

February 8, 2021

6800-4800-32640-60

Brittany Jorgensen, P.Eng.  
Exploitation Engineer  
Canadian Natural Resources Limited  
Suite 2100, 885 – 2nd Street SW  
Calgary, Alberta, T2P 4J8

Dear Ms. Jorgensen,

**RE: OBSERVATION WELL STATUS APPROVAL  
CNRL ET AL PEEJAY d-3-E/94-A-16 (WA# 1732)  
PEEJAY – HALFWAY – CNRL UNIT #2**

BC Oil and Gas Commission (Commission) staff have reviewed the January 27, 2021 application from Canadian Natural Resources Limited (CNRL) seeking observation well designation for CNRL et al Peejay d-3-E/94-A-16 (WA# 1732).

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 1965 and the Halfway formation was completed for the purpose of oil production. The well has not reported production since 2005. At present, the CNRL Unit #2 project has ten active wells; five oil producing and five water injection. CNRL et al Peejay d-3-E/94-A-16 (WA #1732) is located to the north-west of the injection wells. In January 2020, Order 66-09-001 was updated with the requirement to test three injection wells in the project on an annual basis.

CNRL is requesting use of this well to monitor reservoir pressure in the Peejay field, Halfway formation, CNRL Unit #2 project to understand the pressure dissipation of injected fluid over time. CNRL is proposing bi-annual reservoir pressure testing be completed in the pool.

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 and three injectors will provide good pressure survey coverage for the project. Approval of observation status is granted for CNRL et al Peejay d-3-E/94-A-16 (WA #1732), for the Peejay field, Halfway formation, with the following requirements;

- conduct one pressure test in the well every second year, with the first test to occur in 2021.

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 Kathryn Archibald at (250) 419-4406 or the undersigned at (250) 419-4430.

Sincerely,



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