

November 28, 2024

9022-5000-32640-60

Kyle Goulet
Sr. Surface Landman
Petronas Energy Canada Ltd.
1600, 215 Second Street SW
Calgary, AB T2P 1M4

Dear Mr. Goulet,

**RE: OBSERVATION WELL DESIGNATION APPROVAL
PETRONAS TOWN a-B28-B/94-G-01 (WA# 38852)
NORTHERN MONTNEY – MONTNEY 'A' POOL**

BC Energy Regulator) staff have reviewed the October 24, 2024, application from Petronas Energy Canada Ltd. (Petronas) seeking observation well designation for PETRONAS TOWN a-B28-B/94-G-01 (WA# 38852).

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 directionally in 2023 as part of a 7 well technology pad with the intent of long-term monitoring of the offset hydraulic fracturing and production operations in the Montney formation. Fiber optic cable and 16 pressure/temperature gauges have been installed external to the casing on the subject well. While drilling the subject well, cuttings and gas samples were gathered, and a log suite was taken. During the completion phase of the pad a vertical micro-seismic array with tilt meters was run in hole of the subject well to monitor offset activity.

Approval of observation designation is granted for PETRONAS TOWN a-B28-B/94-G-01 (WA# 38852), for the Montney formation, with the following requirements:

- Submit a report by March 31, 2025 and each 6 months thereafter, to reservoir@bc-er.ca consisting of:
 - Identify the landed depth of each pressure/temperature gauge
 - Pressure plots versus time for each of the Montney sub-stratigraphic layers with any hydraulic fracturing activities on the pad identified on the charts
 - Include a written analysis of Frac Driven Interactions (FDI's), stress shadowing or notable stress changes
 - comment on any noted deformation to well casing/damage or bedding plane slippage
- Conduct annual SCVF tests, in accordance with section 9.7.3 of the Oil and Gas Activity Operations Manual V1.35, annually, starting in 2025. Submit to the Commission within sixty (60) days of testing.

Failure to meet these conditions is grounds for rescinding this designation.

Should you have any questions, please contact Michelle Gaucher at (250) 208-0337.

Sincerely,



Michelle Gaucher, P. Eng.
Senior Reservoir Engineer
BC Energy Regulator