

July 31, 2017

9021-5000-32640-60

Chad Grywacheski
Regulatory Specialist
Shell Canada Limited
400 – 4th Avenue SW
PO Box 100 Station M
Calgary, AB T2P 3H7

Dear Mr. Grywacheski,

**RE: OBSERVATION WELL DESIGNATION WITHDRAWAL
SHELL GROUNDBIRCH 16-29-79-20 (WA 25478)
HERITAGE – MONTNEY 'A'**

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 Heritage field, Montney 'A' pool; Shell Groundbirch 16-29-79-20 (WA 25478).

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)".

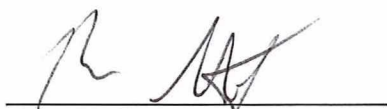
- 2 (7) An official may designate a well as an observation well if
- (a) the well is being used to monitor reservoir pressures or to obtain other formation information, and
 - (b) the well is not used to produce from, or inject or dispose of fluids into, a formation being monitored.

The subject well was drilled in 2009 and gauges were set into the casing at 25 m intervals throughout the Doig and Montney formations with the intention of monitoring pressure over several months; assisting in the understanding of gas production and pressures from the formations. The status of Montney completion event was changed to observation in January 2010. The most recent pressure data on file for the well is dated November 2010.

The requirement to use the subject well to monitor reservoir pressures or to obtain other formation information is no longer being met. The observation well designation for Shell Groundbirch 16-29-79-20 (WA 25478), will be withdrawn as of August 30th, 2017, and the status will change to suspended gas observation unless a valid reason for designation is provided to this office prior to that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) 419-4430.

Sincerely,



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