

July 31, 2017

7600-4100-32640-60

Kelsey Whiting-Hewlett, C.E.T. Engineering Technologist, Conventional, Engineering Pengrowth Energy Corporation 2100, 222- 3rd Avenue SW Calgary, AB T2P 0B4

Dear Mr. Whiting-Hewlett,

RE: OBSERVATION WELL DESIGNATION WITHDRAWAL

PENGROWTH RIGEL 13-10-88-18 (WA 9496)

RIGEL - BALDONNEL

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 Rigel field, Baldonnel formation; Pengrowth Rigel 13-10-88-18 (WA 9496).

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 1995 and the Cecil formation was completed, but did not produce. In 1996 the Cecil formation was physically suspended by a bridge plug and the Baldonnel formation was completed for the purpose of oil production; but did not produce. The status of the Baldonnel formation completion event was changed to observation in December 2004. There are no reservoir pressure tests on file for the subject well.

The requirement to use the subject well to monitor reservoir pressures or to obtain other formation information has not been met. The observation well designation for Pengrowth Rigel 13-10-88-18 (WA 9496), will be withdrawn as of August 30th, 2017, and the status will change to suspended oil observation unless a valid reason for designation is provided to this office prior to that date.

Should you have any questions, please contact Kathryn Archibald at (250) 419-4457 or the undersigned at (250) 419-4482.

Sincerely,

Michelle Gaucher, P.Eng Reservoir Engineer Oil and Gas Commission

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