PDI Production Inc. Suite 201, Baine Johnston Centre
10 Fort William Place, St John's, NL, Canada, A1C 1K4
Telephone: +1 (709) 754-8162
Fax: +1 (709) 754-8170

Canada-Newfoundland Offshore Petroleum Board
5th Floor, TD Place
140 Water Street
St. John's, NL
A1C 6H6

December 3, 2007

Attention: Ms. Kim Coady, Environmental Assessment Officer

Dear Ms. Coady,

RE: Seismic Survey – Port au Port Peninsula

PDIP submitted a project description for proposed transitional seismic work to your office in March, 2007. The scope of work and the locations for this project have now changed. As such, we request that you please remove this project description from your registry.

Further, please find attached a new project description for seismic work on the Port au Port Peninsula for your review. Note that the onshore portion of this work (for the currently planned Garden Hill South 3D survey) has been registered with the Department of Environment and has been released from further assessment subject to the preparation and approval of an Environmental Protection Plan.

I trust that you will find the attached project description satisfactory, and I look forward to your reply. Should you have any queries, please do not hesitate to contact me.

Sincerely,

P.P. Barath Rajgopaul, Subsurface Manager
PDI Production Inc.

cc. Mr. Paul Molloy, Department of Natural Resources
Mr. Steve Millan, CIVC

3D Combined Land and Transition Zone Seismic Project Description for the Port au Port Peninsula

PDIP Ref. GHS-0001-EXP-2-REP-0001
Rev. 0

Submitted by

PDI Production Inc.
2nd Floor Baine Johnston Centre
Suite 201
10 Fort William Place
St John's, NL
A1C 1K4

December 2007

This document is confidential. Neither the whole nor any part of this document may be disclosed to any third party without the prior written consent of PDI Production (PDIP) Inc. All rights reserved. Neither the whole nor any part of this document may be reproduced, stored in any retrieval system or transmitted in any form or by any means (electronic, mechanical, reprographic, recording or otherwise) without the prior written consent of PDI Production Inc, the copyright owner.

PRODUCTION INC.

Report Approval Cover Sheet

Report Title:	3D Combined Land and Transition Zone Seismic Project Description for the Port au Port Peninsula
Project Name:	Garden Hill South
Client:	n/a
Client Ref:	n/a
PDIP Ref:	GHS-0001-EXP-2-REP-0001

Approval Record

Rev. No.	Date	Prepared	Reviewed	Approved
0	Dec. 3, 2007	K. Batten Hender	V. Pennell Mercer A. Pegram	B. Rajgopaul

This document is confidential. Neither the whole nor any part of this document may be disclosed to any third party without the prior written consent of PDI Production (PDIP) Inc. All rights reserved. Neither the whole nor any part of this document may be reproduced, stored in any retrieval system or transmitted in any form or by any means (electronic, mechanical, reprographic, recording or otherwise) without the prior written consent of PDI Production Inc, the copyright owner.

Report Record of Revision

Report Title:	3D Combined Land and Transition Zone Seismic Project Description for the Port au Port Peninsula
Project Name:	3D Combined Land and Transition Zone Seismic Survey
Client:	n/a
Client Ref:	n/a
PDIP Ref:	GHS-0001-EXP-2-REP-0001

Record of Revision

Rev. No.	Date	Revision Details
0	Dec. 3, 2007	Original Issue

Contents

1. Introduction

1.1 Company Background

PDI Production Inc. (PDIP) is an international oil and gas company that is headquartered in Newfoundland, is the operator of Petroleum Lease #2002-01 (which includes the Garden Hill South discovery) in western Newfoundland, on behalf of the interest holders, itself and Canadian Imperial Venture Corporation (CIVC).

PDIP currently holds working interests in:

- Offshore exploration license EL-1070, including Shoal Point, where previous exploration work indicates the existence of prospects.
- Onshore production lease 2002-01, which includes Garden Hill South, where PDIP has already re-entered an existing well, and Garden Hill North, where existing seismic surveys indicate that there is potential for oil and gas.

1.2 Rationale and Program Overview

A “fairway” trend has been mapped over the Port au Port Peninsula, consisting of large structural leads known as Garden Hill South and Garden Hill North. Only Garden Hill South has been tested by exploration drilling, resulting in the Port au Port #1 discovery well drilled by Hunt and PanCanadian in 1995. PDIP intends to undertake a 3D seismic survey over the area in order to improve knowledge of the leads/reservoirs and to identify suitable exploration drilling targets within the Garden Hill North lead.

