



OIL AND GAS COMMISSION

July 12, 2007

2020-4100-59240-06

Andrew Taylor  
Operations Technician  
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 – BALDONNEL “E” POOL**

Commission staff have reviewed your application dated May 22, 2007, requesting Good Engineering Practice (GEP) scheme approval for producing gas from the Boundary Lake North – Baldonnel formation. The Commission designates the pool under application as the Boundary Lake North field Baldonnel “E”.

Attached is Approval 07-06-026, 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 from the existing well 6-35-87-18 (WA# 1200) and an additional proposed location, resulting in 2 wells per gas spacing area.

We note that the required Pooling Agreement has now been registered with the Ministry of Energy, Mines and Petroleum Resources for the subject 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 07-06-026

**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 field – Baldonnel “E” 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 May 22, 2007 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 87 Rge 15 W6M – section 35.
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 12<sup>th</sup> day of July 2007.