

February 3, 2020

9000-7450-32640-02

Lyle Veillet
Operations Superintendent
Shanghai Energy Corporation
PO Box 1830, Station M
Calgary, Alberta T1P 2L8

Dear Mr. Veillet:

**RE: PRODUCED WATER DISPOSAL SPECIAL PROJECT APPROVAL, AMENDMENT #1
CASING INSPECTION LOG REQUIRED
SEC ET AL TATTOO c-C68-B/94-O-15; WA# 25340
ELKTON FORMATION**

Approval Order 09-02-007, Amendment #1, condition 2j)i) requires that a casing inspection log been run in the well at an interval of no more than ten years. Commission records indicate that the casing inspection log was due in 2019.

The hydraulic isolation log conducted in 2015 indicates that water flows up the backside of the production casing between 670 – 697 mKB; increasing the risk of corrosion. As such, the casing inspection log must be completed as soon as possible to ensure the well remains viable for disposal operations. Our recommendation is to conduct the hydraulic isolation log, required by condition 2j)ii) and due in 2020, at the same time to minimize the duration of shut-in. Please note that the Water Service Wells Summary (available at: <https://bcogc.ca/node/5997/download>), Appendix F, was updated this past fall with the Commission's recommendation for performing a hydraulic isolation log.

Shanghai Energy Corporation (SEC) has informed the Commission of their intention to perform these logs prior to the end of February 2020. Condition 2j)i) is hereby deferred until February 28th, 2020. The results of the logs must be submitted to the Commission no more than 30 days following the run date.

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