



July 4, 2006

2020-4535/4540/4800-59070-20

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

Dear Mr. Taylor:

**RE: APPLICATION FOR COMMINGLED PRODUCTION  
ITERATION N BOUNDARY 5-3-88-14 W6M; WA# 14868**

The Commission has reviewed your application dated May 24, 2006 requesting permission to commingle production from the Boundary Lake, Coplin and Halfway formations encountered in the subject well.

The Commission has previously issued an approval to commingle production from the Coplin and Halfway formations (October 18, 2005). The Commission has designated the pools under application to be the Boundary Lake North – Boundary Lake “D”, Coplin “B” and Halfway “L” gas pools. The Boundary Lake has been mapped as a single well pool and is currently producing up the tubing/casing annulus at a rate of  $7.1 \times 10^3 \text{ m}^3/\text{d}$  and is experiencing liquid loading problems. Commingled production through the production tubing will mitigate liquid loading thereby extending the economic life of this well. The Boundary Lake zone is at virgin pressure which is considerably higher than the depleted pressures found in both the Coplin and Halfway formations. However, Iteration has installed a sliding sleeve to enable segregation during periods of extended shut-in.

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 Boundary Lake (1266.0 – 1267.0 mKB), Coplin (1284.0–1285.0 mKB) and Halfway (1331.0–1349.0 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 Boundary Lake 25%, Coplin 30% and Halfway 45%. 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.  
Supervisor, Reservoir Engineering  
Resource Conservation Branch

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**RESOURCE CONSERVATION BRANCH**

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