



June 29, 2006

2020-4535/4540-59070-20

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

Dear Mr. Taylor:

RE: APPLICATION FOR COMMINGLED PRODUCTION APPROVAL
Iteration et al N. Boundary 13-21-88-14W6M; WA# 19782

The OGC has reviewed your application dated May 19, 2006, for approval to commingle gas production from the Boundary Lake and Coplin formations in the subject well.

The Commission has designated the gas pools under application to be the Boundary Lake North – Boundary Lake “A” and Coplin “B” pools. The Boundary Lake is a two well pool and the subject well has produced $2.9 \times 10^6 \text{ m}^3$. The Boundary Lake is currently producing at a rate of $11.0 \times 10^3 \text{ m}^3/\text{d}$ up the tubing/casing annulus and has recently started experiencing liquid loading problems. The Coplin is part of a large multi-well pool, and is currently producing at a rate of $14.5 \times 10^3 \text{ m}^3/\text{d}$. Both zones are sweet gas. Production data gathered to-date indicates limited recoverable reserves from each zone. We concur that commingled production through the tubing will increase gas rates and prevent liquid loading 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 Boundary Lake (1248.5 – 1249.5 mKB) and Coplin (1265.0 – 1266.0 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 Boundary Lake 45 % and Coplin 55 %. 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,

Supervisor Reservoir Engineering

RESOURCE CONSERVATION BRANCH

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

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5700 Fax: (250) 261-5744 www.ogc.gov.bc.ca