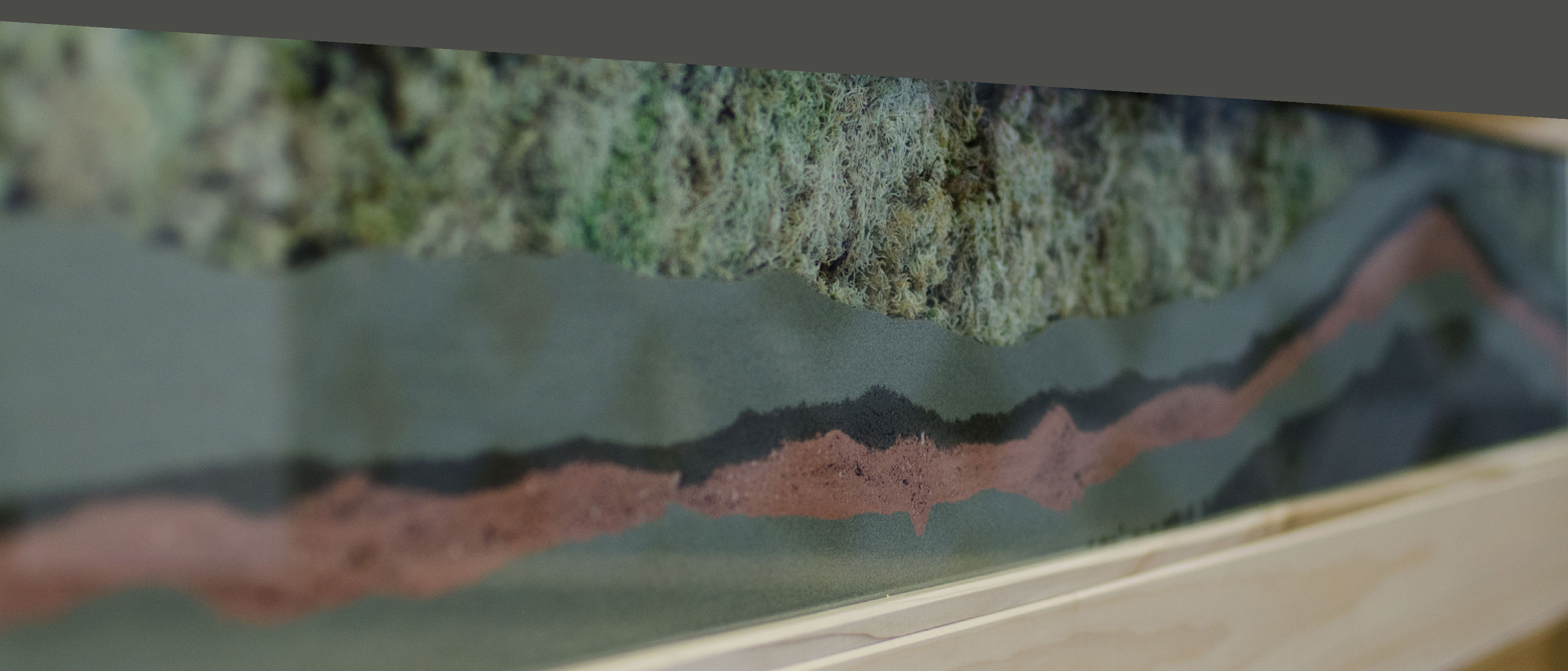
British Columbia's Oil and Gas Reserves and Production Report

2018 | BC Oil and Gas Commission



About the

BC Oil and Gas Commission

The BC Oil and Gas Commission (Commission) protects public safety and safeguards the environment through the sound regulation of oil, gas and geothermal activities in B.C. From exploration through to final reclamation, the Commission works closely with First Nations, land owners and rights holders, and ensures industry complies with provinicial legislation.

With more than 20 years' dedicated service, the Commission is committed to safe and responsible energy resource management for British Columbia.

For general information about the Commission, please visit: www.bcogc.ca or phone 250-794-5200.

The Commission's seven office locations plus major oil and gas plays in Northeast B.C.

Purpose of Report

British Columbia's Oil and Gas Reserves and Production Report

This annual report summarizes provincial oil and gas production and remaining recoverable reserves in British Columbia, providing assurance of supply for the development of policy, regulation and industry investment. The report also qualifies the growth and future potential of unconventional resources as a long-term source of natural gas for the province.

Estimates of British Columbia's natural gas, oil, condensate, and associated by-product reserves are presented in this report as of Dec. 31, 2018. The estimates have been prepared by the BC Oil and Gas Commission (Commission) using the principles of accepted engineering methods (including the Canadian Oil and Gas Evaluation Handbook (COGEH), the SPEE Monograph 3: Guidelines for the Practical Evaluation of Undeveloped Reserves in Resource Plays, and SPEE Monograph 4: Estimating Ultimate Recovery of Developed Wells in Low-Permeability Reservoirs). This report is not subject to the audit requirements of publicly traded companies and is not intended for the evaluation of individual companies.

The reserve numbers represent proved plus probable (2P) recoverable reserves using current technology. The proved reserves reflect a"reasonable certainty" to be commercially recoverable. Probable reserves are less likely to be recovered than proved reserves and are interpreted from geological data or engineering analyses.

Table of Contents

Available on the Commission website:

Detailed Gas Reserves By Field and Pool

Detailed Oil Reserves by Field and Pool

Detailed Condensate and By-Product Reserves by Field and Pool

Difference Between Resources and Reserves

The terms “Resources” and “Reserves” are not interchangeable. This section highlights the significant differences in the criteria associated with their classification.

Resources

Resources are the total quantity of oil and natural gas estimated to be contained in subsurface accumulations. The term resource is applied to a geologic formation in a large geographic region or a specific geologic basin. Resource estimates include proven reserves, produced quantities and unproven resources which may not be recoverable with current technology and economics.

The Commission cautions those using resources (prospective or contingent) as an indicator of future production.

Reserves

Reserves are quantities of oil and natural gas that are commercially recoverable with development projects from a given date under defined conditions. To be classified as reserves, the oil or gas must meet these criteria:

- Penetrated by a wellbore.
- Confirmation the well will produce (either a production test, or on production).
- Meets regulatory requirements (production or development not prohibited by government policy or legislation).
- Marketable to sell (viable transportation to sales point available either through pipelines, rail or trucking).
- Developed within a reasonable time frame (up to five years for probable reserves).
- Economic to recover, considering development costs, sales price, royalties, etc.

Dawson Creek Resource Centre

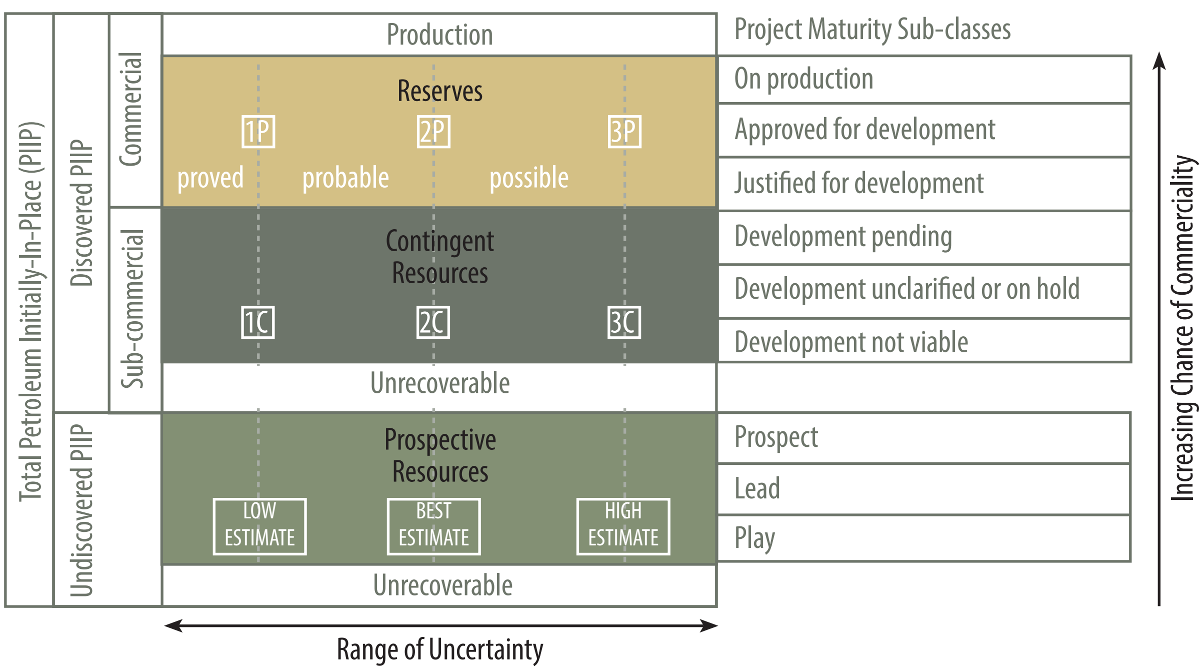
Difference Between Resources and Reserves

The Petroleum Resources Classification Framework published by the Society of Petroleum Engineers (Figure 1) provides a detailed analysis of the differences between resources and reserves.

The resources classification system is based on project maturity. This classification system uses an increasing chance of commerciality to categorize the petroleum initially-in-place (PIIP) as prospective resources (undiscovered resources), contingent resources (discovered but sub-commercial) or as reserves (commercial).

Along the horizontal axis, prospective resources are sub-divided into three uncertainty categories providing a low estimate, best estimate, or high estimate. Contingent resources are sub-divided into 1C, 2C and 3C estimates of recovery with 3C having the highest number of resources. Reserves have a comparable system to that of contingent resources with 1P, 2P and 3P to represent proved, probable and possible reserves.

Figure 1: Resources Classification Framework and Sub-classes Based on Project Maturity
Sourced from: Petroleum Resources Management System (no scale inferred).



Difference Between Resources and Reserves

Reserves: What we can get.
Resources: What is there.

The resource volume provides an understanding of the size of these accumulations and potential for further development. An often used graphic when comparing resources and reserves is the iceberg image to the right. It shows the vast quantity of hydrocarbons available (resources) versus the known established reserves.

A comparison between the resource estimate and remaining reserves (Table 1) illustrates the large differences in gas volumes between the two categories. For example, in the Montney basin the resource estimate (P50) is 55,610 e^9m^3 (1,965 Tcf); however, currently recoverable initial raw gas reserves of 1,462 e^9m^3 (51.7 Tcf) are less than three per cent.

Table 1: Unconventional Gas Resource, Reserves and Cumulative Production

	Resource				Reserve						
Basin/Play	Basin Total GIP Resource		Ultimate Resource Marketable		Initial Raw Gas Reserves		Remaining Reserves (Raw)		Cumulative Production (Raw)[6]		% Reserve per Resource
Unit	10^9m^3	Tcf	10^9m^3	Tcf	10^9m^3	Tcf	10^9m^3	Tcf	10^9m^3	Tcf	
Montney[1]	55,610	1,965	7,669	271	1,347.6	47.6	1,102.6	39.0	245.1	8.7	2.42%
Liard Basin[2]	23,998	848	4,726	167	2.8	0.1	1.4	0.1	1.4	0.1	0.01%
Horn River Basin[3]	12,678	448	2,207	78	79.0	2.8	48.1	1.7	30.8	1.1	0.62%
Cordova[4]	1,902	67	249	9	3.1	0.1	1.7	0.1	1.4	0.1	0.16%
Deep Basin Cadomin, Nikanassin[5]	255	9	207	7	29.7	1.1	11.0	0.4	18.7	0.7	11.67%
Total	94,443	3,337	15,058	532	1,462.3	51.7	1,164.8	41.2	297.4	10.5	1.55%

1. NEB/OGC/AER/MNGD Energy Briefing Note - The Ultimate Potential for Unconventional Petroleum from the Montney Formation of BC and Alberta (Nov. 2013).
2. NEB/OGC/ NWT/Yukon Energy Briefing Note - The Unconventional Gas Resources of Mississippian-Devonian Shales in the Liard Basin of British Columbia, The Northwest Territories and Yukon (March 2016).
3. NEB/MEM Oil and Gas Reports 2011-1, Ultimate Potential for Unconventional Natural Gas in Northeastern BC's Horn River Basin (May 2011).
4. MNGD/OGC Cordova Embayment Resource Assessment (June 2015).
5. MEMPR/NEB Report 2006-A, NEBC's Ultimate Potential for Conventional Natural Gas.
6. Cumulative production to Dec. 31, 2018.

Executive Summary

Reserve estimates, as shown in Table 2, indicate a significant shift from dry gas to liquids rich production. The increase in hydrocarbon liquid volumes (LPG and Pentanes+) is partially due to a policy change in determination of the primary product of oil or gas for Montney formation wells, most new wells qualifying as gas wells. Sulphur production decreased significantly due to a decline in higher sulfur content conventional production and growth in lower sulfur content Montney gas. The Montney remains the dominant play for provincial drilling activity, production and reserves growth. The number of wells drilled in 2018 significantly decreased to 444 from 621 in 2017. The overall increase in remaining gas reserves in the province resulted from maximizing reserve recovery by optimizing completion techniques and enhancing pad development in the Montney formation, which off-sets the natural decline and the lack of activity in other plays such as the Horn River regional field. The increase in oil reserves was due to reserves revisions and expansion of oil legs. Reserve revisions are shown in Appendix A Table A-1

Table 2: Remaining Reserves as of Dec. 31, 2018

	2018		2017		Percent Change
Gas (raw)	1,434.1 $10^9 m^3$	50.7 Tcf	1,354.7 $10^9 m^3$	47.9 Tcf	5.9 %
Oil	18.3 $10^6 m^3$	115.5 MMSTB	18.2 $10^6 m^3$	114.5 MMSTB	0.9 %
Pentanes$^+$	48.0 $10^6 m^3$	301.8 MMSTB	40.8 $10^6 m^3$	256.6 MMSTB	17.6 %
LPG	143.4 $10^6 m^3$	901.7 MMSTB	125.4 $10^6 m^3$	788.9 MMSTB	14.4 %
Sulphur	9.8 10^6 tonnes	9.6 MMLT	13.1 10^6 tonnes	12.9 MMLT	-25.2 %

As shown in Figure 2, well drilling activity was concentrated in the Montney formation. Of the 444 wells drilled in 2018, 95 per cent (421 wells) were drilled in the Montney formation. The remaining 5.0 per cent included disposal 6, injection 2, observation 1 and water source 1, storage 1, and 12 wells drilled in other formations.

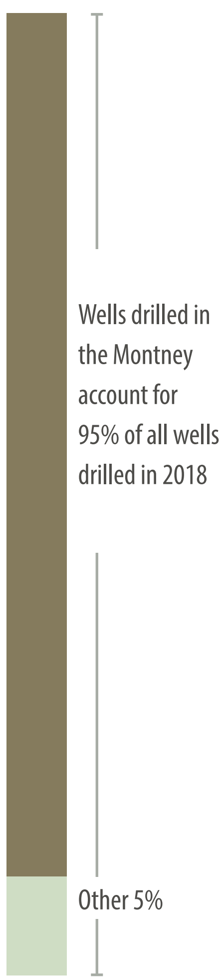
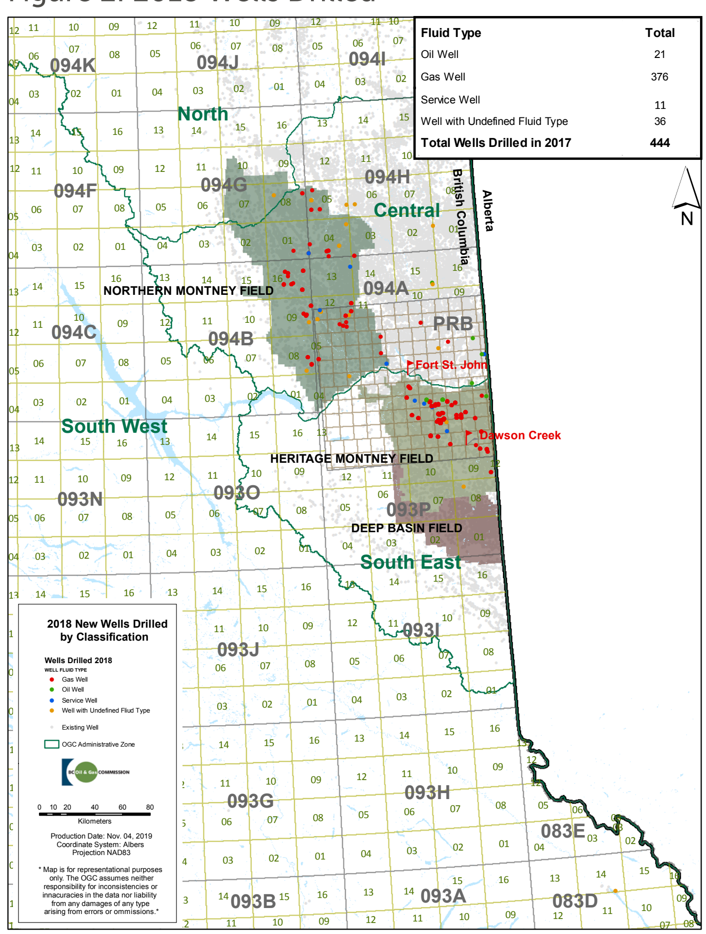


Figure 2: 2018 Wells Drilled



Discussions: Gas Reserves and Production

As of December 2018, unconventional gas zones accounted for 83.3 per cent of all remaining reserves and 90.5 per cent of annual gas production in the province.

