



July 12, 2006

2020-4800/ 6490-2700/4100-59070-20

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 APPROVAL**  
**Iteration Osborn 16-30-88-14W6M; WA# 19673**

The OGC has reviewed your application dated July 7, 2006, for approval to commingle gas production from the Gething, Baldonnel and Halfway formations in the subject well.

The Commission has designated the gas pools under application to be the Osborn – Gething “A”, Baldonnel “C” and Boundary Lake North – Halfway “R”. The Commission previously issued a commingled production approval for the Baldonnel and Halfway formations (June 26, 2006). The Gething has been mapped as part of a large multi-well gas pool. The Gething zone in the subject pool is currently producing below its critical lift rate at 20.0 10<sup>3</sup> m<sup>3</sup>/d and has produced a total of 8.2 10<sup>6</sup> m<sup>3</sup> of gas. The Gething and Halfway are sweet gas while the Baldonnel is slightly sour. Production data gathered to-date indicates limited recoverable reserves from each zone. The Commission agrees 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 Gething (1101.0 – 1105.0 mKB), Baldonnel (1131.5 – 1135.0 mKB) and Halfway (1285.0 – 1287.0 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 Gething 20%, Baldonnel 40 % and Halfway 40 %. The allocation factors may be amended to reflect results of any future tests.
3. A sliding sleeve must be installed to allow for collection of additional segregated production and pressure data.
4. 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

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**RESOURCE CONSERVATION BRANCH**

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