

February 26, 2016

6600-4800-32640-60

Jeremy Sarada, CET
Regulatory Analyst, Exploration & Production
Centrica Canada Ltd.
1200, 525 8 Avenue SW
Calgary, AB T2P 1G1

Dear Mr. Sarada:

**RE: OBSERVATION WELL STATUS APPROVAL
DIRECT PENN WEST PARKLAND 15-29-081-15, WA 12434
PARKLAND FIELD – HALFWAY “C” POOL**

BC Oil and Gas Commission (Commission) staff have reviewed the February 25, 2016 application from Centrica Canada Ltd. seeking approval of observation well status for Direct Penn West Parkland 15-29-081-15 (WA 12434).

The Drilling and Production Regulation Part 1 defines an observation well as “a well or a portion of a well designated as an observation well under section 2 (7)”.

- 2 (7) An official may designate a well as an observation well if
- (a) the well is being used to monitor reservoir pressures or to obtain other formation information, and
 - (b) the well is not used to produce from, or inject or dispose of fluids into, a formation being monitored.

The subject well was drilled in 2000, targeting the Belloy and Halfway formations for gas production. The Belloy formation was on active production from April 2002 to November 2012, and the Halfway formation produced in September and October of 2006.

Centrica Canada Ltd. is requesting use of this well to monitor the Halfway formation pressure in the Parkland Field to assist in the optimization of this producing Halfway pool; and more specifically, to confirm the assumed isolation between the Halfway channel sandstones and shoreface sandstones. Pressure data collected will be used to evaluate remaining gas reserves in the Halfway formation and to justify development activity, including a potential gas well in the Halfway at 03-31-081-15.

Approval of observation status is granted for Direct Penn West Parkland 15-29-081-15 (WA 12434), for the Halfway formation, with the following requirements;

- Physically suspend the Belloy formation by setting a tubing plug and filling the Belloy production string with inhibited fresh water,
- To conduct a reservoir pressure test annually, with the first test occurring in 2016,
- To conduct a static gradient test within 24 months, and
- To submit a BC11 form to the Ministry of Finance to update the well status.

Should you have any questions, please contact Kathryn Archibald at (250) 419-4457 or the undersigned at (250) 419-4430.

Sincerely,



Ron Stefik, Eng. L.
Supervisor, Reservoir Engineering
Oil and Gas Commission