As of Dec. 31, 2018, the province's remaining raw gas reserves were 14,34.1 e^9m^3, a 5.9 per cent increase from the 2017 remaining reserves. The increase in reserves occurred primarily due to an increase in recoveries on a per well basis, new Montney wells on average demonstrating higher initial production rate as well as total expected gas recovery volume.

Figure 3 illustrates the distribution of remaining conventional and unconventional gas reserves, with 76.9 per cent of the remaining recoverable reserves held in the Montney basin.

Figure 4 echoes the distribution of remaining reserves by showing the gas production split by source (as at December 2018). The majority of production in the province now originates from the Montney.

Figure 3: 2018 Remaining Gas Reserves

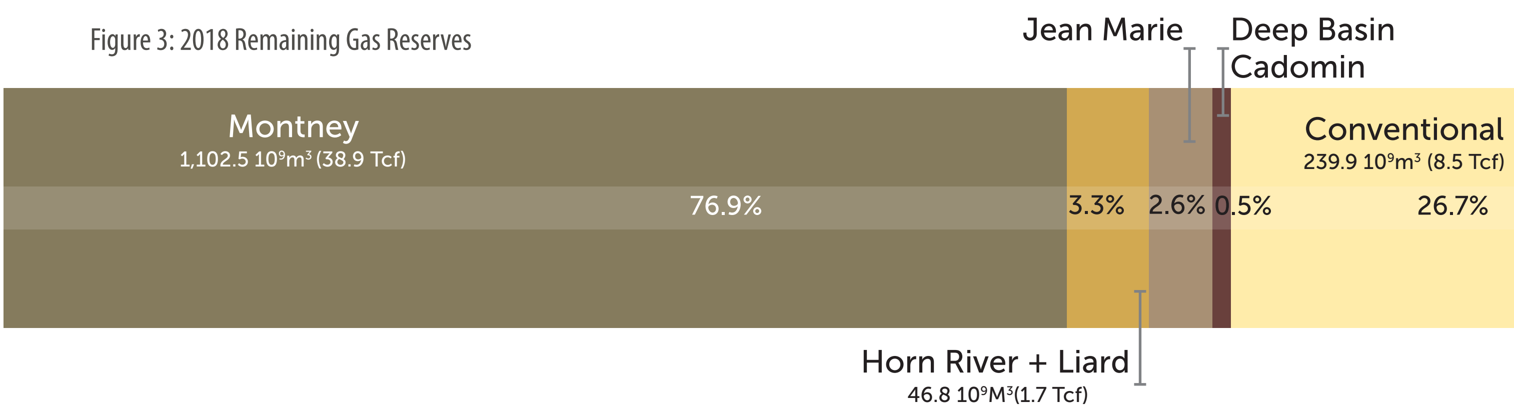


Figure 4: 2018 Annual Gas Production Split by Source

Discussions: Gas Reserves and Production

As shown in Figure 5, unconventional gas production continues to displace conventional production.

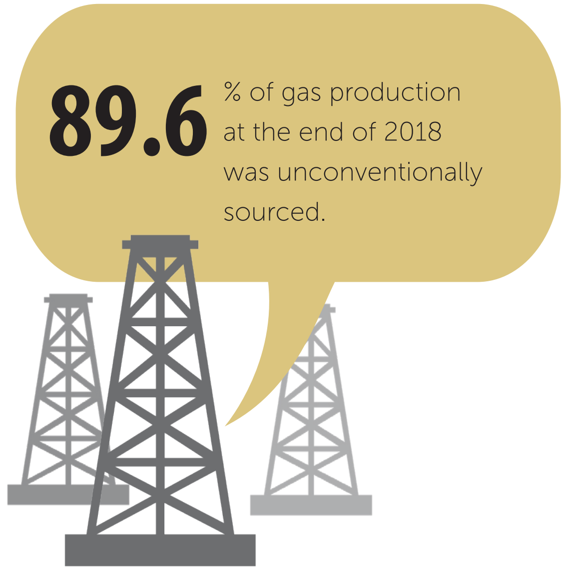
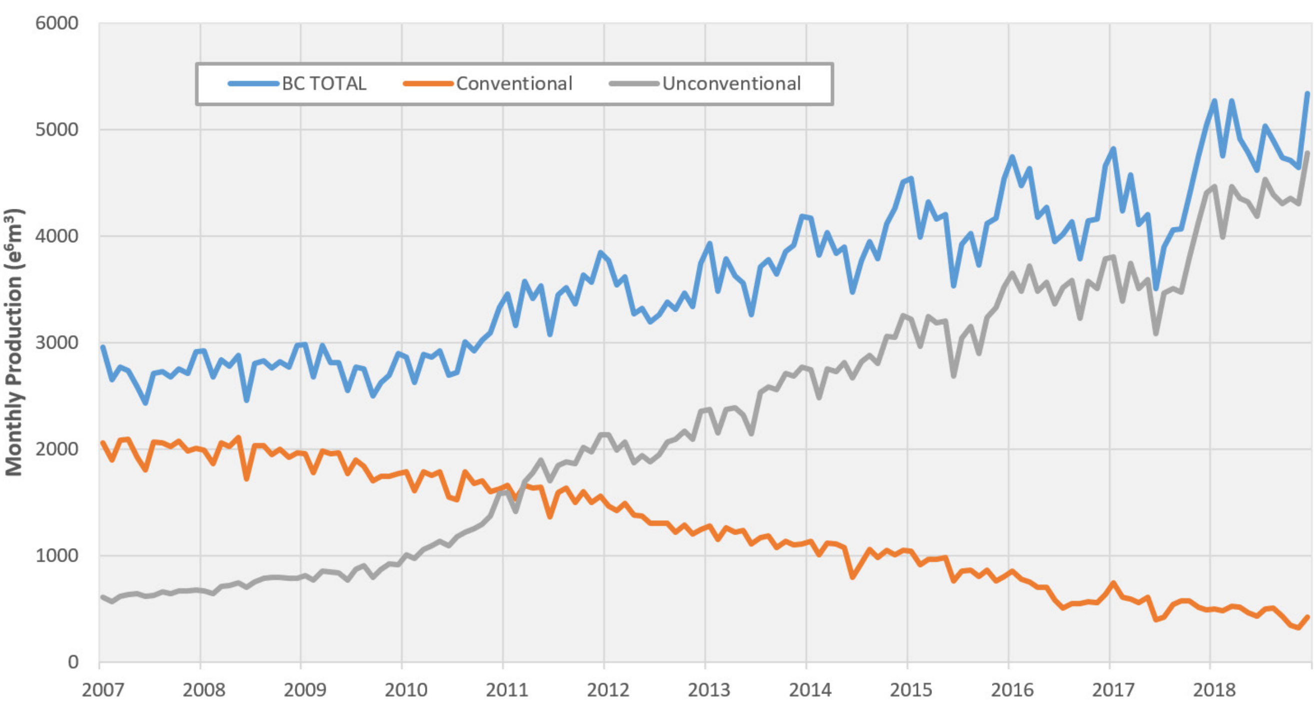


Figure 5: Unconventional vs. Conventional Raw Gas Production 2007 to 2018

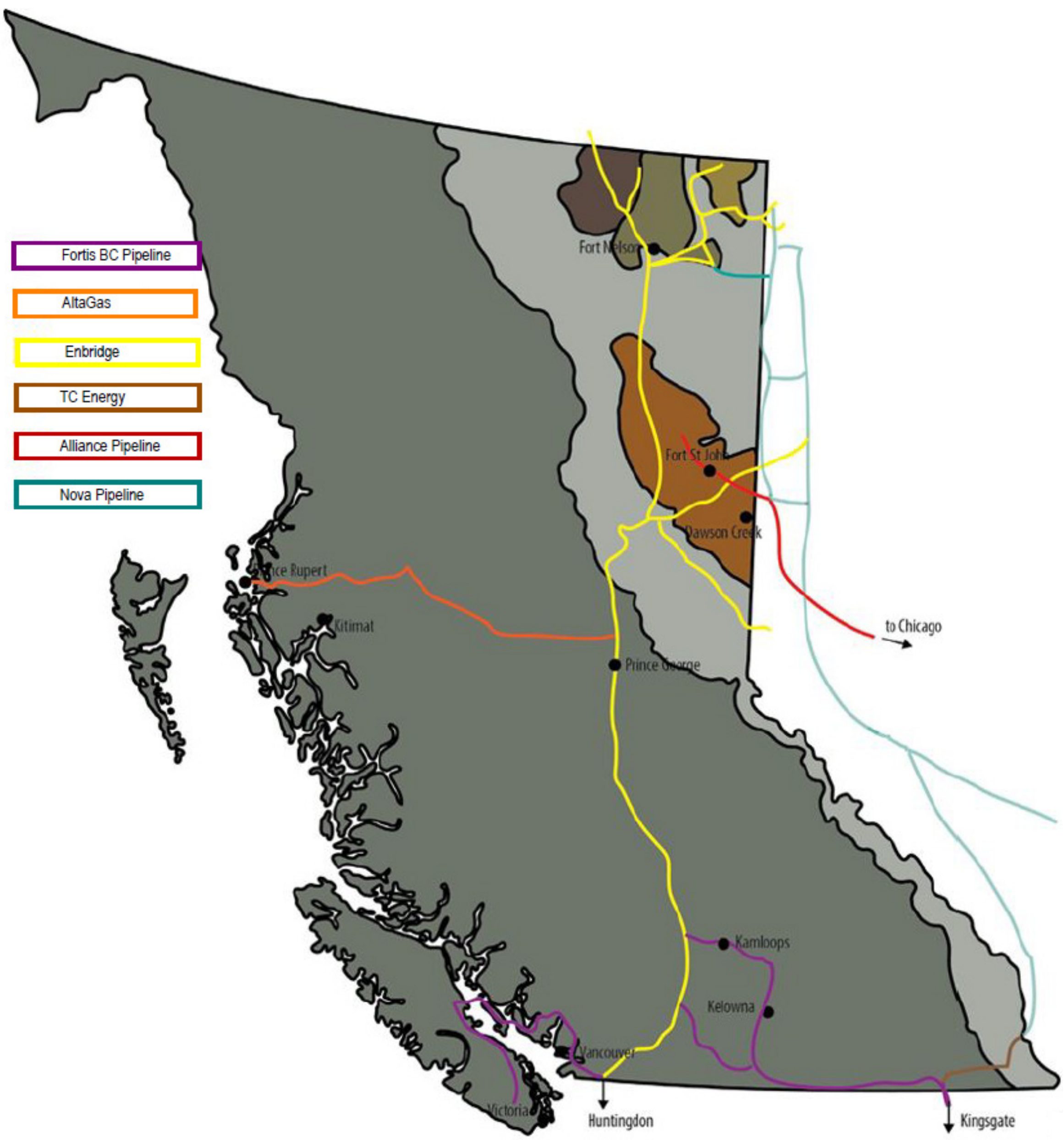


Discussions: Gas Reserves and Production

In the last five years gas production has increased by 25.7 per cent resulting in increased loads within the existing pipeline delivery points for the Montney. Gas within these regions is transported by pipelines to Station 2 (shipped on Enbridge, formerly Spectra), AECO (shipped on TC Energy Pipeline) and Chicago (shipped on Alliance). See Figure 6.

TC Energy construction of the North Montney Mainline will provide a significant increase in capacity.

Figure 6: British Columbia's Gas Pipelines



Discussions: Gas Reserves and Production

Figure 7 represents the Commission's raw gas reserves bookings from 1998 to 2018, highlighting unconventional Montney and Horn River reserves versus all other reserves grouped together.

Remaining reserves were consistent for a decade prior to 2003, then increased due to a number of factors including Deep Basin development followed by horizontal unconventional development. Between 2003 and 2006, activity reached record levels (1,300 gas wells drilled in 2006), with predominant targets such as shallow Cretaceous (Notikewin, Bluesky and Gething) and Triassic (Baldonnel and Halfway), in the Deep Basin (the Cadomin and Nikanassin), and the Jean Marie in the north east.

In 2005, the onset of Montney horizontal drilling with hydraulic stimulation created a new supply of gas. This was followed by Horn River development in 2010. Further development of the Horn River basin has now ceased, awaiting economic gas demand.

Raw gas production for the province in December 2018 was 172.1 e^6m^3 per day (6.1 Bcf/d).

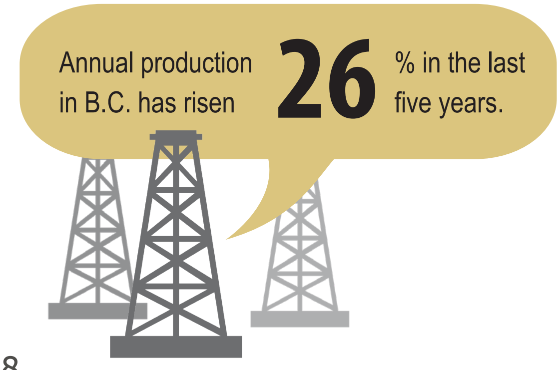
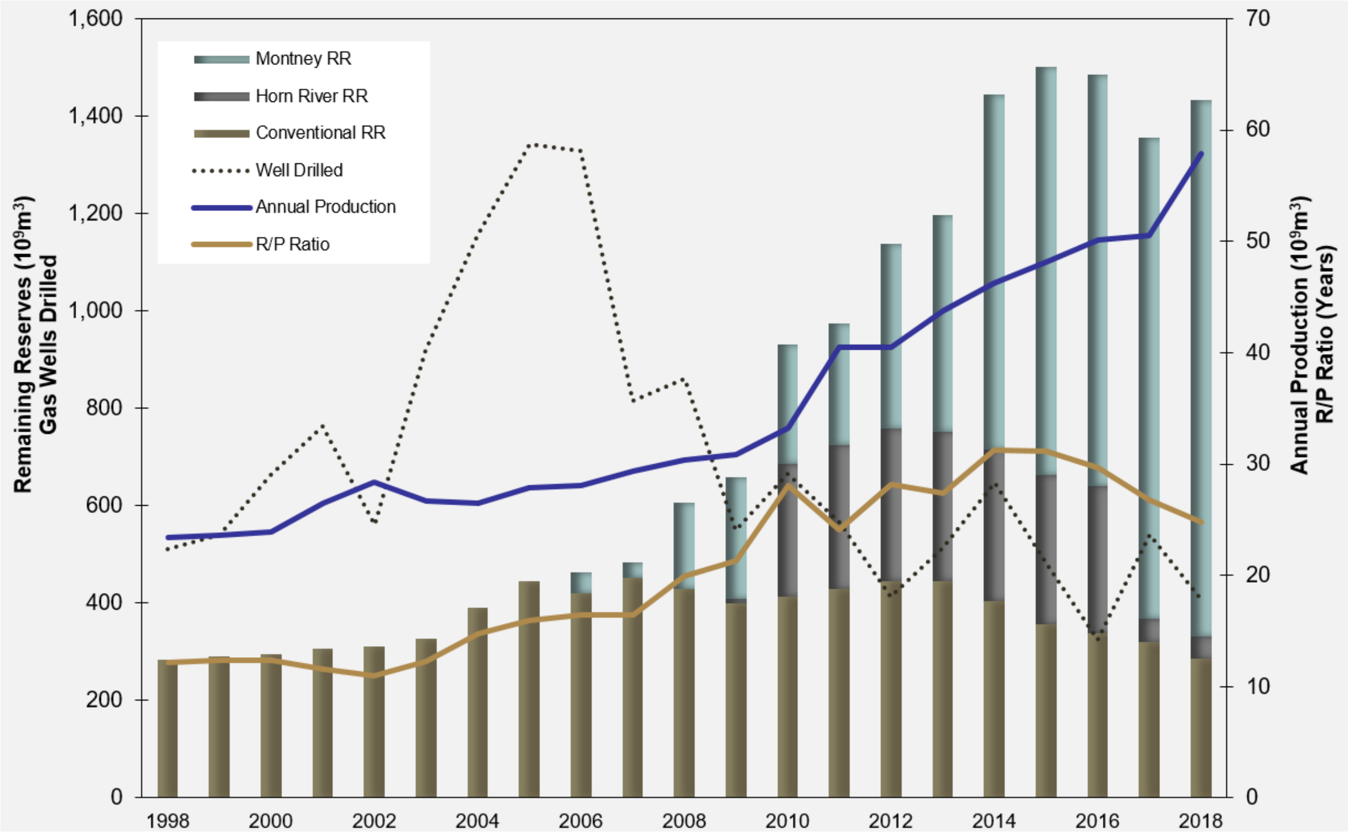


Figure 7: Historical Development in B.C. 1998 to 2018



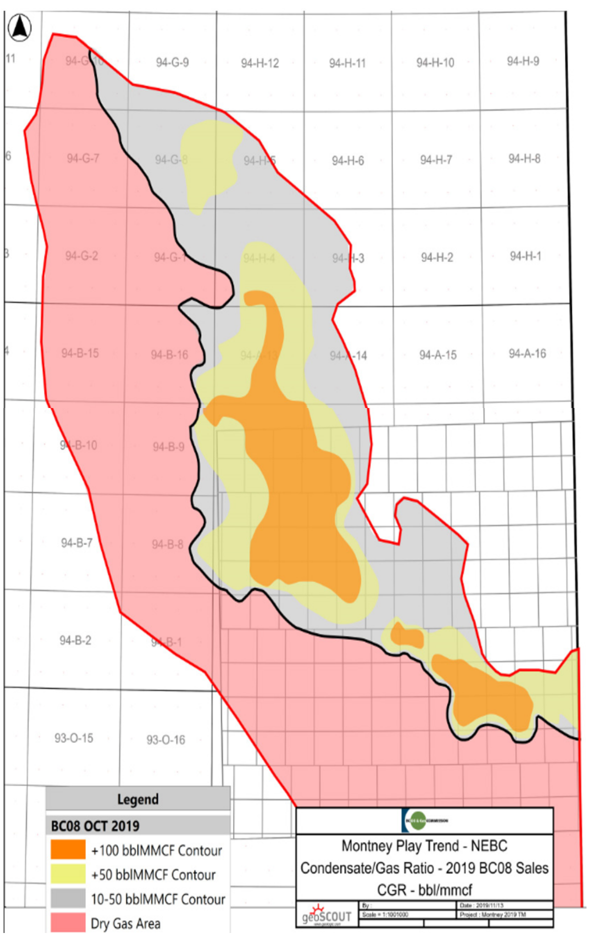
Montney
Unconventional Gas Play

The Montney contains 76.9 per cent (39.0 Tcf) of the province's remaining raw gas reserves and contributed 82.9 per cent (4.64 Bcf/d; annual average rate) of the province's 2018 production.

