

December 20, 2022

7000-4800-59240-07

Quang-Hoa Hong, P. Eng
Exploitation Engineer
Canadian Natural Resources Limited
2500, 855 – 2nd St SW
Calgary, AB T2P 4J8

Dear Mr. Hong:

**RE: CONCURRENT PRODUCTION SPECIAL PROJECT APPROVAL
OTHER THAN NORMAL SPACING ORDER
PEEJAY WEST FIELD – HALFWAY 'A' POOL**

The Commission has reviewed the application from Canadian Natural Resources Limited (CNRL), dated December 3rd, 2021, requesting a Concurrent Production project approval for the subject pool.

The discovery well, CNRL et al W Peejay d-54-G/94-A-15 (WA 956), was drilled in February of 1962, followed by an additional well the next month. One well was drilled in 1982 and subsequently ten more wells were drilled between 1992 and 2001, with the final well, CNRL W Peejay c-53-G/94-A-15 (WA 28819) drilled in 2013 to act as an observation well for the gas cap. The pool originally had a concurrent production approval (96-07-004), granted in May of 1996, later replaced by a pressure maintenance waterflood approval (96-09-007), granted in January of 1997. The latest amendment to the waterflood approval was in December of 2019 to update the approval conditions to current requirements.

CNRL has indicated that they will attempt to continue water injection into the well CNRL W Peejay b-43-G/94-A-15 (WA 8394) while blowing down the gas cap through CNRL et al W Peejay b-64-G/94-A-15 (WA 10452). As such, the approved area for concurrent production shall include just the northern NTS units of the pool as described in Order condition 1. The existing waterflood approval shall remain in place and have these units deleted from the approved area in Order #96-09-007 amendment #5. Use of observation wells c-64-G or c-53-G for production, listed in condition 2d) of the Order, will require a request for cancellation of observation status, which prohibits production, and will remove the requirement for annual reservoir pressure testing.

The following Orders are attached:

- 1) Order 22-07-001 designating Concurrent Production for the Peejay West field - Halfway 'A' pool as a Special Project under section 75 of the Oil and Gas Activities Act.
- 2) Order 22-07-001 - OTN approving Other Than Normal Spacing under section 65.1 of the Petroleum and Natural Gas Act for the subject area and formation.

Should you have any questions, please contact Logan Gray at (250) 419-4465 or the undersigned at (250) 419-4430.

Sincerely,



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

Attachment



IN THE MATTER of the application from Canadian Natural Resources Limited to the Oil and Gas Commission dated December 3rd, 2021 requesting Concurrent Production approval:

ORDER 22-07-001

1. Under Section 75(1)(d) of the Oil and Gas Activities Act, the Peejay West field – Halfway ‘A’ pool is designated as a special project for recovery of petroleum and natural gas utilizing Concurrent Production within the following area:

NTS 94-A-15 Block G – N/2 of unit 53 and units 63, 64, and 65

2. Under section 75(2) of the *Oil and Gas Activities Act*, the special project designation in this Order is subject to the following conditions:
 - a) Well spacing and target area restrictions are waived.
 - b) The project daily oil allowable is waived.
 - c) The project daily gas allowable is waived.
 - d) An exemption under section 4(w) of the Drilling and Production removes the prohibition under section 65(5) for gas cap production from the wells CNRL et al W Peejay b-64-G/94-A-15 (WA 10452), CNRL et al W Peejay c-64-G/94-A-15 (WA 11390), and CNRL W Peejay c-53-G/94-A-15 (WA 28819).
 - e) All produced gas must be conserved.

A handwritten signature in blue ink, appearing to read 'R. Stefik', written over a horizontal line.

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

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of December 2022.

ORDER 22-07-001 – OTN

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing within the Peejay West field – Halfway 'A' pool is hereby approved within the following area;
NTS 94-A-15 Block G – N/2 of unit 53 and units 63, 64, and 65
- 2 Under section 65.1(3) of the *Petroleum and Natural Gas Act*, I specify the following:
 - a) the target area for a well completed within the project area is not nearer than 100 m to the sides of the Other Than Normal Spacing area,
 - b) a well completed outside the specified target area may be subject to an off-target production penalty,
 - c) wells drilled within the specified project area are not subject to spacing requirements.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of December 2022.