

May 17, 2016

8100-4800-32640-60

Kelly Okuszko, P.Eng  
Exploitation Engineer  
Canadian Natural Resources Ltd.  
Suite 2500, 885-2 Street SW  
Calgary, Alberta T2P 4J8

Dear Ms. Okuszko:

**RE: OBSERVATION WELL STATUS APPROVAL  
CNRL ET AL W STODDART 01-32-078-21, WA 11277  
STODDART WEST FIELD – HALFWAY POOL**

BC Oil and Gas Commission (Commission) staff have reviewed the May 16, 2016 application from Canadian Natural Resources Ltd. seeking approval of observation well status for CNRL et al W Stoddart 01-32-087-27 (WA 11277).

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 1998, and the Gilwood, Slave Point, Banff, Debolt and Upper Debolt formations were perforated. Each of these perforations has been suspended with bridge plugs and cement. In September 2015 the Halfway formation was perforated and investigated as a potential acid gas disposal well. However, the reservoir pressure was found to be in excess of characteristic Halfway pressure and therefore this location was deemed unsuitable for disposal.

Canadian Natural Resources Ltd. is requesting use of this well to monitor the Halfway formation pressure in the West Stoddart field, including offsetting acid gas injection into CNRL W Stoddart 01-33-087-12 (WA 09887) and CNRL W Stoddart 07-34-087-21 (WA 11398) wells.

Approval of observation status is granted for CNRL et al W Stoddart 01-32-087-21, for the Halfway formation, with the following requirements;

- To conduct a reservoir pressure test annually,
- To submit a BC11 form to the Ministry of Finance to update the well status.

Should you have any questions, please contact Kathryn Archibald at (250) 419-4457 or the undersigned at (250) 419-4430.

Sincerely,



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