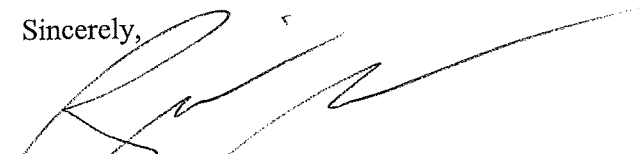
The Commission has designated these pools as the Boundary Lake North – Nancy “A” and Coplin “B” gas pools. The Nancy has been on production through the annulus since February 2004 and has produced 2.8 10<sup>6</sup> m<sup>3</sup> and is currently producing at 4.9 10<sup>3</sup> m<sup>3</sup>/d. The Coplin has been on production through the tubing since February 2004 and has produced 9.1 10<sup>6</sup> m<sup>3</sup> and is currently producing at 13.2 10<sup>3</sup> m<sup>3</sup>/d. The Nancy is the first productive zone in this area and the recoverable reserves are small. Both zones are depleted and contain similar gas compositions. Also, low flow rates from the Nancy zone are ineffective in unloading liquids. Commingled production through the production tubing will improve liquid loading thereby extending the economic life of this well. Iteration Energy Ltd. is the operator of all wells in both pools.

We wish to advise you that your application to commingle production is hereby approved, under the authority of Section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Nancy (1231.7–1233.0 mKB) and Coplin (1277.0–1278.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of Nancy 25% and Coplin 75%. The allocation factors may be amended to reflect results of any future tests.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Should you have any questions, please contact the undersigned at (250) 952-0366.

Sincerely,



Richard Slocomb, P.Eng.  
Acting Director  
Resource Conservation Branch

**Approval Letters to Industry  
COMMINGLED PRODUCTION**

Copy 8

<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59070-20
<input type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	R. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	R Slocomb
<input type="checkbox"/>	D. Krezanoski

**RESOURCE CONSERVATION BRANCH**

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301  
Location: 6<sup>th</sup> Flr 1810 Blanshard St, Victoria BC