

March 5, 2018

Enforcement File: 2018-002FSJ

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

Attention: Mr. Cas Morel, President

Re: General Order 2018-001

Dear Mr. Morel:

On January 19, 2018, the BC Oil and Gas Commission (Commission) issued General Order 2018-001 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 2018-001 is hereby terminated.

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

Sincerely,



Patrick Smook
Director, Compliance and Enforcement
BC Oil and Gas Commission

GENERAL ORDER 2018-001
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, President

Order:

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

1. On or before 4:00 PM on January 20, 2018, shut-in facility ID 262 located at 4-24-86-20 W6M (the Facility). The Facility shall remain shut-in until otherwise authorized by the Oil and Gas Commission (the Commission).

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 became the permit holder of the Facility on December 8, 2016.
2. The Facility is located within 500 meters of an occupied residence.
3. On January 5, 2018, Cas Morel (Morel), President of Pavilion, e-mailed the Commission. Morel stated that Pavilion was advised by the previous operator, Terra Energy Corp. (Terra), that the Facility was shut-in back in mid-March of 2016. Morel stated that to the best of his knowledge no apparent efforts or steps were taken by Terra to preserve, winterize or safeguard the condition of the Facility, including security from trespass or vandalism. This resulted in a period of approximately nine months where the Facility was not adequately maintained.
4. Commission production records indicate there was no production at the Facility between January 2016 and May 2017, when a small volume of gas was produced. Production records indicate activity in July 2017 and then again in November 2017 at the Facility.

General Order 2018-001

5. On January 5, 2018 Commission staff conducted an inspection of the Facility and noted the calibration tags found for the station shut downs were dated from 2015.
6. On January 8, 11 and 16, 2018 Commission staff e-mailed Russell Gonie (Gonie) of Pavilion requesting information and records that would enable the Commission to determine if the Facility can be operated safely. The information requests included documentation of the calibrations for all the shutdowns to coincide with the most recent Facility start-up including function tests for the fire eyes, pressure safety valves and gas stationary building monitors as well as Pavilion's start-up procedure.
7. On January 8, and 17, 2018 Gonie supplied some documentation to the Commission but there are still a number of documents that have not been provided as requested, including documentation confirming the function tests.
8. Commission staff have advised that without documentation confirming the function tests to demonstrate the safety equipment is operational and being maintained there is a potential risk to public safety and the environment.
9. I am of the opinion this order is necessary to mitigate a risk to public safety and to protect the environment.

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.

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



Patrick Smook
Director, Compliance and Enforcement
BC Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 19 th day of January, 2018.