

August 26, 2024

Enforcement File: 2024-0058-02

Pavilion Energy Corp.
Suite 2150, 736 – 6th Ave SW
Calgary, Alberta T2P 3T7

Attention: Cas Morel, President

Re: General Order 2024-0058-02

Dear Mr. Morel,

On June 20, 2024, the BC Energy Regulator issued General Order 2024-0058-02 to Pavilion Energy Corp. (Pavilion).

Please be advised that pursuant to section 49(8) of the *Energy Resource Activities Act*, General Order 2024-0058-02 is hereby terminated.

If you have any questions or concerns, please do not hesitate to contact the BC Energy Regulator.

Sincerely,



Dax Bourke
Executive Director, Compliance & Enforcement
BC Energy Regulator

GENERAL ORDER 2024-0058-02

Section 49 *Energy Resource Activities Act*

Issued to:

Pavilion Energy Corp.
Suite 2150, 736 – 6th Ave SW
Calgary, Alberta T2P 3T7

Attention: Mr. Cas Morel, President

Order:

Pursuant to section 49(1)(e) of the *Energy Resource Activities Act* (the Act), I, Robert Workman, order that Pavilion Energy Corp. (Pavilion) must:

1. Create a plan (the plan), prepared by a Qualified Professional, to remediate, within 90 days or less, the surface casing vent flow (SCVF) at WA 02262 (the well) in a manner that:
 - a. Identifies the source and cause of the SCVF, and the investigative method(s) to be used in so doing.
 - b. Ensures adequate hydraulic isolation is established between the source(s) of the SCVF and any other porous zone.
 - c. Ensures fluids do not leak from the well, or if the SCVF persists, at a rate not greater than 100 m³/d.
 - d. Ensures excessive pressure does not build up within any portion of the well.
 - e. Ensures the long-term integrity of the well is maintained.
 - f. Identifies any well integrity failures, including but not limited to casing failures.
 - g. Identifies the proposed means of addressing well integrity failures that are found.
2. Submit the plan to the BC Energy Regulator by July 12, 2024, via email to C&E@bc-er.ca.

Conditions:

A. This order shall remain in effect until amended or terminated in whole or in part by the BC Energy Regulator.

Reasons:

I make this order for the following reasons:

- i. Pavilion is the permit holder for WA 02262.

- ii. Pavilion is the permit holder for pipeline project 000025632, segment 1 (the pipeline).
- iii. The well is located in a rural agricultural area within a half mile of a private residence.
- iv. In July of 2020 a serious surface casing vent flow, venting 4751.04m³/day, was identified at WA 02262. As a result, an order was issued under section 75(1) of the former *Oil and Gas Activities Act* on July 27, 2020, as amended on October 16, 2020, to tie the SCVF into the production line, which also required a pressure relief valve be installed to prevent excessive pressure at the surface casing shoe, in the event the production line is shut-in.
- v. In August of 2023, a leak was detected in the pipeline, resulting in the pipeline being shut in. Pavilion addressed the SCVF at the time using a flare stack then available at WA 02262.
- vi. On October 27, 2023, BCER staff inspected the flare at WA 02262 and found the flare unlit. The SCVF was flowing to the production line as the pipeline had been repaired the day prior.
- vii. On May 28, 2024, BCER staff, during an inspection of the location, observed that the surface casing vent gas from WA 2262 was venting through the attached Pressure Safety Valve to atmosphere.
- viii. On May 28, 2024, David Laing of Pavilion was contacted and advised BCER staff “there is an ice plug in the pipeline, preventing flow”.
- ix. GO 2024-0058-01 was issued on May 29, 2024, requiring that Pavilion ensure surface casing vent gas from WA 2262 is directed to a temporary flare for a period not to exceed 30 days from the date of issuance of the order.
- x. On June 17, 2024, Pavilion informed the Regulator the ice plug had dissipated and production from the well had resumed on June 7, 2024. The SCVF was also flowing into the production line and so the flare was no longer in use.
- xi. Section 41(1) of the Drilling and Production Regulation states:
 - A permit holder must not vent gas unless the gas heating value, volume or flow rate is insufficient to support stable combustion and
 - a) the venting is conducted in a manner that does not constitute a safety hazard,
 - b) the venting does not cause off-site odours,
 - c) the quantity of vented gas is minimized, and
 - d) the duration of venting is minimized.
- xii. Section 41(4.01) of the Drilling and Production Regulation states:

A well permit holder must ensure that the emissions of gas from a surface casing vent flow do not exceed 100 m³ per day.
- xiii. I am of the opinion this order is necessary to mitigate a risk to public safety and to protect the environment.

Review or Appeal

Pavilion may request a review of this order under section 70 of the Act or appeal this order under section 72 of the Act. Both a review and an appeal of the order cannot be commenced simultaneously.

A request for review may be sent to: determinationreviews@bc-er.ca.

Alternatively, a notice of appeal may be sent to the Energy Resource Appeal Tribunal info@bcerat.ca or mailed to:

Energy Resource Appeal Tribunal
PO Box 4925 Stn Prov Govt
Victoria, BC V8W 9V1

Information regarding the process for appeals may be found at www.bcerat.ca



Robert Workman
Manager, Enforcement
BC Energy Regulator

DATED AT Fort St. John, in the Province of British Columbia, this 20th day of June 2024.