Significant development of the Montney began in 2005 and the area has become the largest contributor to natural gas production volumes in the province. In 2018, drilling was focused on the liquid rich gas portions of the play trend. As a result, production of natural gas liquids and condensate increased significantly. At the end of December 2018, of the 8,090 producing wells, 3,280 were producing from the Montney formation.

Figure 8 displays the identified dry gas, rich gas and oil trends within the greater Montney Play trend. In the eastern area of the play trend a prolific high quality condensate window exists. Drilling continues along the eastern side of this super-condensate rich area where this window continues for a considerable distance on the north eastern side of the Montney play.

Figure 8: Montney 2018 Dry/Wet/Oil Distribution



In December 2018 the Northern Montney production was 45.40 e^6m^3 per day (1.60 Bcf/d) while the Heritage field production was 96.86 e^6m^3 per day (3.42 Bcf/d).

Montney
Unconventional Gas Play

As of Dec. 31, 2018, the remaining gas reserves for the Montney formation are 1,102.5 e^9m^3 (39.0 Tcf) (raw), which represents a 2.4 per cent recovery of the total basin gas-in-place of the Montney resource estimate.

A detailed record of reserve estimates for each Montney pool can be found in Table 3 below.

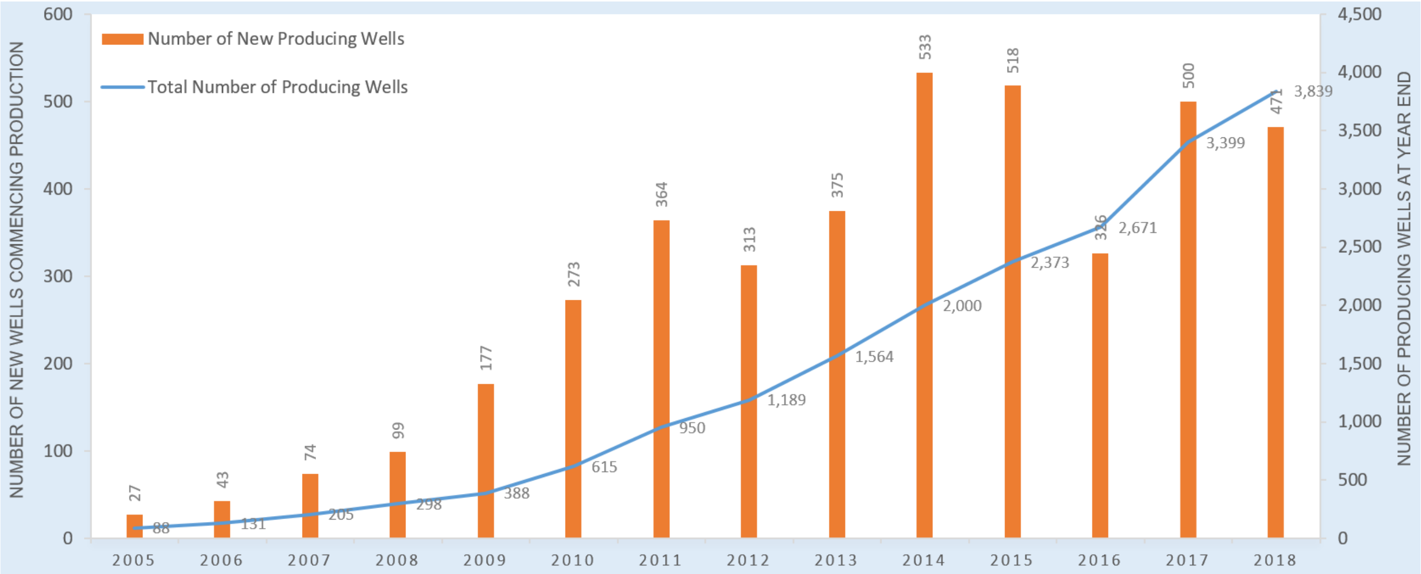
Table 3: Montney Remaining Reserves as of Dec. 31, 2018

Field	Pool	Horizontal Well EUR (Bcf) per well				Initial Reserves (Raw) Bcf	Remaining Reserves (Raw) Bcf	Existing Horizontal Wells	PUDs
		Pmean	P90	P50	P10				
Heritage	Montney A	5.5	1.4	4.6	10.8	28,690	22,665	2,331	3,264
Northern Montney	Montney A	4.6	1.2	4.0	8.6	14,421	12,702	1,028	2,279
	Doig Phosphate-Montney A	4.3	1.1	3.5	8.9	4,042	3,213	419	619

The initial reserves and remaining reserves do not include solution gas reserves.

Figure 9 shows the number of new production wells drilled versus the number of producing wells in the Montney play from 2005 to 2018. Producing wells continuously increased over the years, from 88 in 2005 to 3,839 by the end of 2018. Annual producing well additions peaked in 2014 and declined thereafter, however gas production has increased, illustrating improvements in per well performance.

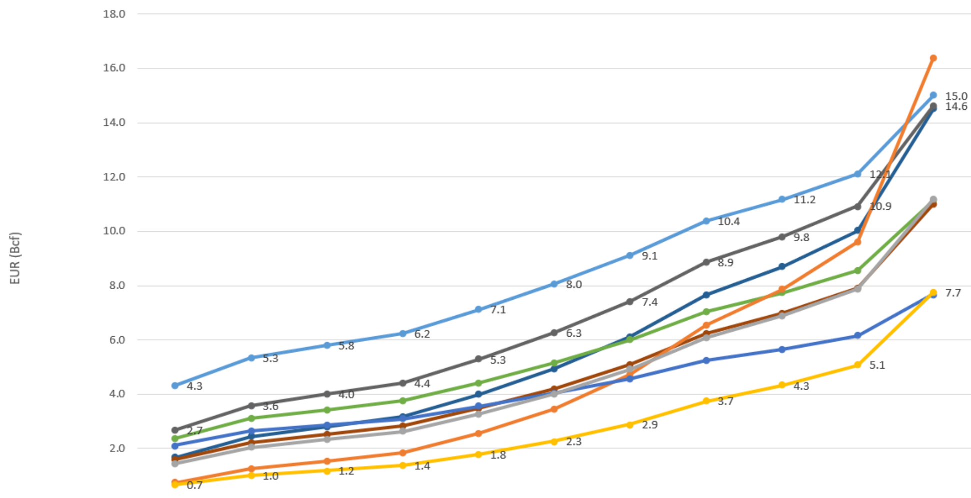
Figure 9: Number of New Wells added and Producing Wells in Montney Play 2005 to 2018



Montney
Unconventional Gas Play

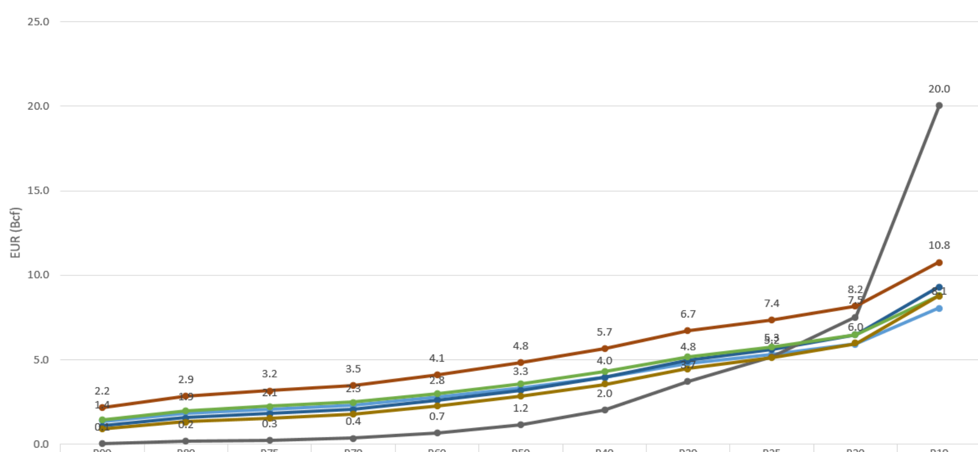
As shown in Figure 10A and 10B, the Montney's various subareas differ in their Estimated Ultimate Recovery (EUR) volumes. The Heritage field shows nine subareas with distributions in the P50 category ranging from 2.3 to 8.0 Bcf per well whereas the Northern Montney shows six subareas with distributions in the P50 category ranging from 1.2 to 4.8 Bcf per well. These variations occur due to a number of factors, from formation characteristics and completion techniques to stage of development.

Figure 10A: Heritage Montney EURs Distribution by Subareas



	P90	P80	P75	P70	P60	P50	P40	P30	P25	P20	P10
DAWSON	4.3	5.3	5.8	6.2	7.1	8.0	9.1	10.4	11.2	12.1	15.0
SUNRISE	1.7	2.4	2.8	3.2	4.0	4.9	6.1	7.7	8.7	10.0	14.5
SWAN	2.7	3.6	4.0	4.4	5.3	6.3	7.4	8.9	9.8	10.9	14.6
SUNDOWN	2.4	3.1	3.4	3.8	4.4	5.1	6.0	7.1	7.7	8.5	11.1
SUNSET	1.6	2.2	2.5	2.8	3.5	4.2	5.1	6.2	7.0	7.9	11.0
DOE	0.7	1.3	1.5	1.8	2.6	3.5	4.7	6.5	7.8	9.6	16.4
PARKLAND	2.1	2.6	2.9	3.1	3.5	4.0	4.6	5.2	5.7	6.2	7.7
GROUNDBIRCH	1.4	2.0	2.3	2.6	3.3	4.0	4.9	6.1	6.9	7.9	11.2
MONIAS	0.7	1.0	1.2	1.4	1.8	2.3	2.9	3.7	4.3	5.1	7.7

Figure 10B: Northern Montney EURs Distribution by Subareas



	P90	P80	P75	P70	P60	P50	P40	P30	P25	P20	P10
GRAHAM	1.4	1.9	2.1	2.3	2.8	3.3	4.0	4.8	5.3	6.0	8.1
ALTARES	1.1	1.6	1.8	2.1	2.6	3.2	4.0	5.0	5.6	6.5	9.4
INGA	0.1	0.2	0.3	0.4	0.7	1.2	2.0	3.7	5.2	7.5	20.0
JEDNEY	1.5	2.0	2.2	2.5	3.0	3.6	4.3	5.2	5.8	6.5	8.8
NIG	2.2	2.9	3.2	3.5	4.1	4.8	5.7	6.7	7.4	8.2	10.8
CARIBOU	0.9	1.4	1.6	1.8	2.3	2.8	3.6	4.5	5.1	6.0	8.8

Montney
Unconventional Gas Play

As seen in Figure 11, the top gas producers in the Heritage field by production (Encana, ARC and Shell) differ from those in the Northern Montney (Petronas, Painted Pony and Pacific Canbriam). Operators focus within specific areas to optimize on operating, infrastructure and facility costs. Limited wells are drilled outside of these focus areas for reserves delineation and land continuation obligations. Production for most operators increased significantly in 2018, supported by improved completion techniques and new facilities. The trend in the industry is production company ownership and operation of infrastructure and plants, a shift from previous reliance on midstream companies.

Figure 11: Top 10 Gas Producers in Montney Play 2018

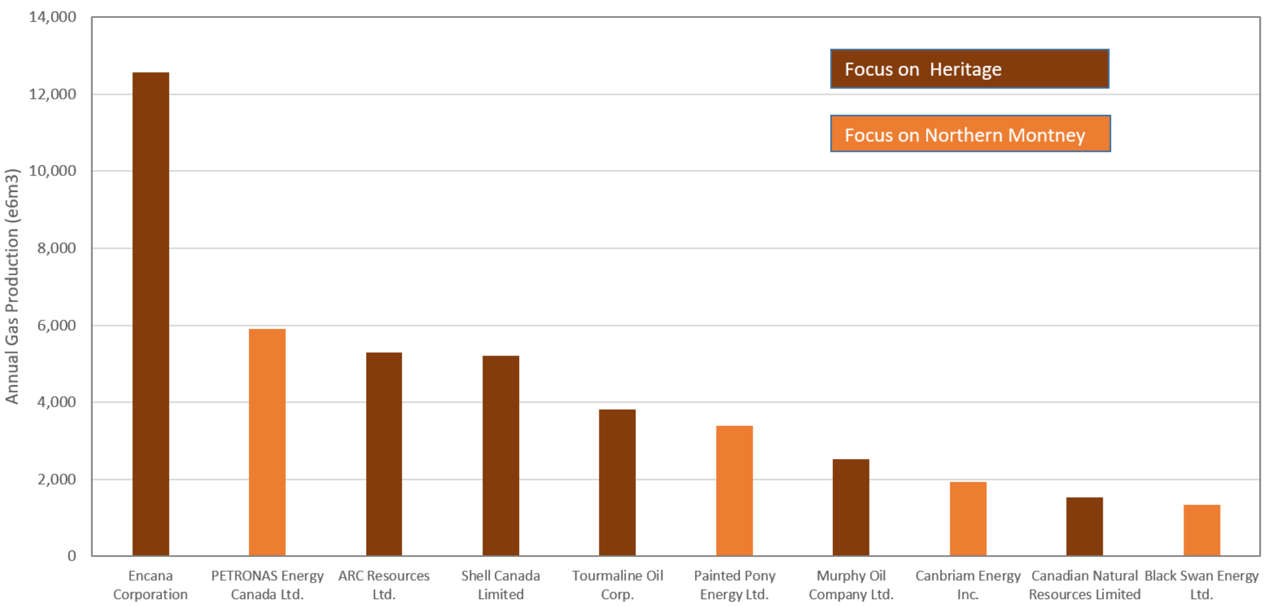
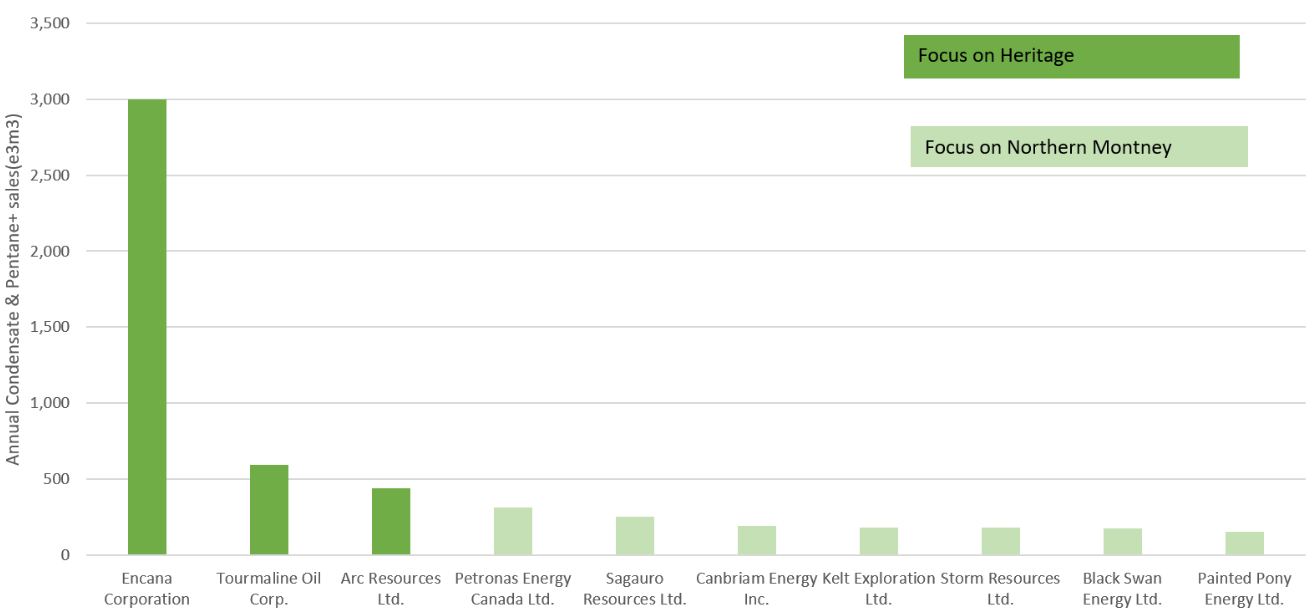