Recent studies of existing seismic data at Garden Hill South, combined with reservoir engineering data from the PAP#1 and PAP#1 - ST#2 wells, indicate that the Garden Hill South reservoir may be compartmentalized. A 3D seismic survey is therefore to be undertaken initially over this area in order to fully define and map the distribution and size of compartments at this site. PDIP intends to undertake this smaller initial 3D survey in order to acquire the appropriate information to assess the size of proven reserves and to determine the best locations for the drilling of new wells to access those reserves. It will also provide information about optimal seismic acquisition parameters for imaging deep targets in this area, prior to undertaking any survey in the remainder of the area.

In order to obtain a good quality seismic image of the deep reflectors of the St. George Group, it is necessary to conduct a survey over land and extending into the shallow (< 50 m water depth) marine environment. The need to extend the survey into the transition zone occurs because mapping of the Garden Hill South reservoir suggests an offshore extension of the field, and also because the limits of seismic migration apertures require long seismic lines in order to resolve deep targets with the target St. George Group.

Figure 1 details the locations of PDIP's interests and shows the general area in which the proposed seismic survey is to take place, as well as the specific area for the initial Garden Hill South 3D seismic survey.

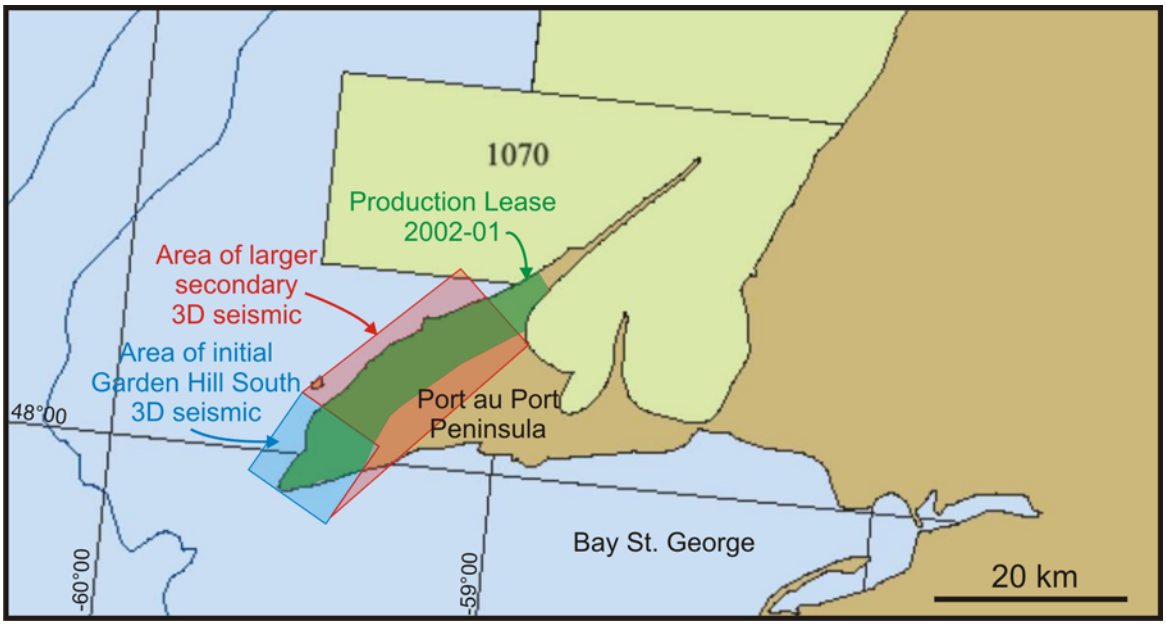

Figure 1: Location of 3D transition-zone survey, and area of possible extension of the survey.

2. Program Description

The initial 3D transition-zone seismic survey will cover the Garden Hill South oil discovery. It will encompass an area of approximately 85 km^2 on the southwestern tip of the Port au Port Peninsula (Figure 1), of which approximately 35 km^2 is on land, and 50 km^2 is in the marine environment. It is designed to enable detailed mapping of the reservoir to be undertaken in order to optimize development drilling and to improve estimates of reservoir size and volume of oil in place.

The larger project area, which includes the Garden Hill North lead, encompasses a total area of approximately 280 km^2 (Figure 1).

2.1 Offshore

While the details of the survey have not yet been finalized, it is anticipated that offshore dual sensors (pairs of hydrophones and geophones) strung along an ocean-bottom cable at 25 m intervals will be used. Typically, the cables are flexible, lightweight, and about ½" in diameter. These cables are reinforced with Kevlar, making them very strong. The cables are each about 200-400 m long and connected to an electronics unit in waterproof housing. The cables and electronics units are daisy-chained along to form the receiver line. They will be strung along the sea floor and then through the surf-zone and onto the beach. Thereafter, the land portion of the line will be continued using conventional land cables and similar electronics units in land housings. The receiver cables will be spaced at intervals of approximately 400 m.

