



October 6, 2011

7600-2900-59240-09

Ron McKellar
President
Procyon Energy Corp.
Suite 400, 505 – 8th Avenue S.W.
CALGARY, AB T3A 2N6

Dear Mr. McKellar:

**RE: PRESSURE MAINTENANCE WATERFLOOD SPECIAL PROJECT ORDER
RIGEL FIELD – DUNLEVY ‘A’ POOL**

The Commission has reviewed your application dated July 27, 2011, requesting a pressure maintenance waterflood order for the subject pool. The Commission concurs that the proposed project will provide an opportunity for enhanced recovery from a depleted oil pool.

Attached is Order 11-09-001 designating Pressure Maintenance Waterflood, within a portion of the Rigel field - Dunlevy ‘A’ pool as a Special Project under section 75 of the *Oil and Gas Activities Act*.

Please note that, as per section 75 of the *Drilling and Production Regulation*, a record of the volume of water injected must be reported on a Monthly Injection or Disposal Statement (BC-S18), submitted to the Commission no later than the 25th day of the following month. The operation of the pressure maintenance waterflood project will be subject to periodic review and the Commission may modify the Order, if deemed appropriate.

The Concurrent Production approval for this pool, last revised February 25, 1985, is hereby rescinded.

Should you have any questions, please contact Kelly Okuszko at (250) 419-4433.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Jeakins', is written over a horizontal line.

Paul Jeakins
Chief Operating Officer
Oil and Gas Commission

Attachment

IN THE MATTER of an application from Procyon Energy Corp. (Procyon) to the Commission dated May 16, 2011 for the production of petroleum using pressure maintenance.

ORDER 11-09-001


- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Rigel field – Dunlevy formation is designated as a special project for pressure maintenance for recovery of oil by water injection within the following area;

DLS 87-17 W6M Section 22 – Lsds 1, 2, 7, 8

DLS 87-17 W6M Section 23 – Lsds 3, 4, 5, 6

- 2 Under section 75(2) of the *Oil and Gas Activities Act*, I specify the following:
 - a) The project daily oil allowable is waived.
 - b) A project daily gas production limit shall not apply.
 - c) Water may be injected into the Rigel - Dunlevy "A" pool through the well PROCYON RIGEL 08-22-087-17 W6M (WA #6115).
 - d) All associated produced gas must be conserved.
 - e) The injection pressure measured at the sandface must not exceed the formation fracture pressure.
 - f) The quantity and rate of water injected into the Dunlevy formation via the well PROCYON RIGEL 08-22-087-17 W6M (WA #6115) must be metered by an appropriate method and reported to the Commission on the form BC S-18 no later than the 25th day of the following month.
 - g) The permit holder must submit a Progress report to the Commission for each twelve month period the project is in operation. The Progress report must be filed within 60 days after the end of each period and must contain the following:
 - i) the daily average rate during each month of oil production for each producing well, and for the project as a whole
 - ii) the average gas-oil and water-oil rates during each month for each producing well, and for the project as a whole
 - iii) the monthly cumulative gas, oil and water production for each producing well, and for the project as a whole
 - iv) for each type of fluid being injected, the daily average rate of injection per operating day during each month into each injection well, and for the project as a whole
 - v) for each type of fluid being injected, the weighted average wellhead injection pressure during each month for each injection well, and for the project as a whole

- vi) for each type of fluid being injected, the monthly cumulative volume of fluid injected to each injection well, and for the project as a whole
- vii) the current volumetrically weighted formation pressure for the project as a whole and a copy of the isobaric map from which this pressure was calculated
- viii) the date and type of any well treatment or workover which must be indicated, in the case of injection wells, on the report of the injected volume, and in the case of producing wells, on the report of the daily average oil production rate
- ix) calculations of the balance during each month between fluids injected into, and fluids withdrawn from, the part of the pool subject to the project and by individual patterns, where applicable
- x) an outline of the method actually in use for the quality control and treatment of fluid being injected, or, where there has been no change in the control or treatment from that outlined in a previous report, a statement to that effect



Paul Jenkins
Chief Operating Officer
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 6th day of October 2011.