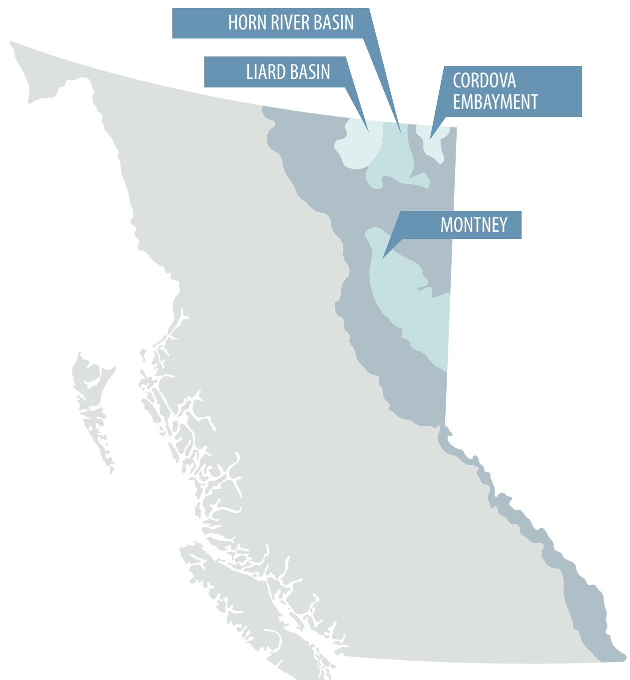
Figure 12: Top 10 Condensate & Pentanes+ Producers in Montney Play 2018



Other Unconventional Gas Plays
Liard, Horn River and Cordova

Other plays also demonstrate the province's natural gas potential.

British Columbia has seen significant activity in the exploration and development of unconventional natural gas resources, beginning in the mid 1990's with horizontal drilling in the Devonian carbonates of the Jean Marie. Beginning in 2006, continued unconventional tight gas resources followed with shale gas development in the Devonian Muskwa, Otter Park and Evie shales in the Horn River Basin and the Triassic aged siltstones of the Montney formation. Drilling and production in the Liard Basin resulted in proving of a new play. Resource and reserve data for each gas play is contained in Table 1, page 6 of this report.



Liard Basin

Exploration in the Liard Basin started in 2008. Initial raw gas reserves are 2,933 e^6m^3 (0.1 Tcf) based on production from seven wells (two vertical and five horizontal wells).

The Exshaw-Patry shales within the B.C. portion of the Liard Basin, while depositionally similar, are significantly deeper, ranging from 3.5 to 5 kilometre depth, than the productive shales of the adjacent Horn River Basin. Net pay ranges from 30 metres near the Liard basin's eastern edge to over 250 metres in the basin interior. The reservoir pressure is at approximately double the value of normal hydrostatic pressure gradient. The brittle nature of the siliceous shales allows them to be effectively stimulated by hydraulic fracturing which, combined with the elevated reservoir pressure, yields high initial gas production rates. The pay zone depth and remote location have resulted in high costs which has limited activity in the current low gas price environment.

Seven wells were evaluated in 2018 to contribute to reserves in the Liard Basin. This included four producing wells and three shut-in wells. The most significant production well, 200/c-016- K/094-O-12/00, peaked production at 1.57 e^6m^3/d (55.7 MMscf/d) in March 2016, then declined to 0.62 e^6m^3/d (22.0 MMscf/d) in December 2018. Estimated recoverable gas is 2,600 e^6m^3 (92 Bcf) from this single well.

Well 200/c-050-B/094-O-12/03 also has high performance; initial production peaked at 0.71 e^6m^3/d (25.1 MMcf/d) in April 2016, then declined to 0.25 e^6m^3/d (8.83MMcf/d) by December 2018. Estimated recoverable gas is 850 e^6m^3 (30 Bcf).

Horn River Basin

Production from the Horn River Basin was 5.95 e^6m^3/d (210.3 MMcf/d) in December 2018; down 10 per cent from the previous year (December 2017). Operators continued to shut-in wells no longer economic to produce, and no new wells were drilled or completed in 2018. Continued production without new drilling resulted in a significant decrease in reserves from the previous year. A detailed evaluation resulted in a reduction in recovery factor for initial raw gas reserves, due to lack of drilling activities in the last three years (since March 2015). At the end of 2018 there were 174 wells producing from the Horn River Basin shales, from a peak of 222 wells in January 2015.

Cordova Basin

Development activity in the Cordova Basin ceased in February 2014 as there were no new wells drilled. At the end of 2018 there were 17 wells producing from the Cordova Basin shale play, and production rate was 425 e^3m^3/d (15MMcf/d). Further background information on the Horn River and Cordova fields is available in the 2014 Reserves Report.

Figure 13 shows the initial reservoir pressure versus temperature plot for the Montney, Horn River, Cordova and Liard areas. The temperatures of these fields fall within expected ranges except for Liard, which is significantly higher than that of the Horn River, Cordova or Montney fields. The wide range in values reflects the large geographic area and depths of deposits. The over-pressured areas of these formations has been the focus of development, for gas charging and favourable response to hydraulic fracture stimulation.

Figure 14 illustrates "typewells" for the Montney, Horn River, Liard and Cordova fields. The most prolific wells are in the Liard Basin where operators have stated "exceptional results from two proof-of-concept horizontal wells" and "world-class deliverability of the basin".

Figure 13:
Pressure vs. Temperature Plot

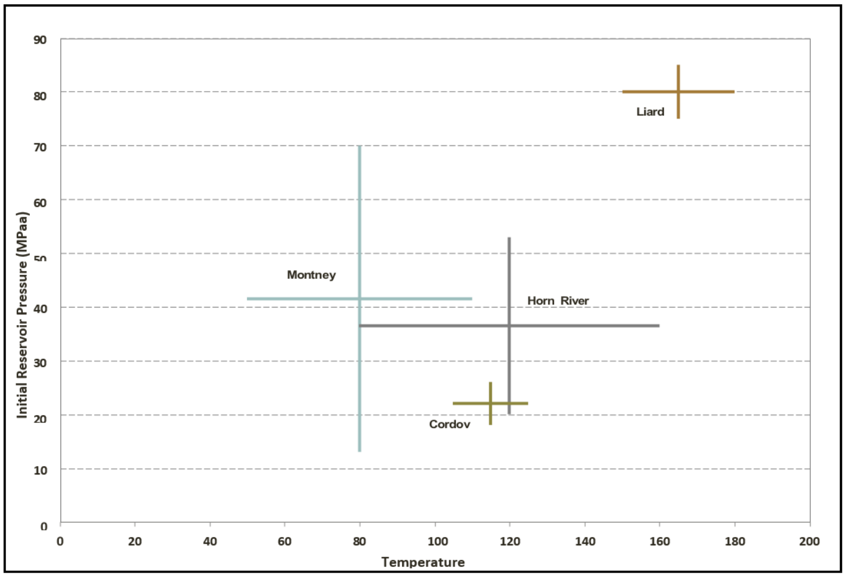
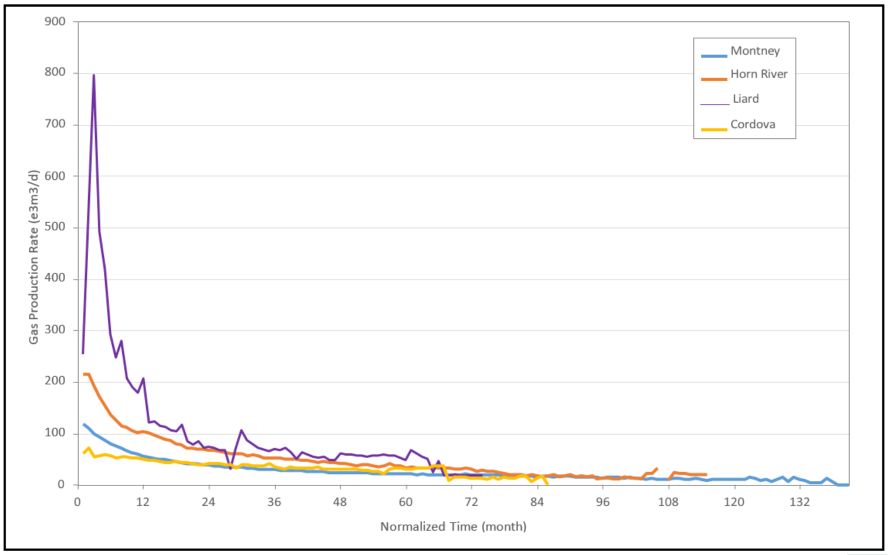
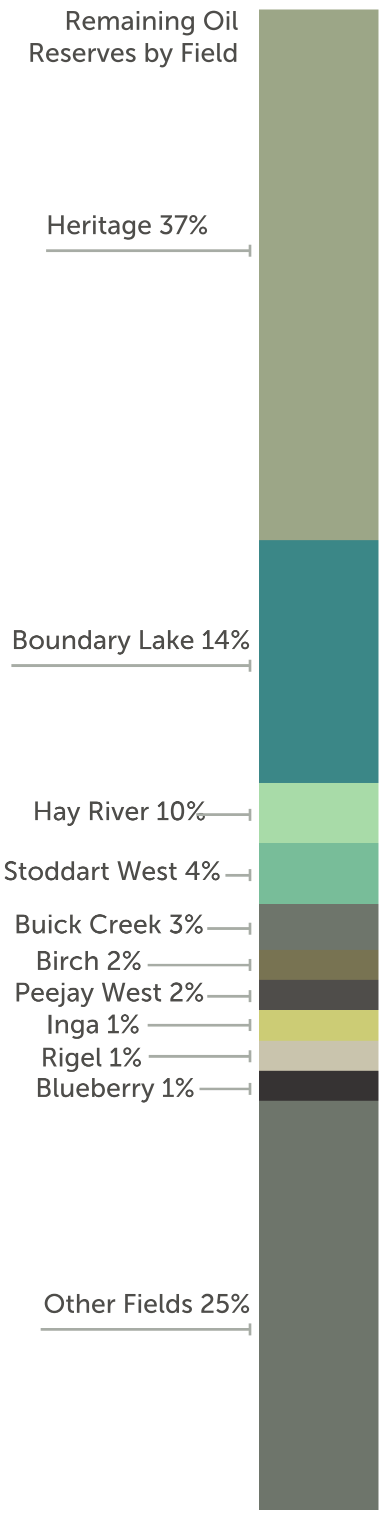


Figure 14:
Comparison of Montney, Horn River, Liard & Cordova Production Typewells



Discussions: Oil Reserves

Annual oil production decreased 2.3 per cent from 1.23 to 1.20 10^6m^3 (7.5 MMSTB) in 2017.

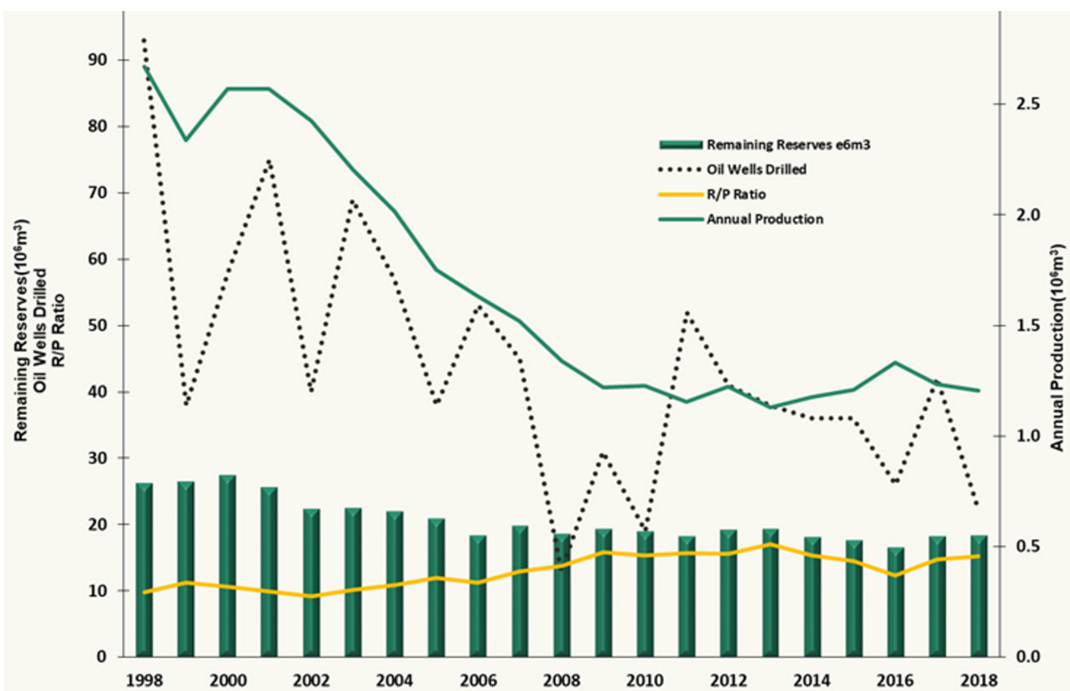


Oil remaining reserves increased 0.9 per cent in 2018 for total remaining reserves of 18.3 10^6m^3 (115.5 MMSTB). This reserves increase is in part due to adding new Montney oil wells and optimizing conventional waterfloods to enhance recovery.

Historical remaining oil reserves, wells drilled, production and reserves-to-production ratio (R/P) are plotted in Figure 15. The oil production peak of 2.7 10^6m^3 (17.0 MMSTB) in 1998 declined until 2010 when it began to stabilize with continued horizontal drilling and waterflood pressure maintenance.

The R/P ratio has been steady since 2009 with approximately 15 years of reserve life. In 2018 the R/P ratio slightly increased due to adding Montney oil reserves. Montney oil continues growing and has surpassed Boundary Lake to become the largest oil pool in B.C.

Figure 15: Historical Oil Development 1998 to 2018



32 per cent of the remaining oil reserves in B.C. are located in pools with secondary recovery pressure maintenance schemes, predominantly waterfloods. These oil pools are listed in Table A-4: Oil Pools Under Waterflood. Gas injection recovery schemes account for 0.6 per cent of remaining oil reserves, occurring in seven oil pools (see Table A-5: Oil Pools Under Gas Injection).

Montney A Oil

The regional Triassic Montney in northeast B.C. consists generally of dry gas in the west transitioning to oil in the east. Significant oil reserves are present in the Tower Lake area of the Montney play trend. The Commission implemented a change in the policy in January 2019 to determination of the primary product of oil and gas wells producing from the Montney formation. This change resulted that new wells predominantly being classified as gas wells, in some cases with high associated hydrocarbon liquid volumes. Going forward, Montney oil production and remaining reserves may decrease more than otherwise expected.

Conventional oil production continued to decline from 2006; however growth from the unconventional Montney became significant commencing in late 2013 as shown in Figure 16 and 17.

