

January 16, 2017

8115-4100-59240-16

Jordan Klebanowski  
Team Lead, Production Engineering Montney  
Murphy Oil Company Ltd.  
4000, 520 – 3<sup>rd</sup> Avenue SW  
Calgary, AB T2P 0R3

Dear Mr. Klebanowski:

**RE: TERMINATE ACID GAS DISPOSAL APPROVAL ORDER 10-16-004  
MURPHY HERITAGE b-69-E/93-P-09; WELL PERMIT # 24480  
BALDONNEL FORMATION**

---

Oil and Gas Commission (Commission) staff have reviewed the operations data and suspension records from Murphy Oil dated April 21, 2015.

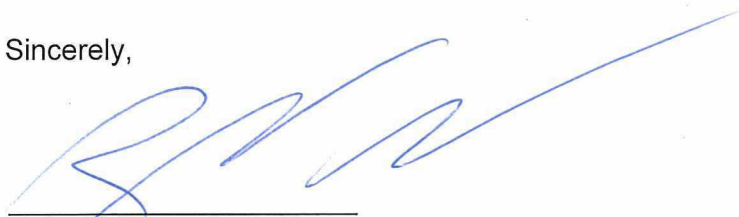
The subject well commenced acid gas disposal into the Baldonnel formation in March 2011. After only 17 months of operation, injection pressure and the average reservoir pressure were significantly elevated. An approximate 2,000 kPa rise in average injection pressure and the 3,200 kPa increase in average reservoir pressure (116% of the initial reservoir pressure) appeared to indicate poor storage capacity in the Baldonnel formation. Only 10% of the maximum allowed disposal volume had been utilized but long-term disposal seemed unviable.

Murphy began investigating alternatives to disposal, shared the review data with the Commission and ultimately chose incineration. As of December 3, 2015, the well was shut-in and incineration began.

Due to poor reservoir continuity the Section 75 Order 10-16-004, approving disposal in Baldonnel formation, will be terminated as of January 31, 2017. If you have comments or concerns, please contact Michelle Gaucher at 250-419-4482 or the undersigned at least one business day prior to the proposed termination date.

Should you have any questions, please contact Ron Stefik at (250) 419-4430.

Sincerely,



Richard Slocomb, P. Eng.  
Vice President, Engineering  
Oil and Gas Commission