

October 30, 2017

Enforcement File: 2017-243FSJ

Pavilion Energy Corp.
1100, 800-6th Avenue SW
Calgary, Alberta T2P 3G3

Attention: Mr. Cas Morel

Re: General Order 2017-100

Dear Cas Morel:

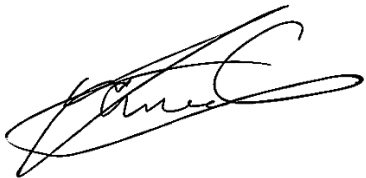
On September 28, 2017 the Oil and Gas Commission (Commission) issued General Order 2017-100 to Pavilion Energy Corp. (Pavilion).

Pavilion has satisfied all the requirements of the Order.

Please be advised that pursuant to section 49(8) of the *Oil and Gas Activities Act*, General Order 2017-100 is hereby terminated.

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

Sincerely,



Lance Ollenberger
Vice President, Operations
BC Oil and Gas Commission

GENERAL ORDER 2017-100 Amendment 1
Section 49 Oil and Gas Activities Act

Issued to:

Pavilion Energy Corp.
1100, 800-6th Avenue SW
Calgary, Alberta T2P 3G3

Attention: Mr. Cas Morel

Order:

Pursuant to section 49(7) of the *Oil and Gas Activities Act* (the Act), I, Lance Ollenberger, amend General Order 2017-100 issued on September 28, 2017 to Pavilion Energy Corp. (Pavilion) by extending the deadline contained in item 2 to **on or before 4:00 PM on October 23, 2017.**

Reasons:

I make this order for the following reasons:

- i. Pavilion contacted the Commission on October 13, 2017, to advise that it planned to have a rig on the well over the weekend (October 14-15) but was not sure the production casing pressure test would be completed by October 16, 2017.
- ii. On October 16, 2017, Pavilion contacted the Commission to advise that the rig was put on the well over the weekend and that the production casing pressure test should be completed by October 18, 2017.
- iii. The Commission finds Pavilion's request for an extension to be reasonable.

Review and Appeal

Pavilion may request a review of this order under section 70 of the Act by submitting a request for review to: ogc.determinationreviews@bcogc.ca.

General Order 2017-093 Amendment 1

Pavilion may appeal this order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals may be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 4925 Stn Prov Govt
Victoria, BC V8W 9V1



Lance Ollenberger
Vice President, Operations
BC Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 16th day of October, 2017.

GENERAL ORDER 2017-100
Section 49 *Oil and Gas Activities Act*

Issued to:

Pavilion Energy Corp.
1100, 800-6th Avenue SW
Calgary, Alberta T2P 3G3

Attention: Mr. Cas Morel

Order:

Pursuant to section 49(1)(b) of the *Oil and Gas Activities Act* (the Act), I, Lance Ollenberger, order that Pavilion Energy Corp. (Pavilion) must:

1. On or before 4:00 PM on September 29, 2017, shut-in well WA11563 (the Well) located at A13-03-085-21 W6M. The Well shall remain shut-in until otherwise authorized by the Oil and Gas Commission (the Commission).
2. On or before 4:00 PM on October 16, 2017, complete a production casing pressure test on the Well from 1572mKB to the surface and submit results of the test, including graphical and tabular data collected during the test period, to the Commission at C&E@bcogc.ca.

Conditions:

- A. This order shall remain in effect until amended or terminated in whole or in part by the Commission.

Reasons:

I make this order for the following reasons:

1. Pavilion is the permit holder of the Well.

General Order 2017-100

2. On June 30, 2017 the Commission issued Order 00-09-003 Amendment #3, which designated the Red Creek field – Doig “C” pool as a Special Project under section 75(1)(a) of the Act for the recovery of oil utilizing pressure maintenance water flood (the Special Project Order). The Special Project Order allows for water injection into the Well subject to certain conditions.
3. Condition 2(h) of the Special Project Order requires that prior to reactivation, a packer isolation test (PIT) be completed and the report sent to the Commission within 30 days of completion.
4. On August 4, 2017, Pavilion attempted a PIT and the Commission received the related report on August 17, 2017. The report indicated a lack of hydraulic isolation in the Well, which prevented a positive PIT from occurring. Based on the report, Commission engineers determined that a failed casing string was one of the possible contributors for the lack of hydraulic isolation.
5. On September 8, 2017, Pavilion advised the Commission that it had completed a temperature/noise log on the Well and concluded that the packer was leaking. Pavilion indicated its plan was to put a rig on the Well and replace the packer. Pavilion stated that no fluid would be injected into the Well until a positive PIT was recorded.
6. On September 11, 2017, the Commission received the temperature/noise log for the Well from Pavilion (the Log). Commission engineers noted that the log was run from ~1400mKB to surface. Records for the Well indicate that on April 21, 2000 the Well had a packer set at 1384.51mKB. On September 7, 2001 a new packer was set at 1572.66mKB after the Well was converted to an injector. As such, the Log would not have reached the depth of the current packer.
7. On September 12, 2017, Pavilion advised the Commission that it was considering converting the Well into a producing oil well.
8. The Commission engineering staff’s interpretation of all of the data provided by Pavilion for the Well suggests the possibility of a casing integrity issue.
9. The surface casing for this well is set to 270 metres. The base of the usable groundwater is at least 300 metres at this location. As such, a production casing integrity issue could result in contamination to the surrounding environment.
10. I am of the opinion this order is necessary to protect the environment.

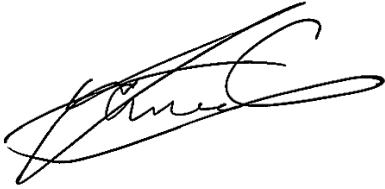
Review and Appeal

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General Order 2017-100

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Oil and Gas Appeal Tribunal
PO Box 4925 Stn Prov Govt
Victoria, BC V8W 9V1

A handwritten signature in black ink, appearing to read 'Lance Ollenberger', written in a cursive style.

Lance Ollenberger
Vice President, Operations
BC Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 28th day of September, 2017.