

May 16, 2014

3425-6200-59240-16

Todd Hagen
Sr. Operations Technologist
ARC Resources Ltd.
1200, 308 – 4th Ave SW
Calgary, AB T2P 0H7

Dear Mr. Hagen:

**RE: ACID GAS DISPOSAL ORDER 10-16-002 AMENDMENT #1
ARC DOE 5-35-079-14 W6M; WA # 25345
BELLOY FORMATION**

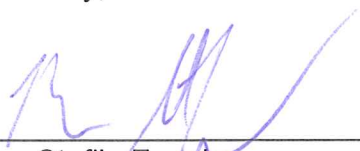
Commission staff have reviewed your request, dated May 7, 2014, requesting relief from reservoir pressure tests as stipulated in the subject Approval Order requirement 2 h): *The Permit Holder must conduct a reservoir pressure test on the subject well during scheduled plant shutdowns, with a shut-in period of sufficient length to provide data for calculation of the formation pressure.* This reservoir pressure test was not conducted during the September 2012 plant turnaround. The Commission notified ARC of the error. ARC indicated they expected an opportunity to conduct a short bottom hole pressure test would occur during the summer of 2014.

However, as the 2014 summer approaches ARC does not foresee a shut-down of the plant and they have requested relief from this obligation until the planned turnaround in 2015. Pressure testing history and rationale to support the request has been provided. The history and rationale indicate the reservoir pressure has increased less than 2 MPa since injection began in July 2010. Rates and wellhead pressures over the past year have been lower than the first 3 years of injection, indicating the Belloy is performing well as a disposal zone, fluid is dispersing as expected and the reservoir pressure has increased only slightly.

The Commission agrees with the pressure analysis and the statement that continued injection into the Belloy disposal zone is reasonable. Please note that a bottom hole pressure test must be conducted in September 2015 for the full duration of the plant turnaround. Data and fall-off analysis must be submitted to the reservoir engineering department within 60 days of the end of the test as per the Drilling and Production Regulation section 73 (3).

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

Sincerely,



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

Attachment