

John Hawkins, P. Eng.  
Paramount Resources Ltd.  
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Calgary, AB T2P 5C5

November 24, 2017

Dear Mr. Hawkins:

**Amendment of the Additional Terms and Conditions for removal of facilities associated with the Fort Liard F-36, N-01 and O-35 well sites**

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Paramount has requested an amendment to the Additional Terms and Conditions for the Operations Authorization (OA) for removal of facilities associated with the Fort Liard F-36, N-01 and O-35 well sites.

Paramount has also requested “the legislative and/or regulatory reference that facilitated OROGO including the requirement for the Phase I and Phase II assessments and potential remediation plans be submitted to OROGO in condition 8 of the Operations Authorization”.

It is well-established that the oil and gas Regulator under the *Oil and Gas Operations Act*<sup>1</sup> has concurrent jurisdiction with other regulators, like the Mackenzie Valley Land and Water Board, over environmental matters related to all oil and gas activities that it authorizes. This is confirmed in the purpose clause at section 2 of the Act:

2. *The purpose of this Act is to promote, in respect of the exploration for and exploitation of oil and gas...*
  - (b) *the protection of the environment...*

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<sup>1</sup> S.N.W.T. 2014, c.14. This act mirrored the federal *Canada Oil and Gas Operations Act* under which the National Energy Board regulated these matters prior to April 1, 2014.

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The Act and regulations set out numerous provisions related to protection of the environment. The Regulator has delegated the Chief Conservation Officer with all of the powers capable of delegation under section 8 of the Act. That delegated authority encompasses the powers under section 10 of the Act, which includes the power to vary the terms of any authorization issued under the Act. The power to vary terms was engaged when Paramount's existing Production Operations Authorization was amended to require that Paramount submit to OROGO the environmental site assessments and remediation plans that Paramount has already confirmed are being provided for the separate purposes of another regulator. Other provisions under the Act and regulations could equally be used to compel Paramount to supply the requested assessments.

The Regulator and his delegates are charged under the Act with carrying out their duties, including protection of the environment, in accordance with the purposes of the Act. Section 64 of the Act sets out a structure whereby the Regulator holds "proof of financial responsibility" that can be paid out on a no-fault basis where loss or damages are caused by a spill or debris<sup>2</sup> associated with an oil and gas activity. Requiring the submission of environmental site assessments and remediation plans is one way the Regulator has of determining whether an activity has been satisfactorily concluded in accordance with the regulations, and confirming that no debris remains on the site of an activity. Without evidence of this nature, the potential need to pay out for loss or damage claims remains, and proof of financial responsibility may need to be maintained.

I am satisfied that the requirement to submit the environmental site assessments and remediation plans, contained at condition 8 of Paramount's Operations Authorization, is squarely within the jurisdiction of the CCO to impose for the purposes described above.

Accordingly, I am also satisfied that the CCO holds the jurisdiction to amend subsections (d) and (e) of condition 8 in the manner requested by Paramount.

The additional terms and conditions of Paramount's existing Production Operations Authorization relating to facilities removal in the Liard South Field, issued January 17, 2017, are hereby amended in the following manner:

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<sup>2</sup> These terms are defined in section 61 of the *Oil and Gas Operations Act*.

Condition 8 is amended as follows:

8. Paramount shall file a summary report of all activities conducted under the “Liard Field – Program to Remove Surface Facilities” within 90 days of completion at [orogo@gov.nt.ca](mailto:orogo@gov.nt.ca). The report should include:
  - a. Summary of all activities conducted under the program;
  - b. Site schematic(s) showing both existing and removed surface and subsurface facilities/ equipment/ pilings, sampling locations, and excavations; and
  - c. Manifests of all wastes and equipment removed along with their final waste disposal, recycling or reuse location(s).

Subsections 8(d) and 8(e) are replaced with a new condition 9 as follows:

9. Paramount shall file, by e-mail to [orogo@gov.nt.ca](mailto:orogo@gov.nt.ca), the following documents relating to activities conducted under the “Liard Field – Program to Remove Surface Facilities” on or before November 30, 2018:
  - a. Signed copies of Phase I and Phase II Assessment(s) conducted by independent consultant(s), and
  - b. Remediation plan(s) for any issues identified.

All other terms and conditions of the OA continue to apply. As with previous documentation regarding this OA, correspondence will be published to the Public Registry (<http://www.orogo.gov.nt.ca/en/registry>).

If you have any questions, please e-mail [orogo@gov.nt.ca](mailto:orogo@gov.nt.ca).

Sincerely,



James Fulford  
Chief Conservation Officer