

July 27, 2020

8000-6200/1713-59070-20

Russel Gonie
Manager Production & Operations
Pavilion Energy Corp.
2150, 736 - 6th Ave SW
Calgary, AB T2P 3T7

Dear Mr. Gonie:

**RE: TEMPORARY COMMINGLED PRODUCTION SPECIAL PROJECT
PAVILION ET AL STODDART 6-29-85-18 (WA #2262)
STODDART FIELD – BELLOY ‘A’ POOL**

The Commission has reviewed your application received July 22, 2020 requesting approval to commingle gas production from the Base of Fish Scales with the Belloy ‘A’ pool in the subject well.

The subject well was drilled in January 1968 as a Belloy gas well and to date the well has produced 496 e⁶m³ of gas. On July 15, 2020 a surface casing vent flow test was done on the well and gas flow was detected. The buildup pressure on the surface casing indicated a buildup pressure of 2,647 kPa over 15 hours. In order to avoid excessive pressure at the surface casing shoe and to mitigate the safety risk presented by elevated atmospheric methane concentrations, the vent flow will be produced to the sales line. The source of the gas is currently unknown and may be identified once additional evidence is obtained. The source of the gas shall be tentatively denoted as the Base of Fish Scales zone.

Attached please find temporary **Order 20-20-001**, designating an area in the Stoddart field – Belloy ‘A’ pool and Base of Fish Scales formation as a Special Project under section 75 of the *Oil and Gas Activities Act*, for Commingled Production. **This approval is temporary** and as per Order condition 2e), this order expires on October 24th, 2020. For consideration of a permanent approval, Pavilion must submit an amendment application at least 2 weeks prior to expiry, that includes:

- the results of investigation of the source of the surface casing vent flow,
- the results of a risk assessment of inter-zonal communication and an assessment the of risks to groundwater

A thorough investigation of the source of the gas may include a gas analysis (including isotope analysis), cement bond log, noise temperature log, a well integrity assessment, and any other appropriate methods.

Commission staff have created a completion event for the subject well in the Base of Fish Scales. The zone and the interval may be amended if supported by forthcoming data.

Should you have any questions, please contact Logan Gray at (250) 419-4465 or Michelle Gaucher at (250) 419-4482.

Sincerely,



Richard Slocomb, M.A.Sc., P.Eng.
Vice President, Reservoir, Drilling Engineering & Tech Svcs
Oil and Gas Commission

Attachment



IN THE MATTER of an application from Pavilion Energy Corp. to the Oil and Gas Commission received July 22, 2020 for commingled production approval.

ORDER 20-20-001

1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Commission designates the operation commingling of production from the Stoddard field – Belloy ‘A’ and Base of Fish Scales pools as a special project for the enhanced recovery of natural gas by commingling production within the following area;

DLS Twp 85 Rge 18 W6M Section 29 – LSDs 3 to 6

2 Under section 75(2) of the *Oil and Gas Activities Act*, the special project designation in this Order is subject to the following conditions. The Permit Holder shall:

- a) Produce gas from the Base of Fish Scales through the surface casing vent, with the Belloy ‘A’ gas flowing through tubing; commingled at surface through the well Pavilion et al Stoddart 6-29-85-18 (WA # 2262)
- b) Install two check valves between the surface casing vent and the production line to prevent flow from the production line into the surface casing vent.
- c) Install a pressure relief valve on the surface casing vent to avoid excessive pressure at the surface casing shoe in case the flow line is shut down
- d) Gas, condensate and water production from the commingled well must be allocated in Petrinex on the basis of Base of Fish Scales 15% and Belloy ‘A’ 85%. The allocation factors may be amended to reflect results of any future tests.
- e) This Order expires on October 27th, 2020 at 12:00 PM PST.

A handwritten signature in blue ink, appearing to read 'R. Slocomb'.

Richard Slocomb, M.A.Sc., P.Eng.
Vice President, Reservoir, Drilling Engineering & Tech Svcs
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 27th day of July 2020.