



September 8, 2006

2020-4800-59240-06

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

Dear Mr. Taylor:

**RE: GOOD ENGINEERING PRACTICE APPROVAL  
BOUNDARY LAKE NORTH – HALFWAY “R” POOL**

The Commission has reviewed your application dated August 2, 2006, requesting Good Engineering Practice (GEP) scheme approval for producing gas from the subject two well gas pool.

This application is principally necessitated by the existence of two wells within the same gas spacing area, completed for commingled gas production that includes the same Boundary Lake North field Halfway “R” pool. The well Iteration Osborn A11-30-88-14 (WA 17452) was approved on June 22, 2006 for commingled production from the Coplin “F” and Halfway “R” pools. The well Iteration Osborn 16-30-88-14 (WA 19673), originally approved to commingled Baldonnel “C” and Halfway “R” pools, was amended on June 26, 2006 to include Gething “A” gas production. For both wells, commingled production has been deemed as an efficient method to maximize recovery from the aggregate zones.

Attached is Approval 06-06-053, granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This approval is intended to allow production of gas wells without spacing consideration for maximization of pool gas recovery; specifically, production of the wells A11-30-88-14 and 16-30-88-14, resulting in 2 wells per gas spacing area.

Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,

Doug McKenzie  
Director  
Resource Conservation Branch

Attachment

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**RESOURCE CONSERVATION BRANCH**

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**APPROVAL 06-06-053**

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

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IN THE MATTER of a Good Engineering Practice (GEP) scheme of Iteration Energy Ltd. (Iteration), for producing gas from the Boundary Lake North – Halfway “R” pool without spacing and target restrictions.

NOW, THEREFORE, the Oil and Gas Commission (Commission), pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Iteration as such scheme is described in

*an Application from Iteration to the Commission dated August 2, 2006 and related submissions.*

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

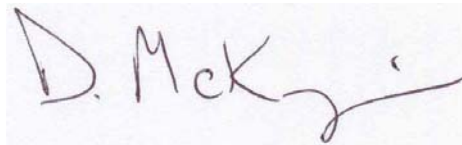
1. The area of the project shall consist of:

Twp 88 Rge 14 W6M – section 30.

2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved project area.

3. The gas wells within the project area may be produced without individual well allowable restrictions.

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



Doug McKenzie  
Director  
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 8th day of September 2006.