



OIL AND GAS COMMISSION

December 5, 2005

3410-7600-59240-09

OGC - 05343

Lily Lau-Porta
Reservoir Engineering Advisor
ISH Energy Ltd.
900 McFarlane Tower
700 - 4th Avenue S.W.
CALGARY, AB T2P 4H2

ISH Waterflood Project (03)

Dear Ms. Lau-Porta:

RE: PRESSURE MAINTENANCE APPROVAL; AMENDMENT #8
DESAN PEKISKO POOL

Oil and Gas Commission (OGC) staff have reviewed your application, dated November 29, 2005, requesting an amendment to the waterflood pressure maintenance approval for the subject oil pool.

Attached is Approval 96-09-003 (Amendment #8) for the application, granted under Section 100 of the Petroleum and Natural Gas Act.

This amendment recognizes five proposed vertical water injection wells:

Table with 2 columns: Well Authorization #, Well Name. Rows include 19997, 19998, 20000, 20001, 20587 with corresponding well names and a note for 20587.

Additional injectors will assist in pool management to increase oil recovery. Should one of more of these wells be unsuccessful as a water injector in the Pekisko zone, please inform the OGC so that the approval may be modified. All other conditions of the approval remain unchanged.

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

Sincerely,

Handwritten signature of Richard Slocomb

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

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

Copy 11

Table with 2 columns of checkboxes and names: Daily, Wellfile, 59240, R. Slocomb, R. Stefik, G. Farr, J. Pickell, D. Krezanoski, L. Miller, Resource Rev., S. Chicorelli.

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 96-09-003 (Amendment # 8)

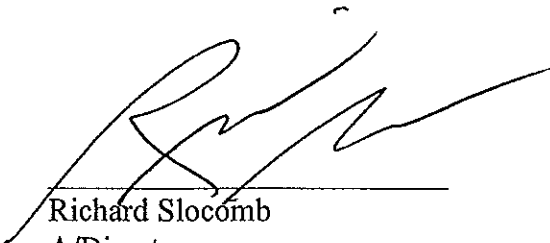
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION**

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, January 31, 2005 and November 29, 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 a-65-L, d-74-L, d-76-L, d-85-L, d-87-L, d-94-L, d-96-L/94-P-2 & d-5-D, a-8-D, a-16-D, a-18-D, b-24-D, d-A26-D, c-27-D and b-28-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 completed 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.


Richard Slocomb
A/Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this ^{5th} day of December 2005.