



April 23, 1996

Ms. Lily Lau-Porta
Reservoir Engineering Consultant
ISH Energy Ltd.
2450, 400 -3rd Ave SW
Calgary AB T2P 4H2

960415
3410-7600-59240-06

ISH Project (02)

Dear Ms. Lau-Porta:

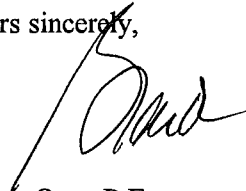
**RE: GOOD ENGINEERING PRACTICE
DESAN - PEKISKO**

Attached is a Good Engineering Practice (GEP) scheme approval for a portion of the subject field, as requested in your application dated March 21, 1996.

The Approval #95-06-001 is hereby granted under Part 8, Division 6, section 104 of the *Drilling and Production Regulation*.

This approval is intended to allow operational flexibility in order to maximize oil recovery.

Yours sincerely,


B. van Oort, P.Eng.
Director
Engineering and Operations Branch

RGS/PSA/mef

Attachment

Copies for Approval Letters to Industry (10)
D.L. Johnson
Resource Revenue
P.S. Attariwala
R.G. Stefik
G. Farr
D. Richardson
S. Chicorelli
Daily
Well File
59070-04

APPROVAL 96-06-001

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
MINISTRY OF EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION

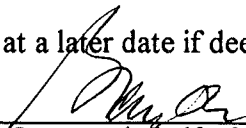
IN THE MATTER of a Good Engineering Practice (GEP) scheme of ISH Energy Ltd. (ISH) for producing the Desan Pekisko Pools with a project oil allowable.

NOW, THEREFORE, the Division Head, pursuant to Part 8, Division 6, section 104 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of ISH for oil production with a project allowable, as such scheme is described in

an Application from ISH Energy Ltd. to the Division dated March 21, 1996, and related submission.

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

1. The area of the scheme shall consist of units 78 - 80, 88 - 90, 98 - 100 of Block K, units 52 - 54, 62 - 65, 71 - 77, 81 - 87, 91 - 100 of Block L/94-P-2, unit 91 of Block I/94-P-3, unit 1 of Block A/94-P-6, units 8 - 10, 18 - 20, 30, 60, 68 - 70, 78 - 80, 88 - 90, 96 - 100 of Block C, units 1 - 17, 21 - 27, 31 - 39, 41 - 49, 51, 52, 54 - 57, 61 - 67, 71 - 77, 81 - 87, 91 - 97 of Block D, units 1 - 7, 11 - 17, 21 - 27, 31, 34 - 39, 41, 44 - 49 of Block E and units 6 - 10, 18 - 20, 28 - 30, 38 - 40, 48 - 50, 59, 60, 69, 70 of Block F/94-P-7.
2. The daily oil allowable, being the sum of the individual allowables, is 657.7 m³.
3. Royalty-free oil production from the discovery well d-67-D/94-P-7 (WA 5986), Pekisko 'A' pool, is limited to a total volume of 15,392 m³, or the volume produced in the first 36 producing months, whichever is lesser.
4. Royalty-free oil production from the discovery well d-1-D/94-P-7 (WA 5943), Pekisko 'B' pool, is limited to a total volume of 22, 838 m³, or the volume produced in the first 36 producing months, whichever is lesser.
5. Royalty-free oil production from the discovery well d-95-L/94-P-2 (WA 5944), Pekisko 'C' pool, is limited to a total volume of 32,525.5 m³, or the volume produced in the first 36 producing months, whichever is lesser.
6. An oil well may be drilled anywhere within the project area provided that it is not nearer than 100 m to the sides of the approved area.
7. This approval may be modified or rescinded at a later date if deemed appropriate.



B. van Oort, on behalf of
the Division Head
Energy and Minerals Division

DATED AT the City of Victoria, in the Province of British Columbia, this 2/day of April, 1996.