



OIL AND GAS COMMISSION

March 3, 2005

3410-7600-59240-09
OGC - 05071

Lily Lau-Porta
Reservoir Engineering Advisor
ISH Energy Ltd.
900 McFarlane Tower
700 - 4th Avenue S.W.
CALGARY, AB T2P 3J4

ISH Water Flood Project (03)

Dear Ms. Lau-Porta:

RE: PRESSURE MAINTENANCE APPROVAL; AMENDMENT #7
DESAN PEKISKO POOL

Oil and Gas Commission (OGC) staff have reviewed your application, dated January 31, 2005, requesting an amendment to the waterflood pressure maintenance approval in the subject oil pool.

Attached is Approval 96-09-003 (Amendment #7) for the application, granted under Section 100 of the Petroleum and Natural Gas Act.

This amendment adds units 18 and 28 of Block D/94-P-7 to the approval area, incorporating the new horizontal well Ish HZ Desan d-D17-D/94-P-07 (BH c-18-D); WA 18273 and proposed well Ish HZ Desan d-C17-D/94-P-07 (BH c-28-D); WA 18277. All other conditions of the approval remain unchanged. The OGC is encouraged by the signs of positive waterflood response.

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

RGS

Attachment

Approval Letters to Industry
GEP, SWD, CONCURRENT PROD,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.

Copy 9

- Wellfile (originals)
- 59240
- Dally
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- R. Slocomb
- D. Krezanoski

RESOURCE CONSERVATION BRANCH

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APPROVAL 96-09-003 (Amendment # 7)

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

IN THE MATTER of a pressure maintenance scheme of ISH Energy Ltd. (ISH) for waterflood recovery of oil by water injection into the Desan Pekisko Pool.

The approval granted pursuant to Section 100 of the Petroleum and Natural Gas Act, R.S.B.C. 1996, c.361 is hereby amended as follows:

The pressure maintenance scheme of ISH for waterflood recovery of oil from the Desan Pekisko Pool as described in the applications from ISH dated April 9, 1996, April 4, 1997, October 16, 1997, November 3, 2000, January 21, 2002, January 9, 2004 and January 31, 2005 is hereby amended, subject to the terms herein contained.

1. The area of the pressure maintenance scheme area shall consist of:
94-P-2 Block L - units 65, 74 - 76, 84 - 87, 94 - 98
94-P-7 Block D - units 4 - 8, 14 - 18 and 24 - 28.
2. Water may be injected into the Desan Pekisko Pool through the wells d-74-L, d-76-L, d-85-L, d-87-L, d-94-L, d-96-L/94-P-2 and d-5-D, a-16-D, b-24-D and d-A26-D/94-P-7.
3. The injection pressure measured at the sandface must not exceed the formation fracture pressure.
4. An oil well may be drilled anywhere within the scheme area provided that it is not nearer than 100 m to the sides of the scheme area.
5. Progress reports shall be filed as stipulated in Section 8 of the *Petroleum and Natural Gas General Regulation*.
6. The operations of the pressure maintenance scheme will be subject to periodic review and modification to the approval may be ordered, if deemed appropriate.



Craig Gibson
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this day of March 2005.