



March 6, 2006

2020-4540/4800-59070-20
OGC - 06088

Jane MacTaggart
VP Exploitation
Iteration Energy Ltd.
Suite 700, 700 - 2nd Street SW
CALGARY AB T2P 2W1

Dear Ms. MacTaggart:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
ITERATION N BOUNDARY 3-25-88-15 W6M; WA# 15765**

The Commission has reviewed your application dated January 23, 2006 requesting permission to commingle production from the Coplin and Halfway formations encountered in the subject well.

The Commission has designated these pools as the Boundary Lake North - Coplin "B" and Halfway "O" gas pools. The Halfway is mapped as a single well pool which is severely depleted. The Halfway has been on production through the tubing since March 2003 and has produced 12.3 10⁶ m³ and is currently producing at 8.2 10³ m³/d. The Coplin was completed for production through the annulus in December 2005. Following a fracture stimulation the Coplin was tested at 20.5 10³ m³/d. The Coplin is sweet, whereas Halfway is slightly sour. Commingled production through the production tubing will increase the gas velocity and improve liquid unloading thereby extending the economic life of this well. Iteration Energy Ltd. is the operator of most wells in the Coplin "B" pool.

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 Coplin (1204.3-1206.0 mKB) and Halfway (1249.5-1253.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1 and BC S-2 forms on the basis of Coplin 40% and Halfway 60%. 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

- Wellfile (originals)
- 59070-20
- Daily
- Resource Revenue
- R. Stefik
- G: Farr
- R Slocomb
- D. Krezanoski

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0303
Location: 6th Flr 1810 Blanshard St, Victoria BC