

November 9th, 2022

6800-4800-32640-60

Quang-Hoa Hong, P. Eng
Exploitation Engineer
Canadian Natural Resources Limited
2100, 855 – 2nd St SW
Calgary, AB T2P 4J8

Dear Mr. Hong:

**RE: OBSERVATION WELL STATUS APPROVAL
CNRL PEEJAY d-80-C/94-A-16 (WA# 1636)
PEEJAY FIELD – HALFWAY FORMATION – CNRL UNIT #2**

BC Oil and Gas Commission (Commission) staff have reviewed the October 4, 2022 application from Canadian Natural Resources Limited (CNRL) seeking observation well designation for CNRL Peejay d-80-C/94-A-16 (WA# 1636).

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 and completed in the Halfway formation the purpose of oil production in 1965. The well produced from 1965 until 2004, when it was suspended. At present, the CNRL Unit #2 project has ten active wells; five oil producing and five water injection. CNRL Peejay d-80-C/94-A-16 (WA# 1636) is located approximately in the center of the injection wells. In November 2022, Order 66-09-001 was updated to allow for testing of proxy wells, such as the subject well, in place of the injection wells.

CNRL is requesting use of this well to monitor reservoir pressure in the Peejay field, Halfway formation, CNRL Unit #2 project to provide a proxy pressure for nearby injection wells.

The location of the well in the pool in relation to the injection wells supports the request for observation well designation. Testing of the observation well in combination with other observation wells and injection wells will provide good pressure survey coverage for the project. Approval of observation status is granted for CNRL Peejay d-80-C/94-A-16 (WA# 1636), for the Peejay field, Halfway formation, with the following requirements;

- conduct one pressure test in the well every year

All reservoir pressure tests conducted must be submitted to the Commission within 60 days of the end of the test.

Should you have any questions, please contact Logan Gray at (250) 419-4465 or the undersigned at (250) 419-4430.

Sincerely,



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