

May 5, 2017

9045-7400-32640-60

Sean MacDonald, P.Eng
Engineer – Projects, Shale Gas
Nexen Energy ULC
801 – 7th Avenue SW
Calgary, AB T2P 3P7

Dear Mr. MacDonald:

**RE: OBSERVATION WELL STATUS APPROVAL
NEXEN ENERGY ETSHO b-H18-I/94-O-8 (WA 25945)
HORN RIVER - DEBOLT**

BC Oil and Gas Commission (Commission) staff have reviewed the May 4, 2017 application from Nexen Energy ULC seeking approval of observation well status for Nexen Energy Etsho b-H18-I/94-O-8 (WA 25945).

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 2010 and the Debolt formation was completed for the purpose of water production, producing from the formation between 2010 and 2015. The subject well has a downhole ESP and a pressure gauge that records continuously, making it a good candidate for observation of the Debolt formation. The subject well will be primarily used to monitor the offsetting Nexen Debolt disposal wells; Nexen Energy Tsea b-16-I/94-O-8 (WA 25113) and Nexen Energy Tsea c-A16-I/94-O-8 (WA 27360). Nexen Energy ULC has proposed collecting pressure data from the gauge on an annual basis.

Approval of observation status is granted for Nexen Energy Etsho b-H18-I/94-O-08 (WA 25945), for the Debolt formation, with the following requirements;

- collect and submit pressure data from the pressure gauge on an annual basis, and
- 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.

Please be reminded that all reservoir pressure tests conducted must be submitted to the Commission within sixty days of the date on which the pressure was measured.

Sincerely,



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