



OIL AND GAS COMMISSION

April 11, 2006

2020-4540-59240-06  
OGC - 06137

Jane Mactaggart  
VP Exploitation  
Iteration Energy Ltd.  
Suite 700, 700 - 2<sup>nd</sup> Street SW  
Calgary AB T2P 2W1

*Iteration Energy Project #12*

Dear Ms. Mactaggart:

**RE: APPLICATION FOR GOOD ENGINEERING PRACTICE  
SECTION 21-88-14 W6M  
BOUNDARY LAKE NORTH - COPLIN "B" POOL**

The Commission has reviewed your application dated December 16, 2005, requesting Good Engineering Practice (GEP) scheme approval for producing gas from a portion of the subject pool. Additional information was presented at a meeting at our offices on March 29, 2006. Notice of this application was published in two issues of the BC Gazette, with no objections received.

The Commission agrees that reservoir pressure and production performance data support the interpretation of a reservoir with significant heterogeneity. Also, numerous wells intersecting this pool have been granted commingled production approval to maximize reserves recovery from the Coplin and various other zones.

Attached is Approval 06-06-026, granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, for a portion of the Boundary Lake North - Coplin "B" pool. This approval is intended to allow production of gas wells without spacing consideration for maximization of pool gas recovery; specifically, production of the wells Iteration et al N Boundary 9-21-88-14 (WA 17804) and Iteration et al N Boundary 13-21-88-14 (WA 19782), resulting in 2 wells per gas spacing area. An off-target production penalty waiver order was issued by the Commission on April 10, 2006 for the well 9-21.

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

Sincerely,

Richard Slocomb, P.Eng.  
A/ Director  
Resource Conservation Branch

Approval Letters to Industry  
GEP, SWD, Concurrent Prod, Pressure  
Maintenance, Waterflood, Etc.

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<input type="checkbox"/>	Daily	<input type="checkbox"/>	E. O'Neill
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<input type="checkbox"/>	59240	<input type="checkbox"/>	D. Krezanoski
<input type="checkbox"/>	R. Slocomb	<input type="checkbox"/>	L. Miller
<input type="checkbox"/>	R. Stefik	<input type="checkbox"/>	Resource Rev.
<input type="checkbox"/>	G. Farr	<input type="checkbox"/>	S. Chicorelli

Attachment

**RESOURCE CONSERVATION BRANCH**

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APPROVAL 06-06-026

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

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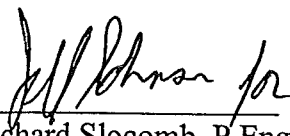
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Iteration Energy Ltd. (Iteration), for producing gas from a portion of the Boundary Lake North - Coplin "B" pool without spacing and target restrictions.

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 December 16, 2005 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 21.
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.

  
Richard Slocomb, P.Eng.  
A/ Director  
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 11<sup>th</sup> day of April 2006.