Figure 16: B.C. Oil Production 2008 to 2018

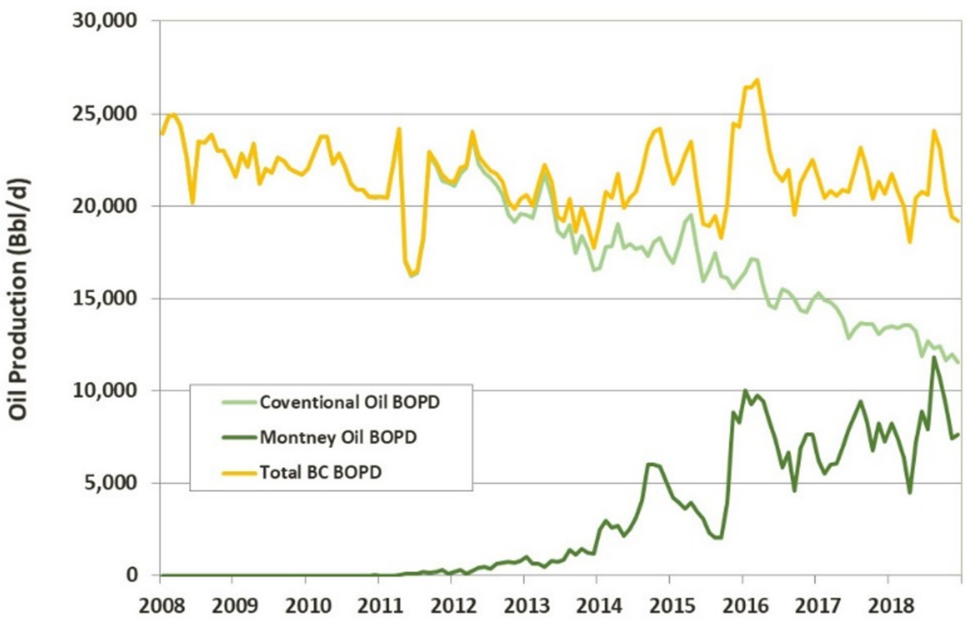
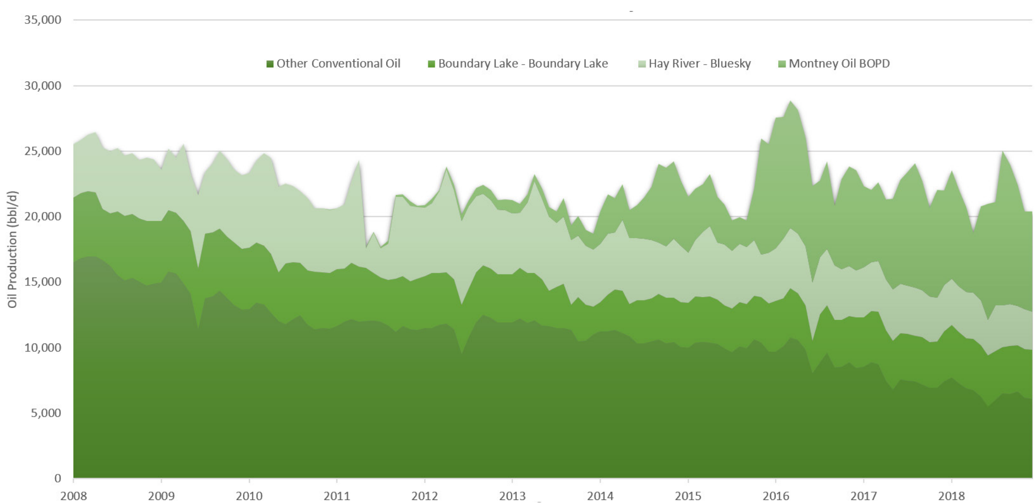


Figure 17: B.C. Oil Production by Source 2008 to 2018



Discussions: Condensate and NGLs

Production of condensate/pentanes+ and LPG increased in 2018.

Condensate/pentanes+ and butane production continue to increase in B.C., while ethane and propane sales decreased slightly. This is likely due to ethane and propane remaining in plant outlet streams for extraction closer to markets.

This trend is contributed by the development of gas/ liquids rich portions of the Montney play. Across all of B.C. the condensate/pentanes+ production increased 97.5 per cent from last year (Figure 18). The increase in liquids production is in part due to a shift towards development of liquid rich Montney areas and a change in policy to determine the primary product of oil and gas for Montney formation wells, that has allowed for a primary product review of oil wells producing since mid-2018. Previously hydrocarbon liquids which may have been as oil is now reported as pentene+ volumes.

Similarly reflecting Montney "rich gas" development, remaining reserves of pentanes+ in 2018 is 48.0 e^6m^3, increased by 17.6 per cent from last year, and LPG, 143.4 e^6m^3, increased by 14.4 per cent. Drilling concentrated in liquid rich areas in the eastern side of the Montney field have ratios reaching as high as 100+ bbl/ mmcf. The Commission has identified an oil leg and several new "oily" areas, as illustrated earlier in Figure 8. Annual natural gas, liquid and oil production from 2008 to 2018 is shown in Figure 18.

Figure 18: Annual Oil, Condensate and NGL Production 2008 to 2018

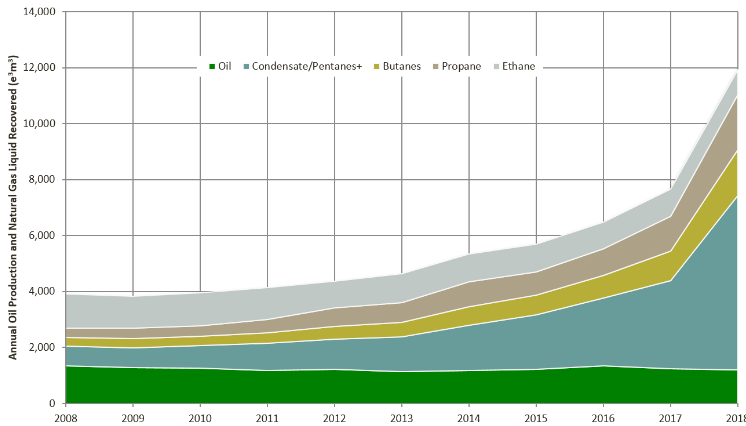
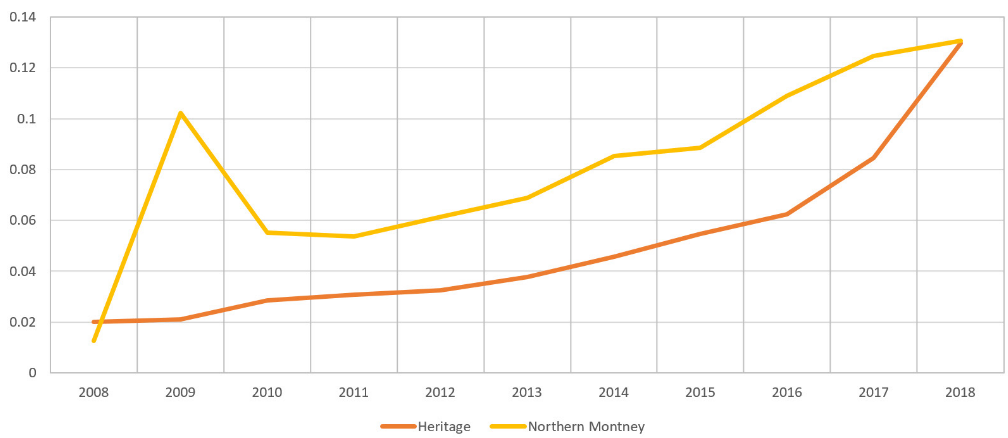


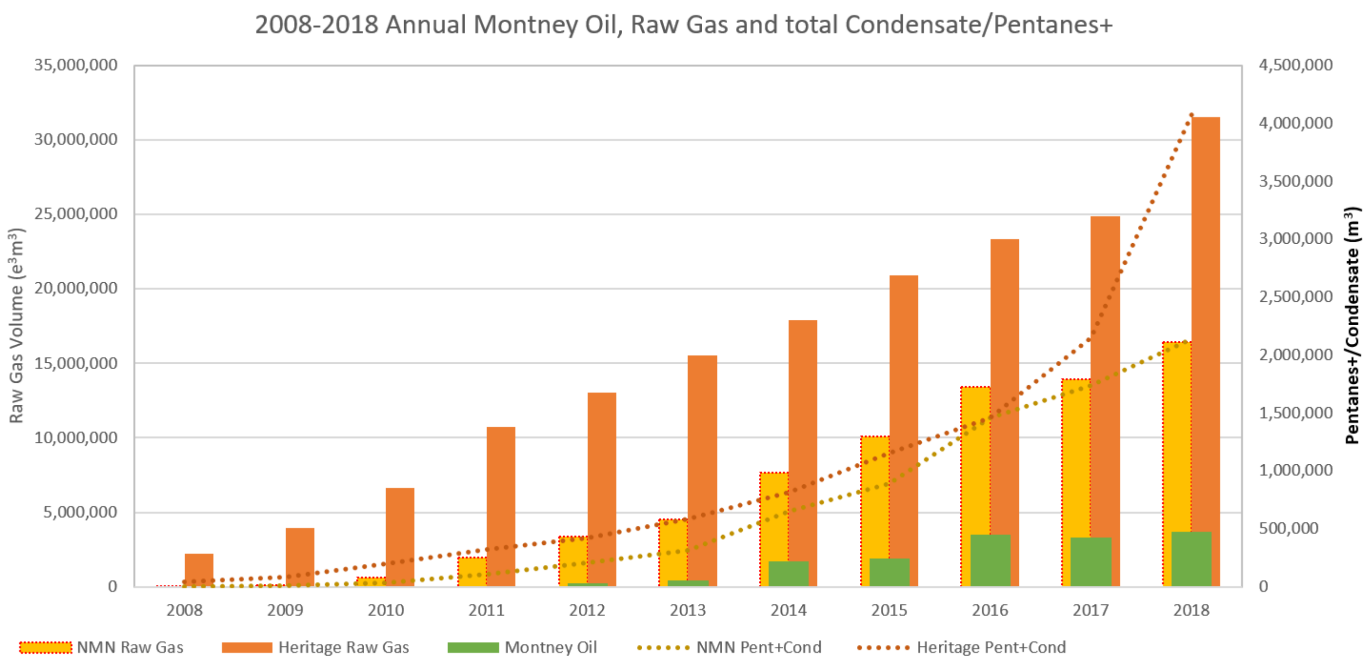
Figure 19: Condensate/Pentanes+ and Raw gas Ratio (CGR)(m^3/e^3m^3) 2008 to 2018



Discussions: Condensate and NGLs

Even though condensate/pentene + volumes nearly doubled from 2017 to 2018, NGL's (butane, propane and ethane) volumes are disproportionally low in their recovery. The majority of the NGL volumes are captured as an increase in gas heating value with liquids being recovered at the pipeline delivery point. To be more resilient towards changing market conditions, operators invested in upgrading current facilities or building additional deep-cut facilities to capture these NGL volumes. Plant liquid recovery may fluctuate from month-to-month based on the market price and the current take-away capacity for a product.

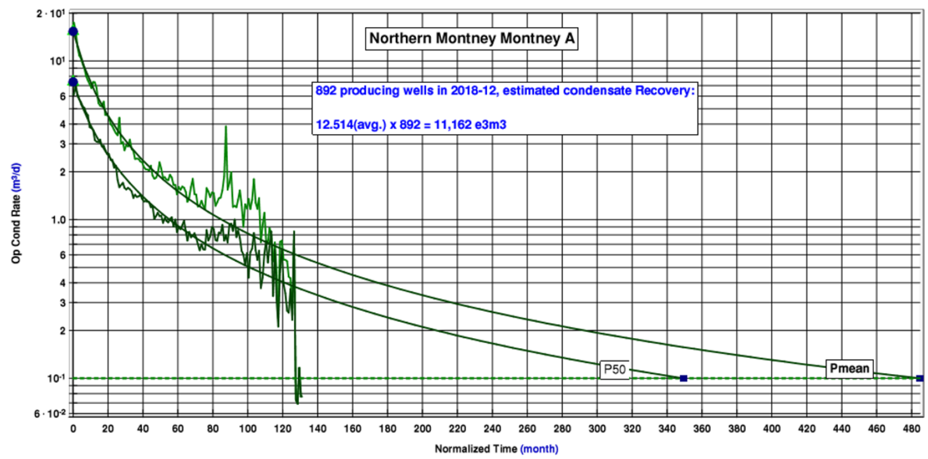
Figure 20: Annual Montney Oil, Raw Gas and Condensate/Pentanes+ Production 2008 to 2018



Pressurized liquid butane and propane arrives via rail at the AltaGas Ltd Ridley Island terminal near Prince Rupert, ready to be exported as LPG (liquid propane) volumes to markets. A second LPG terminal is planned by Pembina on Watson Island near Prince Rupert. The facility will be operational by mid-2020. Current export capacity at the Ridley Island LPG facility is up to 1.2 million tonnes of propane per year. Pembina Watson Island will have a capacity of approximately 25000 bbls per day of LPG. Pembina northeast B.C. pipeline connects liquids volumes from the Montney into Edmonton via Pembina's downstream system. This northeast expansion has a capacity of 75000 bbls/d and has been in service since October 2017.

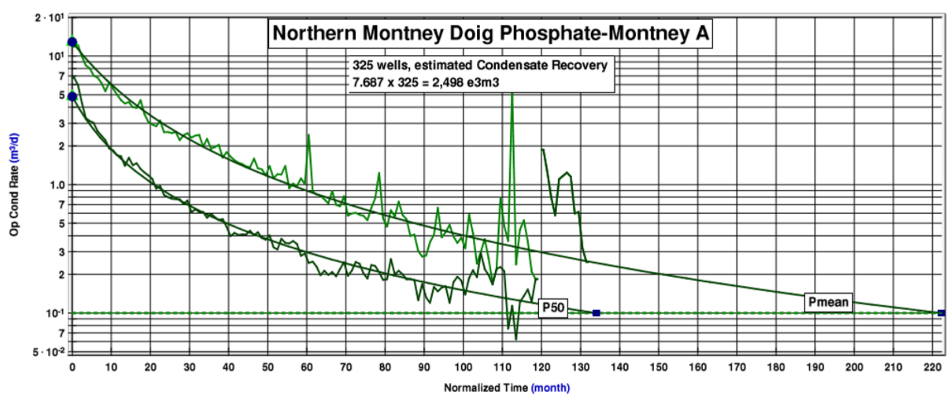
Discussions: Condensate and NGLs

Figure 21, 22 & 23: Condensate TypeWell at Northern Montney and Heritage Regional Pools



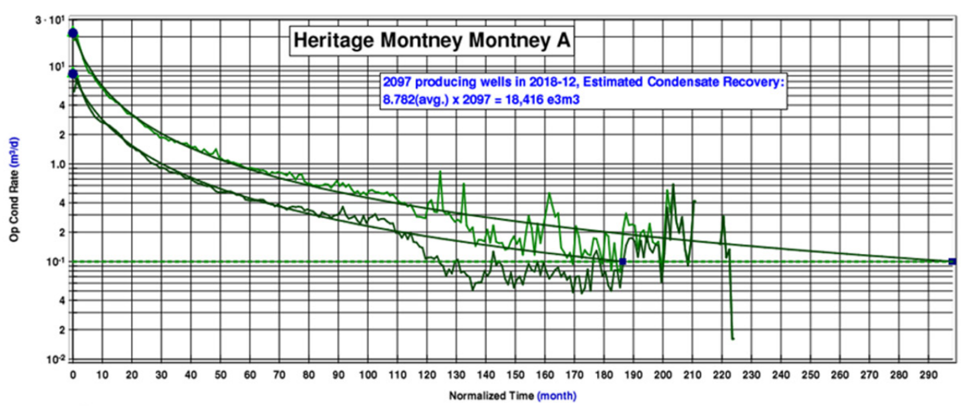
Decline Analysis Summary (Condensate)

Analysis Name	Classification	EUR_{cond} 10^3m^3	Q_{cond} 10^3m^3	RR_{cond} 10^3m^3	Start Date MM/DD/YYYY	q_i m^3/d	d_i sec %/year	b	q_f m^3/d	End Date MM/DD/YYYY	$R^2_{log\ q\ vs\ t}$
Analysis 1		12.514	0.000	12.514	01/01/2019	15.4	57.311	0.700	0.1	05/27/2059	0.778
Analysis 2		6.879	0.000	6.879	01/01/2019	7.4	51.634	0.700	0.1	02/18/2048	0.445



Analysis Summary (All Fluids)

Analysis Name	Classification	EUR_{cond} 10^3m^3	Q_{cond} 10^3m^3	RR_{cond} 10^3m^3	Start Date MM/DD/YYYY	q_i m^3/d	d_i sec %/year	b	q_f m^3/d	End Date MM/DD/YYYY	$R^2_{log\ q\ vs\ t}$
Analysis 1		7.687	0.000	7.687	12/01/2019	12.9	58.862	0.500	0.1	06/11/2038	0.759
Analysis 2		2.381	0.000	2.381	12/01/2019	4.9	66.280	0.650	0.1	01/30/2031	-0.590



Analysis Summary (All Fluids)

Analysis Name	Classification	EUR_{cond} 10^3m^3	Q_{cond} 10^3m^3	RR_{cond} 10^3m^3	Start Date MM/DD/YYYY	q_i m^3/d	d_i sec %/year	b	q_f m^3/d	End Date MM/DD/YYYY	$R^2_{log\ q\ vs\ t}$
Analysis 1		8.782	0.000	8.782	01/01/2019	21.9	75.861	0.699	0.1	11/05/2043	0.909
Analysis 2		3.851	0.000	3.851	01/01/2019	8.4	70.631	0.699	0.1	07/12/2034	0.674

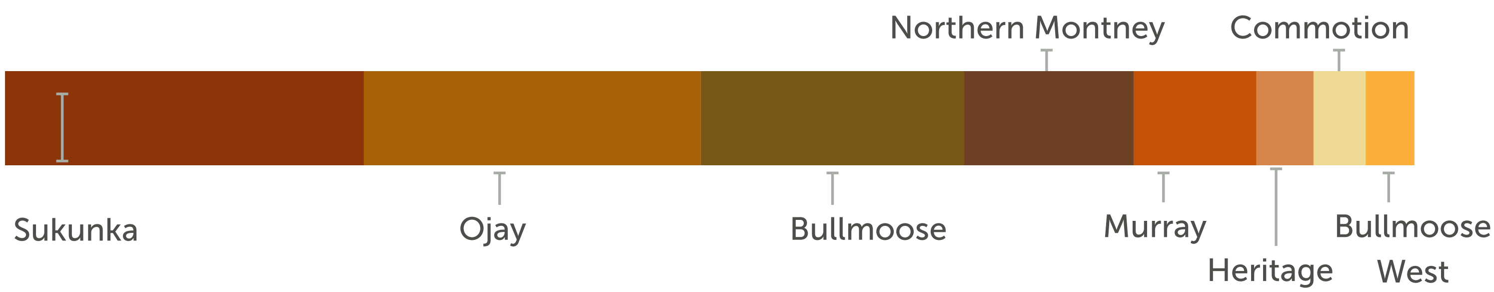
At current development (not including PUDs), estimated condensate recovery is 13,660 e^3m^3 at Northern Montney and 18,416 e^3m^3 at Heritage Montney. There is an increase in condensate recovery relative to 2017 volumes of approximately 88 per cent for the Northern Montney and approximately 81 per cent for the Heritage Montney. As more wells are added in the liquid rich areas, condensate will continue to increase in the near future.

