

July 31, 2017

7000-4800-32640-60

Lynn Wood, P.Eng
Exploitation Engineer – BC South
Canadian Natural Resources Ltd.
Suite 2500, 885 – 2nd Street SW
Calgary, Alberta, T2P 4J8

Dear Ms. Wood,

**RE: OBSERVATION WELL STATUS APPROVAL
CNRL ET AL W PEEJAY c-64-G/94-A-15 (WA 11390)
PEEJAY WEST – HALFWAY ‘A’**

The BC Oil and Gas Commission (Commission) is presently reviewing observation wells, to confirm the suitability of this status and amend or rescind approvals, to conform to current requirements. Staff have reviewed the observation well in the Peejay West field, Halfway “A” pool; CNRL et al W Peejay c-64-G/94-A-15 (WA 11390).

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 and the Halfway and Gething formations were completed for the purpose of gas production; although neither produced. The Halfway formation was suspended by bridge plug in 2000. In 2011 the Gething perforations were cement squeezed and the bridge plug isolating the Halfway formation was milled out. The status of the Halfway completion event was updated to observation in April 2011. The most recent pressure test on file for the subject well is dated February 2013.

Approval of observation status is granted for CNRL et al W Peejay c-64-G/94-A-15 (WA 11390), for the Halfway ‘A’ pool, with the following requirements;

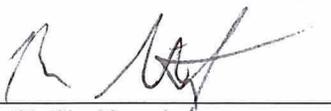
- conduct a reservoir pressure test annually, with the next test occurring in 2017.

Failure to meet this condition will result in removal of the observation well designation.

Please be reminded that the Peejay West - Halfway ‘A’ pool is subject to pressure testing every two years, as noted in [Table 1: Pools with Non-Annual Pressure Survey Approval](#). All reservoir pressure tests conducted must be submitted to the Commission within sixty days after the date on which the pressure was measured.

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