In the marine portion of the survey, the source will consist of an airgun array deployed on a shallow draft vessel. It is proposed to use a small airgun array of between 4 and 16 elements with a total volume in the range 300 to 2200 cu. in. Offshore shot spacing will likely be approximately 25 m, with source lines spaced at approximately 400 m. Values for any of these parameters may change upon completion of the final survey design.

2.2 Onshore

It is planned to use dynamite charges for the land-based portion of the survey. Although the final survey design has not yet been completed, preliminary planning suggests placement of charges along lines approximately 400 m apart, with charges loaded down shot holes spaced at 50 m intervals along the

source line. A more detailed description of the activities associated with the onshore portion of the survey can be found in Ref. 1.

2.3 Summary

The initial Garden Hill South 3D seismic survey will use conventional equipment, similar to the following:

- Energy Source: 1200 cubic inch (or possibly up to 2200 cubic inch) airgun array towed behind shooting vessel at a depth of around 5 - 6 metres, capable of up to 60 bar meters energy, offshore. The towed array will likely extend 5 to 35 m behind the vessel. Dynamite charges of 0.5 to 4 kg loaded in shot holes for onshore extensions of the lines.

- Detectors: Consisting of dual sensors (pairs of hydrophones and geophones) placed at 25 m intervals, laid on the seabed. Conventional geophone arrays (groups of 12 – 24 geophones) at 25 m intervals onshore. Total active cable length will be 6000 m (split-spread).

- Fold: The resulting fold coverage is expected to be approximately 32 onshore, increasing to approximately 64 over parts of the offshore.

Detailed survey design has not yet been initiated for the larger Garden Hill North area. Results of the smaller initial survey will be incorporated into its design. Nevertheless, it is anticipated that the acquisition parameters and equipment will be similar.

3. Timing and Environmental Impact

The final timing of the proposed study will be determined in conjunction with the various regulatory agencies responsible for the onshore and offshore resources and by information collected during the consultation process. PDIP does not intend to commence seismic acquisition during sensitive fishing seasons, and will work to establish a mutually acceptable schedule with stakeholders. Within that context, seismic acquisition over the Garden Hill South area is most likely to take place during fall 2008 or 2009.

It is anticipated that, due to the time required to obtain regulatory approval and due to constraints of fishing seasons, the onshore portion of the program will commence prior to the start of the offshore portion of the survey, with onshore activities commencing in spring 2008, in preparation for simultaneous onshore and offshore acquisition in fall 2008 or 2009. However, if PDIP encounters unavoidable delays or obtains further information that has a bearing on scheduling decisions, the seismic work could be undertaken at any time during the next 2 to 5 years.

In addition, based on the results of the initial acquisition and other data collected, it is likely that the larger survey incorporating the Garden Hill North area will be undertaken at some time during the next 3 to 6 years. PDIP intends to work with the relevant regulatory agencies and to consult with the local fishing community to determine any sensitive fishing periods and other concerns, and to consult with the local population to ensure that their concerns are addressed prior to undertaking the planned survey or future work. The geographic location of any additional future seismic work would not vary significantly from that shown in Figure 1 above.

4. Regulatory and Environmental Context

The land portion of this project has already been described to and approved by the Government of Newfoundland and Labrador Department of Environment and Conservation under the Environmental Protection Act, subject to submission of an Environmental Protection Plan. PDIP is now seeking approval from the C-NLOPB for the offshore portion of the described seismic survey under the Canadian Environmental Assessment Act.

PDIP is aware that Species at Risk (SAR) may be present in the area. An initial search using Environment Canada's online SAR tool indicates that the proposed areas are within the range of the following SAR: Blue Whale (Atlantic Population), North Atlantic Right Whale, Atlantic Wolfish, Northern Wolfish, Spotted Wolfish and Red Crossbill percna subspecies. PDIP will ensure that appropriate measures to deal with potential impacts on these species are considered as part of the environmental assessment process.

In addition, PDIP recognizes that additional permits and permission may be required for specific activities and will ensure that these are obtained as needed.

References

1. LGL Ltd., 2007, Project Registration for the Garden Hill Seismic Exploration Program on the Port au Port Peninsula, NL, available at: http://www.env.gov.nl.ca/env/ENV/EA%202001/pdf%20files%202007/1339%20-%20Garden%20Hill%20Seismic%20Program/PDIP%20Registration.pdf .