Discussions: Sulphur

Sulphur production continues to decrease year over year.

As of Dec. 31, 2018, recoverable sulphur remaining reserves was 9.8106 tonnes (9.6 MMLT). Sulphur reserves continue to decrease year over year due to a natural decline in production from the sour gas Bullmoose (> 30 per cent H_2S), Sukunka (> 20 per cent H_2S) and Ojay fields, where significant sulphur production occurs. Figure 23 shows the breakdown as of Dec. 31, 2018.

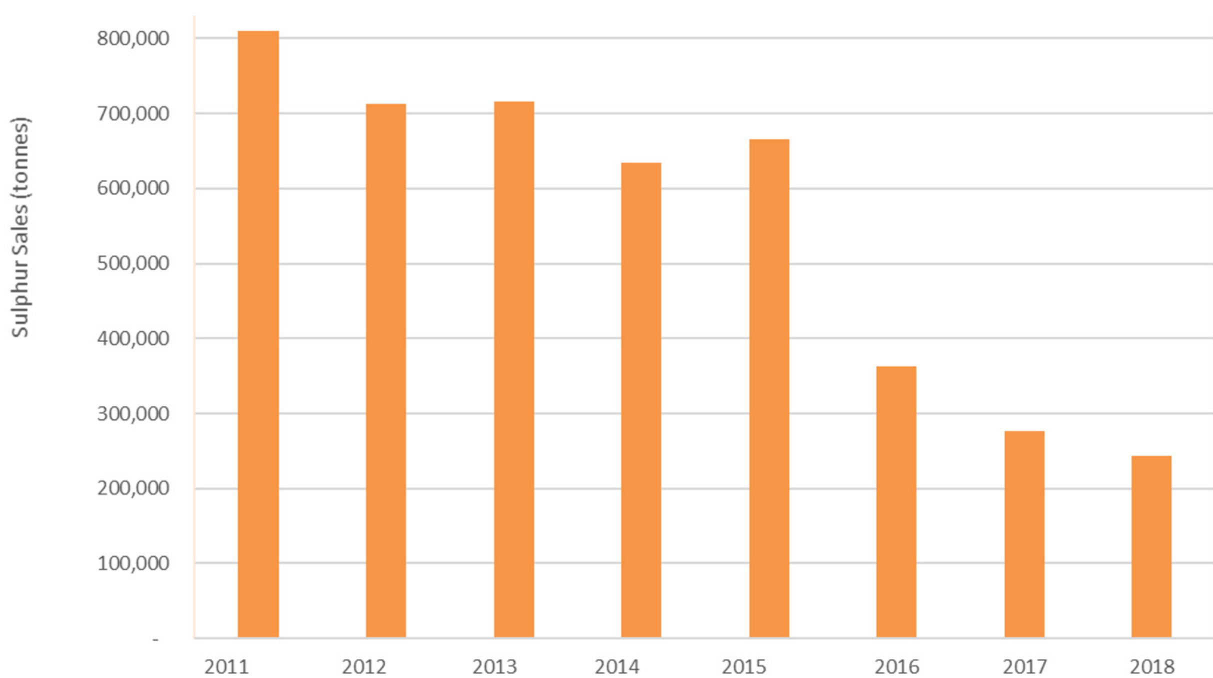
Figure 23: Major Sour Field by Remaining Sulphur Reserve



Most of the natural gas recovered from the unconventional Montney Play Trend in B.C. has very little to no H_2S component. There are exceptions however, where the percentage of H_2S can reach significant levels (Figure 25).

Operators continue to shut-in wells in these areas where acid gas levels are high, as continued production is no longer economic. Sulphur sales for the past five years are shown decreasing in Figure 24.

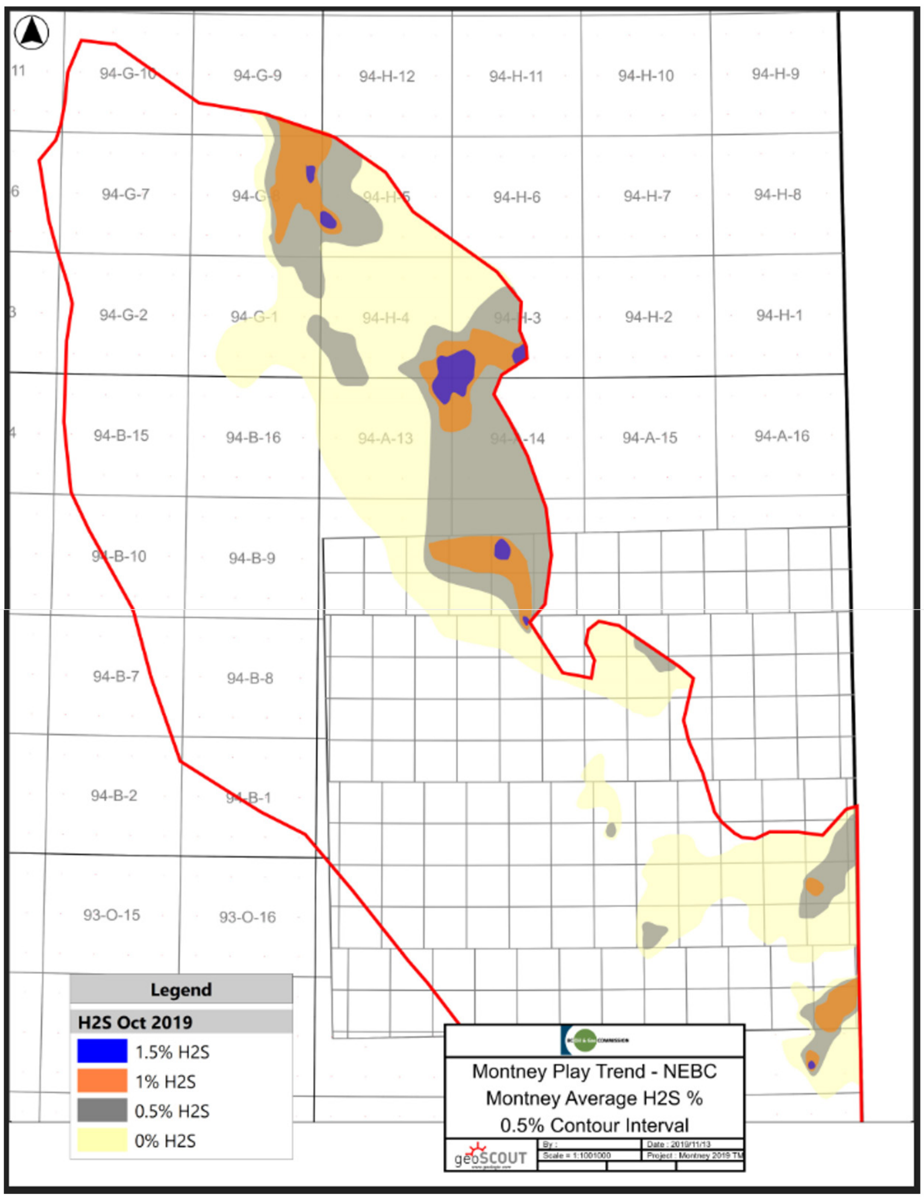
Figure 24: Annual Sulphur Sales



Discussions: Sulphur

In the Doe-Dawson area of the regional Heritage Field average concentrations are 0.1 per cent but H_2S levels have been recorded at over 0.5 per cent. In the Northern Montney Field, the Birch-Nig-Umbach area has a more significant H_2S presence as concentration levels average over one per cent, with some recorded values as high as 2.2 per cent. Overall, the volume of sour natural gas continues to decline from 2011 to 2018.

Figure 25: Average H_2S in the Montney Field



The most active areas in the Montney contain little to no H_2S and are expected to have a minimal effect on future sulphur reserves. The trend in Montney dedicated gas plants is dedicated H_2S (acid gas) disposal wells, resulting in no increase in sulphur recovery source.

Definitions

SI Units

British Columbia's reserves of oil, natural gas liquids and sulphur are presented in the International System of Units (SI). Both SI units and the Imperial equivalent units are used throughout this report. Conversion factors used in calculating the Imperial equivalents are listed below:

1 cubic metre of gas (101.325 kilopascals and 15° Celsius)	=	35.493 73 cubic feet of gas (14.65 psia and 60° Fahrenheit)
1 cubic metre of ethane (equilibrium pressure and 15° Celsius)	=	6.330 0 Canadian barrels of ethane (equilibrium pressure and 60° Fahrenheit)
1 cubic metre of propane (equilibrium pressure and 15° Celsius)	=	6.300 0 Canadian barrels of propane (equilibrium pressure and 60° Fahrenheit)
1 cubic metre of butanes (equilibrium pressure and 15° Celsius)	=	6.296 8 Canadian barrels of butanes (equilibrium pressure and 60° Fahrenheit)
1 cubic metre of oil or pentanes+ (equilibrium pressure and 15° Celsius)	=	6.292 9 Canadian barrels of oil or pentanes+ (equilibrium pressure and 60° Fahrenheit)
1 cubic metre of water (equilibrium pressure and 15° Celsius)	=	6.290 1 Canadian barrels of water (equilibrium pressure and 60° Fahrenheit)
1 tonne	=	0.984 206 4 (U.K.) long tons (2,240 pounds)
1 tonne	=	1.102 311 short tons (2,000 pounds)
1 kilojoule	=	0.948 213 3 British thermal units (Btu as defined in the federal Gas Inspection Act [60°- 61° Fahrenheit])

Definitions

Aggregated P90
The 90 per cent probability of a distribution that forms as a result of an aggregation of outcomes.

Area
The area used to determine the adjusted bulk rock volume of the oil, or gas-bearing reservoir, usually the area of the zero isopach or the assigned area of a pool or deposit.

Butane
(C_4H_{10}) An organic compound found in natural gas. Reported volumes may contain some propane or pentanes+.

COGEH
Canadian Oil and Gas Evaluations Handbook (Volume 1, 2 and 3). First published in 2002 by the Calgary Chapter of the Society of Petroleum Evaluation Engineers (SPEE) to act as a standard for the evaluation of oil and gas properties.

Compressibility Factor
A correction factor for non-ideal gas determined for gas from a pool at its initial reservoir pressure and temperature and, where necessary, including factors to correct for acid gases.

Condensate
A mixture mainly of pentanes and heavier hydrocarbons (C_5^+) that may be contaminated with sulphur compounds that is recovered at a well or facility from an underground reservoir and that may be gaseous in its virgin reservoir state but is liquid at the conditions under which its volume is measured.

Density
The mass or amount of matter per unit volume.

Density, Relative (Raw Gas)
The density, relative to air, of raw gas upon discovery, determined by an analysis of a gas sample representative of a pool under atmospheric conditions.

Discovery Year
The year in which the well that discovered the oil or gas pool finished drilling.

Estimated Ultimate Recovery (EUR)
Total volume of oil or gas recoverable under current technology and present and anticipated economic conditions, specifically proven by drilling, testing, or production; plus contiguous undeveloped reserves that are interpreted from geological, geophysical, and/or analogous production, with reasonable certainty to exist. Also referred to as Initial Reserves in the detailed reserves tables listed in Appendix A.

Ethane
(C_2H_6) An organic compound in natural gas and belongs to the group of natural gas liquids (NGLs). Reported volumes may contain some methane or propane.

Formation Volume Factor
The volume occupied by one cubic metre of oil and dissolved gas at reservoir pressure and temperature, divided by the volume occupied by the oil measured at standard conditions.

Gas (Non-associated)
Gas that is not in communication in a reservoir with an accumulation of liquid hydrocarbons at initial reservoir conditions.

Gas Cap (Associated)
Gas in a free state in communication in a reservoir with crude oil, under initial reservoir conditions.

Gas (Solution)
Gas that is dissolved in oil under reservoir conditions and evolves as a result of pressure and temperature changes.

Definitions

Gas (Raw)
A mixture containing methane, other paraffinic hydrocarbons, nitrogen, carbon dioxide, hydrogen sulphide, helium, and minor impurities, or some of them, which is recovered or is recoverable at a well from an underground reservoir and which is gaseous at the conditions under which its volume is measured or estimated.

Gas (Marketable)
A mixture mainly of methane originating from raw gas, if necessary, through the processing of the raw gas for the removal or partial removal of some constituents, and which meets specifications for use as a domestic, commercial, or industrial fuel or as an industrial raw material.

Gas-Oil Ratio (Initial Solution)
The volume of gas (in thousand cubic metres, measured under standard conditions) contained in one stock-tank cubic metre of oil under initial reservoir conditions.

Gross Heating Value (of dry gas)
The heat liberated by burning moisture-free gas at standard conditions and condensing the water vapour to a liquid state.

Initial Reserves
Established reserves prior to the deduction of any production. Also referred to as Estimated Ultimate Recovery (EUR).

Liquid Petroleum Gases (LPG)
A hydrocarbon mixture comprised primarily of propane and butanes. Some ethanes may be present. Also referred to as natural gas liquids (NGLs).

Mean Formation Depth
The approximate average depth below kelly bushing of the mid-point of an oil or gas productive zone for the wells in a pool.

Methane
In addition to its normal scientific meaning, a mixture mainly of methane which ordinarily may contain some ethane, nitrogen, helium or carbon dioxide.

Natural Gas Liquids
Ethane, propane, butanes, or pentanes+, or a combination of them, obtained from the processing of raw gas or condensate.

Oil
A mixture mainly of pentanes and heavier hydrocarbons that may be contaminated with sulphur compounds, that is recovered or is recoverable at a well from an underground reservoir, and that is liquid at the conditions under which its volume is measured or estimated, and includes all other hydrocarbon mixtures so recovered or recoverable except raw gas or condensate.

Original Gas and Original Oil in Place (OOIP)
The volume of oil, or raw natural gas estimated to exist originally in naturally occurring accumulations, prior to production.

Pay Thickness (Average)
The bulk rock volume of a reservoir of oil or gas, divided by its area.

Pentanes+
A mixture mainly of pentanes and heavier hydrocarbons, (which may contain some butane), that is obtained from the processing of raw gas, condensate, or oil.

Pool
A natural underground reservoir containing or appearing to contain an accumulation of liquid hydrocarbons or gas or both separated or appearing to be separated from any other such accumulation.

Definitions

Porosity
The effective pore space of the rock volume determined from core analysis and well log data, measured as a fraction of rock volume.

Pressure (Initial)
The reservoir pressure at the reference elevation of a pool upon discovery.

Probabilistic Aggregation
The adding of individual well outcomes to create an overall expected reserve outcome.

Project/Units
A scheme by which a pool or part of a pool is produced by a method approved by the Commission.

Propane
(C_3H_8) An organic compound found in natural gas. Reported volumes may contain some ethane or butane.

Proved Plus Probable Reserves
Proved plus probable reserves are estimates of hydrocarbon quantities to be recovered. There is at least a 50 per cent probability that the actual quantities recovered will equal or exceed the estimated proved plus probable reserves.

