

December 31, 2009

9021-5000-59240-06

Steve Kehoe, P. Eng.  
Exploitation Engineer  
Iteration Energy Inc.  
700, 700 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 2W1

Dear Mr. Kehoe:

**RE: GOOD ENGINEERING PRACTICE APPROVAL  
HERITAGE – MONTNEY “A” POOL**

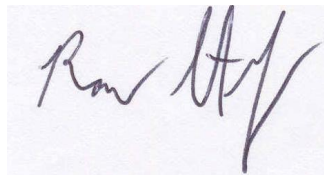
Commission staff have reviewed your application, dated November 9, 2009, requesting Good Engineering Practice (GEP) approval for producing Montney gas in the Monias area. The area of application has been designated as part of the Heritage – Montney ‘A’ pool by the Commission.

Attached is GEP Approval 09-06-041 (Iteration Project #1), hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This approval is intended to allow the drilling and production of gas wells at increased density without regard for normal spacing and target areas for maximization of gas recovery.

No objections were received following public notice of the application on the OGC website.

Should you have any questions, please contact the undersigned at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,



for Richard Slocomb, P.Eng.  
Supervisor, Reservoir Engineering  
Resource Conservation

Attachment

**APPROVAL 09-06-041**

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

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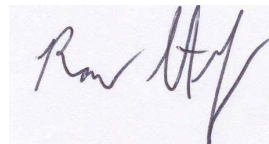
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Iteration Energy Ltd. (Iteration) for producing gas from a portion of the Heritage - Montney "A" pool without spacing and target restrictions.

NOW, THEREFORE, the 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 November 9, 2009, and related submissions.*

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

1. The area of the scheme shall consist of:  
Twp 82 Rge 20 W6M – Sections 16, 17, 19 - 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 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.



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for Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 31st day of December 2009.