

March 17, 2015

9022-5000-32640-60

Warren Boychuk
Progress Energy Canada Ltd.
1000, 205 – 5th Avenue SW
Calgary, AB T2P 2V7

Dear Warren Boychuk:

**RE: OBSERVATION WELL STATUS APPROVAL
NORTHERN MONTNEY FIELD – MONTNEY FORMATION**

Commission staff have reviewed the March 13, 2015 application from Progress Energy Canada seeking approval of observation well status for the following:

WA 27814 Progress Caribou a-005-C/094-G-10
WA 26640 Progress Green b- 059-C/094-G-10
WA 27603 Progress Green d- 051-C/094-G-10

The subject vertical wells were perforated and hydraulically fractured in the Montney formation. The wells never produced and were converted to micro-seismic monitoring wells through installation of permanent bridge plugs and 10 meters of cement, thus isolating any open perforation from surface. They will serve as monitoring wells during hydraulic fracturing operations on nearby wellbores as each pad may consist of up to 16 wells. Reservoir characteristics and fracture properties will be determined through the monitoring from these wells.

Approval of observation status is granted for the subject wells. A BC11 form submission to the Ministry of Finance to convert these well to Active Gas Observation is required.

The Commission does not currently enforce the submission of microseismic monitoring reports, however this information may be submitted as well data.

Should you have any questions, please contact Michelle Gaucher at (250) 419-4482 or the undersigned at (250) 419-4430.

Sincerely,



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