PUD (Proved Undeveloped)
Proved undeveloped reserves that are assigned to undrilled well locations that are interpreted from geological, geophysical, and/or analogous production, with reasonable certainty to exist.

P10
There is a 10 per cent probability (P10) that the quantities actually recovered will equal or exceed this value.

P50
There is a 50 per cent probability (P50) that the quantities actually recovered will equal or exceed this value.

P90
There is a 90 per cent probability (P90) that the quantities actually recovered will equal or exceed this value.

Pmean
The expected average value or risk-weighted average of all possible outcomes.

Recovery
Recovery of oil, gas or natural gas liquids by natural depletion processes or by the implementation of an artificially improved depletion process over a part or the whole of a pool, measured as a volume or a fraction of the in-place hydrocarbons so recovered.

Remaining Reserves
Initial established reserves (IER) less cumulative production.

Reserves
Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable.

Reserves are further classified according to the level of certainty associated with the estimates and may be sub classified based on development and production status (from COGEH).

Definitions

Resource

Resources are those quantities of hydrocarbons estimated to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development (adapted from COGEH).

Saturation (Water)

The fraction of pore space in the reservoir rock occupied by water upon discovery.

SPEE Monograph 3

Society of Petroleum Evaluation Engineers -- Guidelines for the Practical Evaluation of Undeveloped Reserves in Resource Plays.

SPEE Monograph 4

Society of Petroleum Evaluation Engineers -- Guidelines for the Practical Evaluation of Undeveloped Reserves in Resource Plays. Estimating Ultimate Recovery of Developed Wells in Low-Permeability Reservoirs. Provides an understanding of current available methods to analyze well performance of these now developed unconventional plays and to estimate the associated recoverable volumes.

Surface Loss

A summation of the fractions of recoverable gas that are removed as acid gas and liquid hydrocarbons, used as lease or plant fuel, or flared.

Temperature

The initial reservoir temperature upon discovery at the reference elevation of a pool.

Ultimate Potential

Defined in the NEB/MEM Oil and Gas Reports 2011-1, Ultimate Potential for Unconventional Natural Gas in Northeastern BC's Horn River Basin (May 2011): A term used to refer to an estimate of the marketable resources that will be developed in an area by the time exploratory and development activity has ceased, having regard for the geological prospects of an area, known technology and economics. It includes cumulative production, remaining reserves and future additions to reserves through extension and revision to existing pools and the discovery of new pools. For most of this report it is used as a short form of "ultimate potential of natural gas."

Unconnected Reserves

Gas reserves which have not been tied in to gathering facilities and therefore do not contribute to the provincial supply without further investment.

Unconventional Gas

Natural gas and associated hydrocarbon liquids from a geologic formation not previously capable of economic production rates, but with horizontal drilling and hydraulic fracture stimulation technology is now a development objective.

Zone

Any stratum or any sequence of strata that is designated by the Commission as a zone.

Appendix A

Table A-1: Established Hydrocarbon Reserves (SI Units) at Dec. 31, 2018

	Oil (10^3m^3)	Raw Gas (10^6m^3)
Initial Reserves, Current Estimate	141,317	2,605,099
Discovery 2018	0	0
Revisions 2018	1,365	137,520
Production 2018	1,233	58
Cumulative Production Dec. 31, 2018	122,968	1,171,010
Remaining Reserves Estimate Dec. 31, 2018	18,349	1,434,089

Appendix A

Table A-2: Historical Record of Raw Gas Reserves

Year	Estimated Ultimate Recovery 10^6m^3	Yearly Discovery 10^6m^3	Yearly Revisions 10^6m^3	Yearly Other 10^6m^3	Annual Production 10^6m^3	Cumulative Production at Year-End 10^6m^3	Remaining Reserves at Year-End 10^6m^3
1977	376,960	18,119	-14,107		11,039	143,958	233,002
1978	399,535	21,190	1,386		9,943	153,900	245,635
1979	424,805	26,142	-872		11,394	165,294	259,511
1980	462,596	28,909	8,882		8,968	174,262	288,334
1981	478,689	13,842	2,251		8,293	182,555	296,134
1982	488,316	7,765	1,862		7,995	190,550	297,766
1983	490,733	2,550	-133		7,845	198,395	292,338
1984	496,703	1,798	4,172		8,264	206,659	290,044
1985	505,233	2,707	5,823		8,799	215,458	289,775
1986	501,468	4,822	-8,463		8,506	223,964	277,628
1987	497,466	1,986	-5,940		9,810	233,794	263,777
1988	500,738	6,083	-1,661		10,275	244,249	256,483
1989	513,662	12,193	-2		13,276	257,862	255,782
1990	547,058	27,683	5,888		13,226	271,344	275,685
1991	574,575	24,708	3,812		15,162	285,965	288,582
1992	591,356	6,377	10,404		16,510	302,916	288,408
1993	617,379	22,901	3,122		18,202	321,090	296,246
1994	635,774	22,004	-3,301		19,069	339,861	295,885
1995	657,931	21,065	1,051		21,157	361,106	296,825
1996	677,769	16,083	3,852		21,435	382,332	295,437
1997	688,202	12,835	-2,394		22,811	405,157	283,045
1998	712,677	9,957	14,502		23,375	428,822	283,855
1999	743,816	13,279	17,824		23,566	453,000	290,816
2000	772,221	13,832	14,571		23,894	477,381	294,800
2001	811,146	7,199	31,690		26,463	504,620	306,526
2002	843,616	19,004	13,462		28,348	533,548	310,064
2003	889,488	19,317	26,282		26,639	562,560	326,928
2004	973,771	6,412	65,149	12,897	26,430	584,033	389,738
2005	1,065,288	8,974	63,268	19,104	27,854	620,696	444,592
2006	1,114,562	15,356	33,912		28,056	652,137	462,425
2007	1,172,136	21,468	36,109		29,362	689,209	482,927
2008	1,328,729	6,559	150,167		30,346	722,769	605,280
2009	1,415,172	30,331	56,133		30,846	757,291	657,881
2010	1,724,769	275,942	33,691		33,202	792,798	931,971
2011	1,809,591	7,909	76,934		40,519	834,715	974,876
2012	2,014,054	1,646	202,809		40,482	875,580	1,138,474
2013	2,116,236	426	101,754		43,722	919,007	1,197,229
2014	2,408,673	0	292,437		46,222	964,803	1,443,870
2015	2,517,904	0	10,231		48,106	1,013,247	1,504,657
2016	2,547,406	0	29,502		50,131	1,062,296	1,485,110
2017	2,467,579	0	-79,827		50,511	1,112,807	1,354,772
2018	2,605,099	0	137.520		57,881	1,171,010	1,434,089

These values are taken from previously published ministry reserve estimates. This compilation is provided for historical value and to aid in statistical analysis only. Values shown for any given year may not balance due to changes in production and estimates over time.

Appendix A

Table A-3: Historical Record of Oil Reserves

Tab	Estimated Ultimate Recovery 10^3m^3	Yearly Discovery 10^3m^3	Yearly Revisions 10^3m^3	Yearly Other 10^3m^3	Annual Production 10^3m^3	Cumulative Production at Year-End 10^3m^3	Remaining Reserves at Year-End 10^3m^3
1977	72,841	4,159	-84		2,201	46,318	26,523
1978	77,826	2,650	2,376		2,004	48,280	29,546
1979	78,882	427	629		2,140	50,397	28,485
1980	80,043	234	927		2,002	52,399	27,644
1981	79,968	143	-218		2,060	54,459	25,509
1982	80,760	126	666		2,095	56,554	24,206
1983	82,149	661	727		2,079	58,634	23,515
1984	79,551	781	-3,378		2,113	60,747	18,805
1985	82,887	1,767	1,569		1,944	62,691	20,196
1986	83,501	456	144		2,010	64,701	18,786
1987	84,201	631	68		2,084	66,793	17,361
1988	85,839	1,238	-50		1,937	68,759	16,623
1989	89,899	2,306	-2,402		1,978	70,737	19,129
1990	90,650	569	181		1,954	72,714	17,823
1991	91,606	233	630		1,974	74,689	16,911
1992	94,030	823	1,596		2,017	76,750	17,273
1993	96,663	803	1,830		1,976	78,726	17,925
1994	99,619	1,477	1,482		1,929	80,664	18,956
1995	102,823	2,887	290		1,997	82,658	20,167
1996	106,009	1,306	1,878		2,205	84,856	21,153
1997	110,765	3,199	1,561		2,525	87,401	23,364
1998	116,294	815	4,717		2,670	90,105	26,189
1999	118,840	345	2,201		2,338	92,453	26,388
2000	122,363	504	3,018		2,568	95,031	27,357
2001	123,048	106	582		2,569	97,591	25,478
2002	122,245	427	-1,233		2,426	99,977	22,313
2003	124,660	424	1,990		2,203	102,234	22,426
2004	125,953	154	947	188	2,015	104,104	21,873
2005	126,941	247	636	110	1,750	106,086	20,857
2006	125,845	222	-1,322		1,631	107,603	18,244
2007	128,971	266	2,859		1,520	109,283	19,692
2008	129,117	162	25		1,341	110,632	18,485
2009	131,172	289	1,766		1,282	111,924	19,252
2010	131,840	643	28		1,270	113,197	18,653
2011	132,414	99	475		1,154	114,253	18,161
2012	134,600	537	1,614		1,222	115,492	19,108
2013	135,883	0	1,278		1,129	116,633	19,250
2014	135,657	0	-226		1,177	117,598	18,059
2015	136,691	0	1,034		1,210	119,138	17,553
2016	136,956	0	256		1,331	120,473	16,483
2017	139,952	0	2,996		1,233	121,752	18,200
2018	141,317	0	1,365		1,196	122,968	18,349

Appendix A

Table A-4: Oil Pools Under Waterflood

FIELD	POOL	POOL	PROJECT CODE	OOIP (10^3m^3)	RF %	EUR (10^3m^3)	Cumulative Oil (10^3m^3)	RR (10^3m^3)
BEATTON RIVER	HALFWAY	A	02	3,430.0	47.1	1,617	1,616.0	1.0
BEATTON RIVER	HALFWAY	G	05	1,438.0	30.0	432.0	426.0	6.0
BEATTON RIVER WEST	BLUESKY	A	02	2,956.0	38.0	1,123.0	1,098.0	25.0
BEAVERTAIL	HALFWAY	B	06	499.0	17.5	87.0	87.0	0.0
BEAVERTAIL	HALFWAY	H	05	874.0	20.0	175.0	171.0	4.0
BIRCH	BALDONNEL	C	03	2,058.0	50.0	1,290.0	904.0	125.0
BLUEBERRY	DEBOLT	E	03	1,211.0	30.0	363.0	354.0	9.0
BOUNDARY LAKE	BOUNDARY LAKE	A	05	1,587.0	65.0	1032.0	984.0	48.0
BOUNDARY LAKE	BOUNDARY LAKE	A	02	43,666.0	48.0	20,960.0	19,724.0	1,236.0
BOUNDARY LAKE	BOUNDARY LAKE	A	04	5,769.0	60.0	3,462.0	3,133.0	329.0
BOUNDARY LAKE	BOUNDARY LAKE	A	03	30,218.0	44.0	13,296.0	12,783.0	513.0
BOUNDARY LAKE NORTH	HALFWAY	I	04	1,086.0	40.0	434.0	334.0	100.0
BOUNDARY LAKE NORTH	HALFWAY	D	03	562.0	20.0	112.0	101.0	11.0
BUBBLES NORTH	COPLIN	A	02	144.0	30.0	43.0	42.0	1.0
BULRUSH	HALFWAY	C	02	96.0	4.5	4.0	4.0	0.0
CRUSH	HALFWAY	A	02	1,449.0	35.2	510.0	503.0	7.0
CRUSH	HALFWAY	B	02	149.0	37.5	56.0	50.0	6.0
CURRANT	HALFWAY	A	02	793.0	52.9	419.0	419.0	0.0
CURRANT	HALFWAY	D	02	122.0	20.0	24.0	8.0	16.0
DESAN	PEKISKO	NULL	03	5,388.0	20.0	1,078.0	880.0	198.0
EAGLE	BELLOY-KISKATINAW	NULL	02	6,929.0	40.0	2,772.0	2,564.0	208.0
EAGLE WEST	BELLOY	A	03	20,337.0	31.0	6,305.0	6,252.0	53.0
ELM	GETHING	B	04	1,773.0	7.4	131.0	129.0	2.0
HALFWAY	DEBOLT	A	03	950.0	10.0	95.0	95.0	0.0
HAY RIVER	BLUESKY	A	05	36,992.0	20.0	7,398.0	5,647.0	1,751.0
INGA	INGA	A	04	8,356.0	40.0	3,342.0	3328.0	14.0
INGA	INGA	A	06	7,521.0	31.1	2,335.0	2,335.0	0.0
INGA	INGA	A	07	1,401.0	45.5	637.0	627.0	10.0
INGA	INGA	A	08	1,716.0	34.0	584.0	558.0	26.0
LAPP	HALFWAY	C	02	1,037.0	45.0	467.0	452.0	15.0
LAPP	HALFWAY	D	02	395.0	42.5	168.0	166.0	2.0
MICA	MICA	A	04	1,129.0	40.0	451.0	309.0	142.0
MILLIGAN CREEK	HALFWAY	A	02	12,119.0	53.0	6,423.0	6,376.0	47.0
MILLIGAN CREEK	HALFWAY	A	03	2,160.0	50.0	1,080.0	1,022.0	58.0
MUSKRAT	LOWER HALFWAY	A	03	1,003.0	40.0	401.0	370.0	31.0
MUSKRAT	BOUNDARY LAKE	A	03	465.0	23.5	109.0	107.0	2.0
OAK	CECIL	B	02	424.0	23.6	100.0	100.0	0.0
OAK	CECIL	C	03	908.0	60.0	545.0	437.0	108.0
OAK	CECIL	E	03	1,264.0	48.0	607.0	603.0	4.0
OAK	CECIL	I	03	616.0	40.0	246.0	237.0	9.0

Table A-4: Oil Pools Under Waterflood (continued)

FIELD	POOL	POOL	PROJECT CODE	OOIP (10^3m^3)	RF %	EUR (10^3m^3)	Cumulative Oil (10^3m^3)	RR (10^3m^3)
OWL	CECIL	A	03	717.0	45.0	323.0	320.0	3.0
PEEJAY	HALFWAY	NULL	02	5,803.0	38.4	2,228.0	2,227.0	1.0
PEEJAY	HALFWAY	NULL	03	8,938.0	43.0	3,843.0	3,802.0	41.0
PEEJAY	HALFWAY	NULL	04	7,897.0	44.3	3,498.0	3,485.0	13.0
PEEJAY	HALFWAY	NULL	06	2,836.0	35.0	992.0	982.0	10.0
PEEJAY WEST	HALFWAY	A	03	1,561.0	40.0	624.0	520.0	104.0
PEEJAY WEST	HALFWAY	C	02	511.0	40.0	204.0	158.0	46.0
RED CREEK	DOIG	C	03	609.0	25.0	152.0	149.0	3.0
RIGEL	CECIL	B	02	1,503.0	40.0	601.0	595.0	6.0
RIGEL	CECIL	G	02	953.0	45.0	429.0	419.0	10
RIGEL	CECIL	H	03	1,821.0	50.0	910.0	887.0	23.0
RIGEL	CECIL	I	02	1,962.0	40.0	785.0	775.0	10.0
RIGEL	HALFWAY	C	02	739.0	27.5	203.0	197.0	6.0
RIGEL	HALFWAY	C	03	752.0	39.0	293.0	292.0	1.0
RIGEL	HALFWAY	H	03	703.0	15.0	105.0	91.0	14.0
RIGEL	HALFWAY	Z	02	104.0	20.0	21.0	7.0	14.0
SQUIRREL	NORTH PINE	C	03	1,376.0	30.0	413.0	409.0	4.0
STODDART	NORTH PINE	G	04	214.0	36.0	77.0	75.0	2.0
STODDART WEST	BELLOY	C	05	5,784.0	25.0	1,446.0	1,369.0	77.0
STODDART WEST	BEAR FLAT	D	03	452.0	35.0	158.0	156.0	2.0
SUNSET PRAIRIE	CECIL	A	02	882.0	40.0	353.0	329.0	24.0
SUNSET PRAIRIE	CECIL	C	02	420.0	35.0	147.0	120.0	27.0
SUNSET PRAIRIE	CECIL	D	02	380.0	40.0	152.0	5.0	147.0
TWO RIVERS	SIPHON	A	03	1,476.0	17.8	263.0	261.0	2.0
WEASEL	HALFWAY	NULL	03	1,729.0	58.5	1,012.0	1,006.0	6.0
WEASEL	HALFWAY	NULL	02	3,720.0	65.0	2,418.0	2,377.0	41.0
WILDMINT	HALFWAY	A	02	2,868.0	53.8	1,543.0	1,542.0	1.0
WOODRUSH	HALFWAY	E	02	881.0	16.0	141.0	125.0	16.0
Total						103,786.0		5,771.0
% of Total British Columbia Oil Reserves						73.4		31.5

