



OIL AND GAS COMMISSION

February 6, 2009

3410-7600-59240-09

Lily Lau-Porta
Reservoir Engineering Advisor
ISH Energy Ltd.
900 McFarlane Tower
700 - 4th Avenue S.W.
CALGARY, AB T2P 3J4

Dear Ms. Lau-Porta:

RE: PRESSURE MAINTENANCE APPROVAL; AMENDMENT #9
DESAN PEKISKO POOL

Oil and Gas Commission (OGC) staff have reviewed your application, dated December 12, 2008, requesting an amendment to the waterflood pressure maintenance approval for the subject oil pool.

ISH Energy is planning to implement an inverted 5-spot injection pattern within units 37 and 38 of Block D/94-P-7 by drilling 4 new vertical wells and one new water injection well at the north end of the oil pool.

The five proposed vertical wells include:

<u>Well Authorization #</u>	<u>Well Name</u>
22417	ISH DESAN c-37-D/94-P-07
22418	ISH DESAN b-37-D/94-P-07
22424	ISH DESAN a-38-D/94-P-07
22426	ISH DESAN b-A38-D/94-P-07 (injection well)
22427	ISH DESAN d-A38-D/94-P-07

Attached is Approval 96-09-003 (Amendment #9) for the application, granted under Section 100 of the Petroleum and Natural Gas Act. Additional wells will assist in pool management to increase oil recovery. Should the water injection well be unsuccessful in the Pekisko zone, please inform the OGC so that the approval may be modified.

Please note that the Good Engineering Practice (GEP) Approval 96-06-001 granted on April 24, 2996⁰⁰ for the Desan Pekisko Pools has been amended by excluding the area which now forms part of the pressure maintenance scheme area of Approval 96-09-003 (Amendment #9). Accordingly, attached also is the GEP Approval 96-06-001 (Amendment #2) granted under Part 8, Division 6, section 101 of the Drilling and Production Regulation.

Should you have any questions, please contact the undersigned at (250) 952-0366.

Sincerely,

Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering

Attachment

RESOURCE CONSERVATION

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APPROVAL 96-06-001 (Amendment #2)

**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION**

IN THE MATTER of a Good Engineering Practice (GEP) scheme of ISH Energy Ltd. (ISH) for producing the Desan Pekisko Pools without oil allowable, well spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, section 101 (previously section 104) of the *Drilling and Production Regulation*, hereby amends the GEP scheme of ISH for oil production with a project allowable, as such scheme is described in

an Application from ISH Energy Ltd. dated March 21, 1996, and related submission.

This scheme is approved, subject to the conditions herein contained and, in particular:

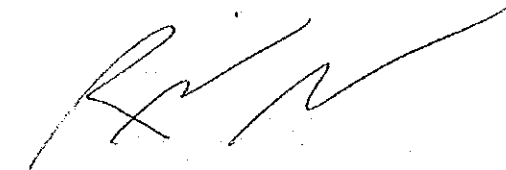
1. The area of the scheme shall consist of:

- 94-P-2 Block K – units 78 - 80, 88-90, 98-100
Block L – units 52-54, 62-64, 71-73, 81-83, 91-93, 99, 100
- 94-P-3 Block I – unit 91
- 94-P-6 Block A – unit 1
- 94-P-7 Block C – units 8-10, 18-20, 30, 60, 68-70, 78-80, 88-90, 96-100
Block D – units 1-3, 9-13, 21-23, 31-36, 39, 41-49, 51, 52, 54-57, 61-67, 71-77,
81-87, 91-97
Block E – units 1-7, 11-17, 21-27, 31, 34-39, 41, 44-49
Block F – 6-10, 18-20, 28-30, 38-40, 48-50, 59, 60, 69, 70

2. The scheme daily oil allowable is waived.

3. An oil well may be drilled anywhere within the project area provided that it is not nearer than 100 m to the sides of the approved area.

4. This approval may be modified or rescinded at a later date if deemed appropriate.



Richard Slocomb
Supervisor, Reservoir Engineering

DATED AT the City of Victoria, in the Province of British Columbia, this 6th day of February, 2009.

APPROVAL 96-09-003 (Amendment # 9)

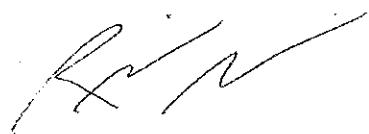
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION**

IN THE MATTER of a pressure maintenance scheme of ISH Energy Ltd. (ISH) for waterflood recovery of oil by water injection into the Desan Pekisko Pool.

The approval granted pursuant to Section 100 of the Petroleum and Natural Gas Act, R.S.B.C. 1996, c.361 is hereby amended as follows:

The pressure maintenance scheme of ISH for waterflood recovery of oil from the Desan Pekisko Pool as described in the applications from ISH dated April 9, 1996, April 4, 1997, October 16, 1997, November 3, 2000, January 21, 2002, January 9, 2004, January 31, 2005, November 29, 2005, and December 12, 2008 is hereby amended, subject to the terms herein contained.

1. The area of the pressure maintenance scheme area shall consist of:
94-P-2 Block L - units 65, 74 - 76, 84 - 87, 94 - 98
94-P-7 Block D - units 4 - 8, 14 - 18, 24 - 28, 37, and 38.
2. Water may be injected into the Desan Pekisko Pool through the wells a-65-L, d-74-L, d-76-L, d-85-L, d-87-L, d-94-L, d-96-L/94-P-2 & d-5-D, a-8-D, a-16-D, a-18-D, b-24-D, d-A26-D, c-27-D; b-28-D, and a-A38-D/94-P-7.
3. The injection pressure measured at the sandface must not exceed the formation fracture pressure.
4. An oil well may be completed anywhere within the scheme area provided that it is not nearer than 100 m to the sides of the scheme area.
5. Progress reports shall be filed as stipulated in Section 8 of the *Petroleum and Natural Gas General Regulation*.
6. The operations of the pressure maintenance scheme will be subject to periodic review and modification to the approval may be ordered, if deemed appropriate.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 6th day of February 2009.