



OIL AND GAS COMMISSION

January 9, 2006

6490-4540-59240-06  
OGC - 06008

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

Iteration Project (02)

Dear Ms. McTaggart:

**RE: GOOD ENGINEERING PRACTICE APPROVAL  
OSBORN - COPLIN "C" POOL**

The Commission has reviewed your application dated September 23, 2005, requesting Good Engineering Practice (GEP) scheme approval for producing gas from the subject pool.

Attached is Approval 06-06-005, granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, for a portion of the Osborn - Coplin "C" pool.

This approval is intended to allow production of gas wells without spacing consideration for maximization of gas recovery; specifically, the re-completed and production of the well Iteration Osborn 11-31-088-14 (WA 16118), resulting in 2 wells per gas spacing area.

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

Sincerely,

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

Attachment

**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
<input type="checkbox"/>	Wellfile	<input type="checkbox"/>	J. Merson
<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

**RESOURCE CONSERVATION BRANCH**

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APPROVAL 06-06-005

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 Osborn Coplin "C" 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

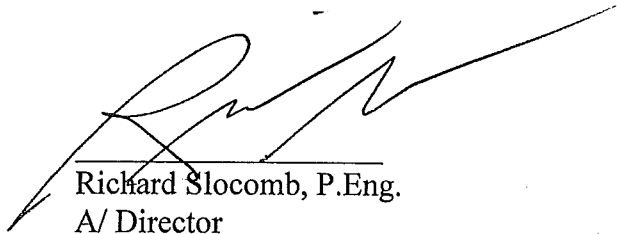
*an Application from Iteration to the Commission dated September 23, 2005 and related submissions.*

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 – fractional section 31  
94-A-09 Block J – fractional units 18, 19 and units 28, 29.

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 9<sup>th</sup> day of January 2006.