



June 30, 2006

2020-4100/4540-59070-20

Andrew Taylor
Geological Assistant
Iteration Energy Ltd.
Suite 700, 700 – 2nd Street SW
CALGARY AB, T2P 2W1

Dear Mr. Taylor:

RE: COMMINGLED PRODUCTION APPROVAL
Iteration N Boundary 8-8-88-14W6M; WA# 20206

The OGC has reviewed your application dated May 23, 2006, for approval to commingle gas production from the Baldonnel and Coplin formations in the subject well.

The Commission has designated the gas pools under application to be the Boundary Lake North – Baldonnel “D” and Coplin “B”. The Baldonnel is a two well pool and from this well has produced $3.52 \times 10^6 \text{ m}^3$ up the annulus, at a current rate of $24 \times 10^3 \text{ m}^3/\text{d}$. The Coplin is a multi-well pool, cumulative production from the subject well being $1.34 \times 10^6 \text{ m}^3$, at the present rate of $9 \times 10^3 \text{ m}^3/\text{d}$. The Coplin zone is sweet gas while the Baldonnel is slightly sour. Approval to commingle production from these same two pools was granted October 27, 2005 for the well Iteration N Boundary A11-5-88-14 W6M (WA 16036). Commingled production through the tubing should increase gas rates and unload fluids present in the wellbore thereby maximizing reserves recovery.

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

1. Production from the Baldonnel (1170.5 – 1173.0 mKB) and Coplin (1270.5 – 1272.0 mKB) may be commingled.
2. Gas, water and condensate production should be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of Baldonnel 70 % and Coplin 30 %. 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) 952-0310.

Sincerely,

Ron Stefik, AScT
Sr. Reservoir Engineering Technologist

RESOURCE CONSERVATION BRANCH

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