



November 1, 2006

6490-2700/2020-4540-59070-20

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

Dear Mr. Taylor:

RE: COMMINGLED PRODUCTION APPROVAL, AMENDMENT #1
Iteration Osborn 12-29-88-14 W6M; WA# 19856

The OGC has reviewed your application dated September 25, 2006, requesting permission to commingle gas production from the Upper Gething formation with the Osborn - Gething "E" and Boundary Lake North – Coplin "B" pools previously approved to commingle in the subject well on February 7, 2006.

The Commission has designated the Upper Gething zone under application as the Osborn – Gething "A" gas pool. Completion operations conducted in August 2006 would appear to have placed the two Gething pools in communication behind the wellbore casing. In recognition of this event, the commingled production approval is therefore amended to add this zone and adjust the production allocation values. Ongoing 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 amend the commingled production for include 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 "E" (1087.5 - 1089.5 mKB), Gething "A" (1096.0 – 1101.0 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 "E" 15 %, Gething "A" 75 % and Coplin 10 %. 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
Sr Reservoir Engineering Technologist

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