

February 7, 2006

6490-2700/2020-4540-59070-20
OGC - 06042

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 Osborn 12-29-88-14 W6M; WA# 19856

The OGC has reviewed your application dated January 22, 2006, requesting permission to commingle gas production from the Gething and Coplin formations in the subject well.

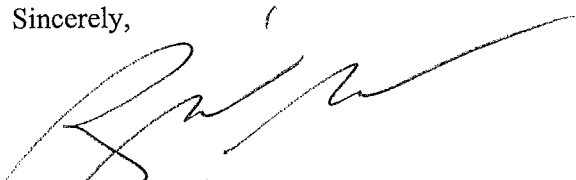
The Commission has designated the gas pools under application to be the Osborn - Gething "E" and Boundary Lake North - Coplin "B". The Gething appears to be a very small single well pool whereas the Coplin has been delineated by a large number of wells. Based on the daily production data submitted in the application, recoverable reserves from each zone are considered to be relatively small. The Gething zone is sour while the Coplin zone is sweet gas. Your proposal to conduct a segregated production test every two months to determine if Gething is still producing is considered appropriate. We concur that commingled production through the tubing will increase gas rates and unload water 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 Gething (1087.5 - 1089.5 mKB) and Coplin (1228.5 - 1230.0 mKB) 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 Gething 60 % and Coplin 40 %. 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,



Richard Slocomb
A/Director
Resource Conservation Branch

Approval Letters to Industry
COMMINGLED PRODUCTION
Copy 8

<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59070-20
<input type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	R. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	R Slocomb
<input type="checkbox"/>	D. Krezanoski

RESOURCE CONSERVATION BRANCH

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