Table A-5: Oil Pools Under Gas Injection

FIELD	POOL	OOIP (10^3m^3)	RF %	EUR (10^3m^3)	Cum Oil (10^3m^3)	RR (10^3m^3)
Bulrush	Halfway A	854.0	40	342.0	331.0	11.0
Cecil Lake	Cecil D	1,091.0	40	437.0	358.0	79.0
Stoddart West	Belloy C	1,525.0	26	389.0	383.0	6.0
Total				1,168.0		96.0
% of Total British Columbia Reserves				0.8		0.5

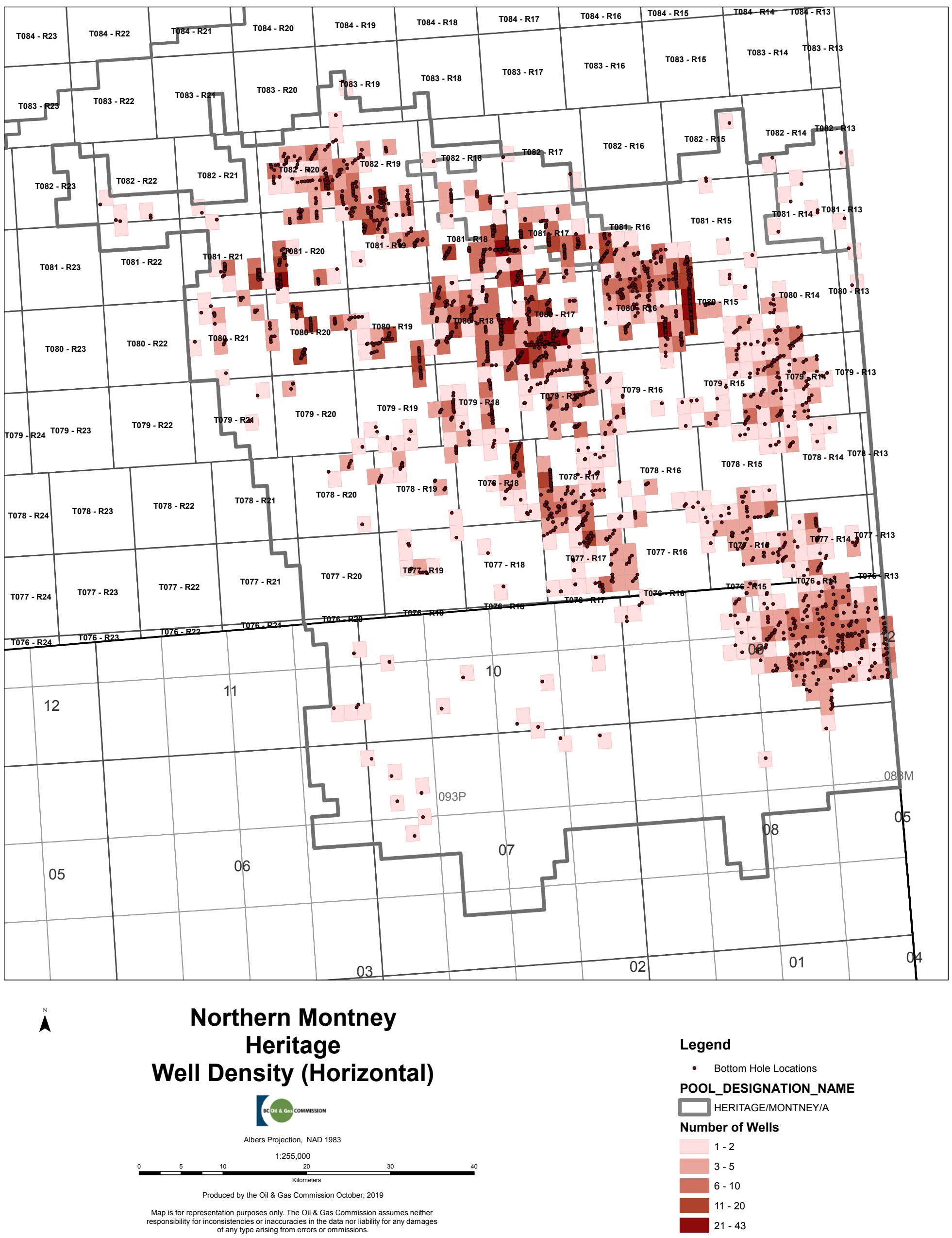
Appendix B

Current Montney Play Development and EUR

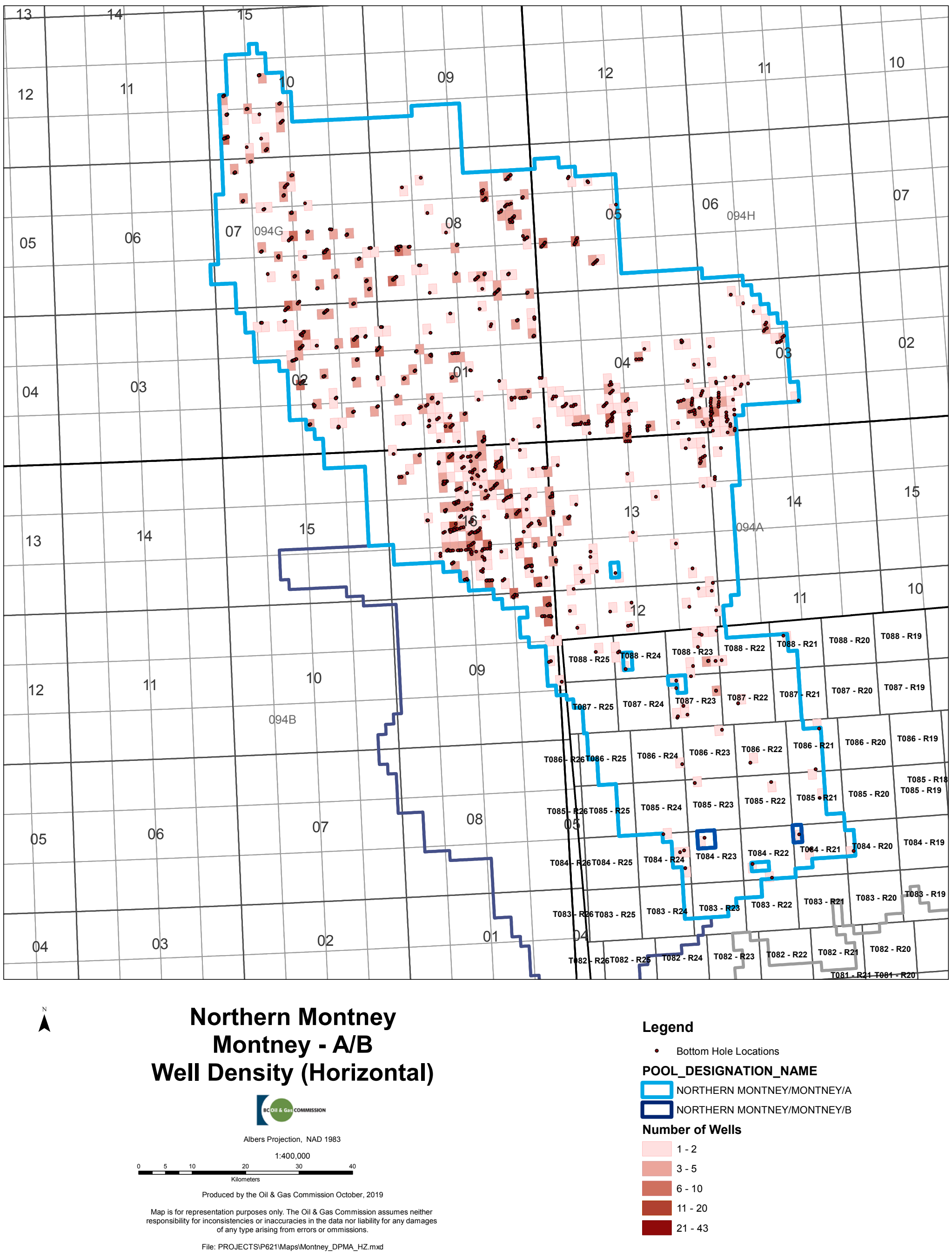
Well density reflects the stage of Montney development. The number of wells per gas spacing unit is utilized to determine the number of PUDs in the estimation of recoverable reserves. For regulatory purposes, the Commission split the Montney Regional field into Heritage Montney A and Northern Montney Montney A and Northern Montney Doig Phosphate Montney A 3 pools.

The following well density maps are for three Montney areas. As illustrated, the variable density and coverage of wells in the areas reflects current ability to establish proven reserves.

Map B-1: Heritage Montney - Montney "A" Well Density Map



Map B-2: Northern Montney - Montney "A" Well Density Map



Map B-3: Northern Montney - Doig Phosphate - Montney "A" Well Density Map

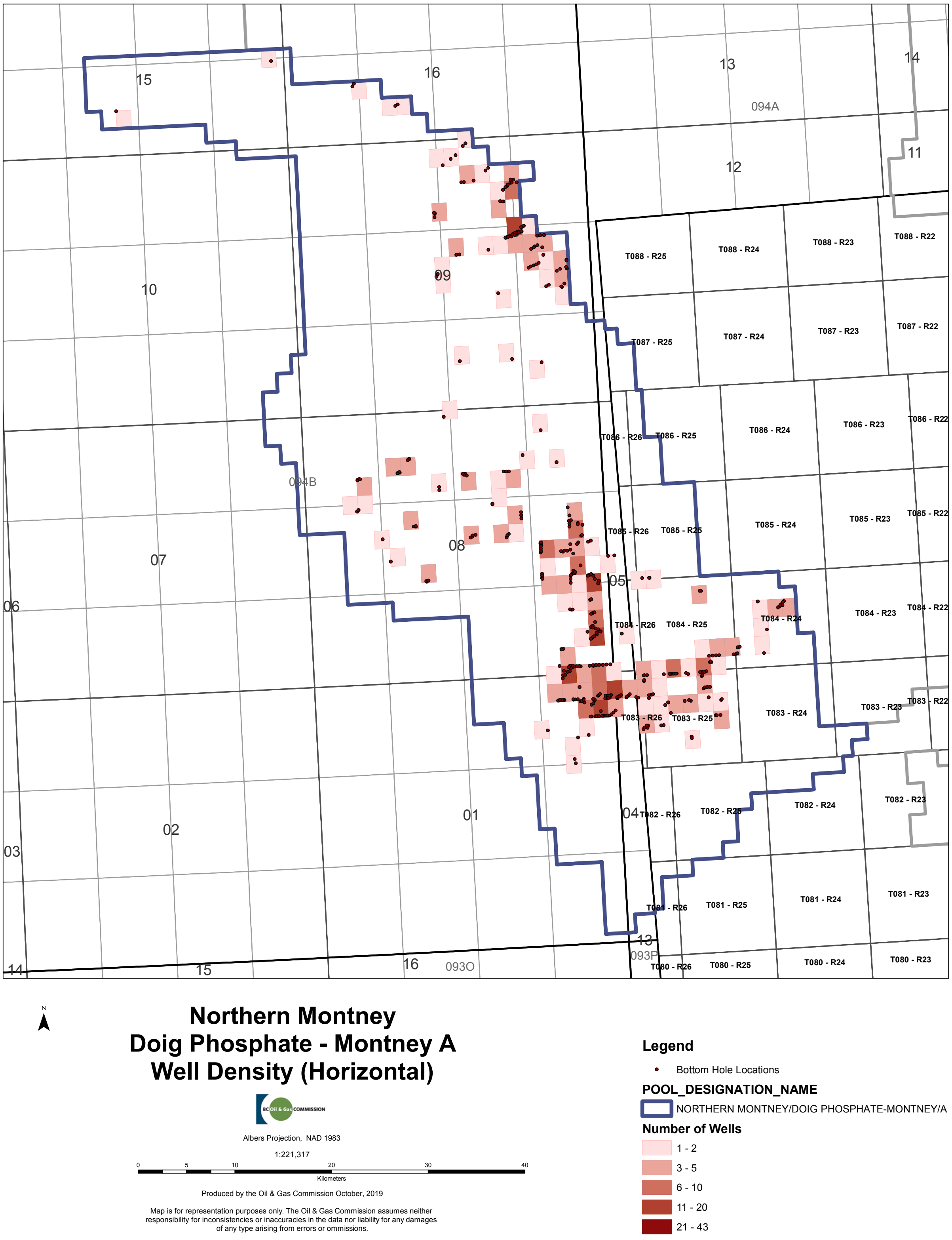
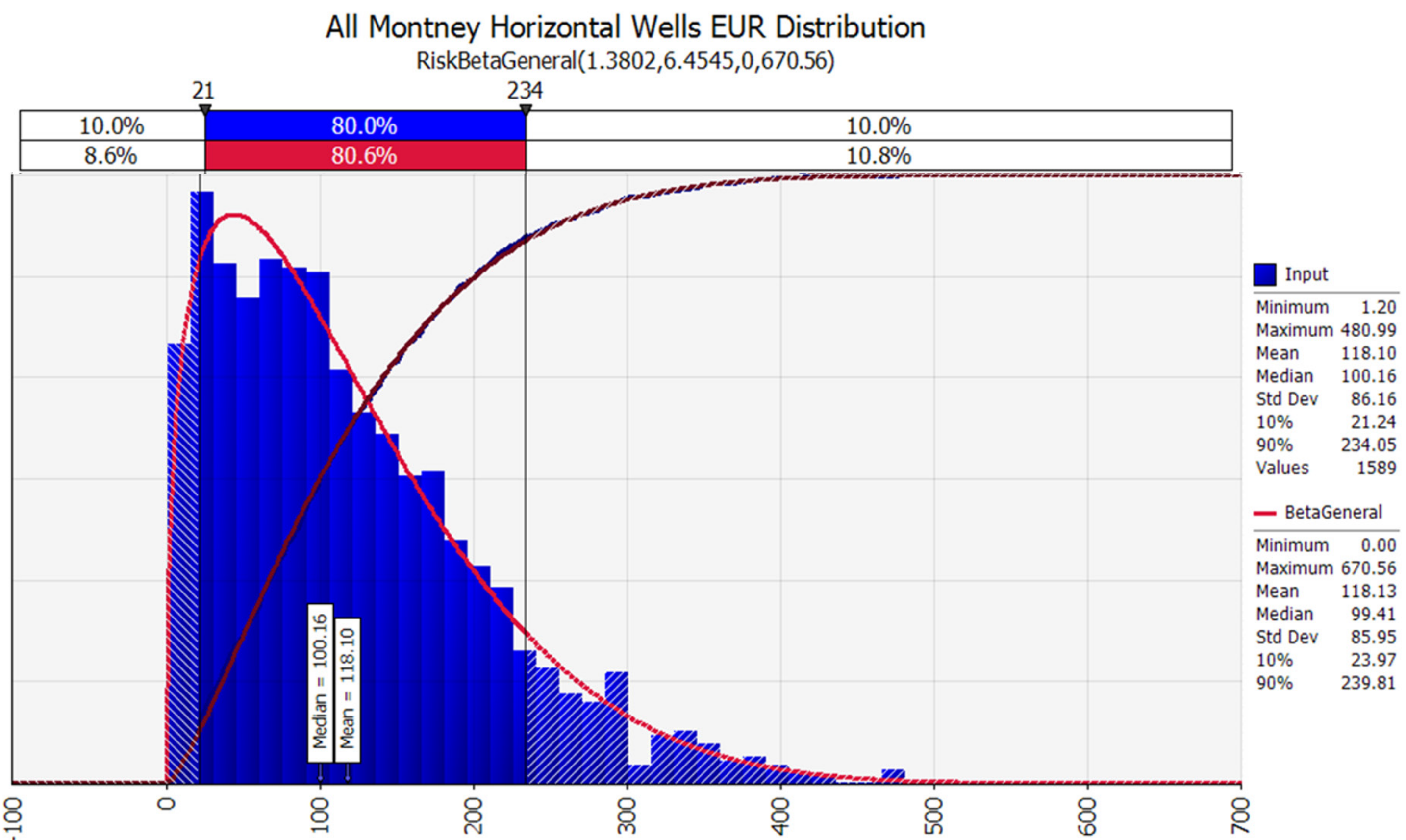


Figure B-1 below, shows overall Montney well population EUR values; P90 of 21 e^{6}m^3, P10 of 234 e^{6}m^3, mean of 18 e^{6}m^3, and median of 100 e^{6}m^3.

Figure B-1: All Montney Horizontal Gas Well EUR Distribution.



More information

www.bcogc.ca

This report was published in January 2020. It is updated annually.

For specific questions regarding this document please contact:

Reservoir@bcogc.ca
Reservoir Engineering Department
BC Oil and Gas Commission
2950 Jutland Rd.
Victoria, B.C. V8T 5K2

BC Oil & Gas COMMISSION