



May 1, 2008

7600-4800-59240-07

Jonathan White, P.Geo.
VP Exploration & COO
Pavilion Energy Corp.
222 – 10451 Shellbridge Way
Richmond, BC V6X 2W8

Dear Mr. White:

**RE: CONCURRENT PRODUCTION APPROVAL, AMENDMENT #1
RIGEL – HALFWAY “C” POOL**

Commission staff have reviewed your application, dated March 31, 2008, to amend the Concurrent Production approval granted December 21, 2007 for a portion of the Rigel field Halfway “C” pool gascap. This amendment is specific to allowing production from the well Pavilion Talisman Rigel c-40-L/94-A-9.

Approval 07-07-010 (Amendment #1) is hereby granted under Section 97 of the Petroleum and Natural Gas Act. This approval permits controlled production of the gascap wells c-40-L/94-A-9 (WA# 4957) and A6-33-88-16 (WA# 23360).

The other operator in this pool, Canadian Natural Resources Limited, did not object to this amendment application following notice on the Commission website, or when contacted directly. Significant reservoir pressure differences were observed in wells in this pool during recent tests. This apparent poor communication, and “water-fence” isolating a portion of the gas cap production from the oil wells, should allow opportunity to capture remaining recoverable reserves. Restricted gas production will continue to support existing infrastructure.

As the well A6-33 is completed outside of the gas target area, individual well production is limited to a penalized daily gas allowable of $4.1 \text{ e}^3\text{m}^3$.

Please note that the project allowable may be amended if gascap withdrawal is observed to be having an adverse impact on remaining pool oil recovery.

Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering
Resource Conservation

Attachment

RESOURCE CONSERVATION

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St, Victoria BC

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: (250) 261-5744 www.ogc.gov.bc.ca

APPROVAL 07-07-010 (Amendment #1)

**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION**

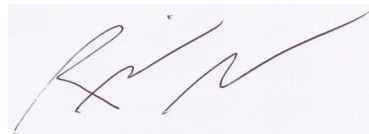
IN THE MATTER of a Concurrent Production scheme of Pavilion Energy Corp. (Pavilion) for producing gascap gas from the Rigel Halfway "C" pool with a project gas allowable.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby amends a Concurrent Production scheme of Pavilion for gas production with project allowable, as such scheme is described in

*an Application to the Commission dated October 4, 2007 and March 31, 2008
and related submissions.*

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of:
Twp 88 Rge 16 W6M - SE/4 Sect 32 & Fractional NE/4 Sect 32
- SW/4 Sect 33 & Fractional NW/4 Sect 33
94-A-9 Block L - Fractional Units 20 and Units 30, 40, 50
94-A-10 Block I - Fractional Units 11 and Units 21, 31 and 41.
2. A project daily gas allowable of $26.6 \times 10^3 \text{ m}^3$ may be produced from the following wells:
Pavilion Talisman Rigel c-40-L/94-A-9 (WA# 4957)
Pavilion Rigel A6-33-88-16 (WA# 23360)
3. The well A6-33-88-16 is restricted to an individual well daily gas allowable of $4.1 \times 10^3 \text{ m}^3$.
4. All produced gas must be conserved.
5. This approval may be modified or rescinded at a later date if deemed appropriate.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 1st day of May, 2008.