

John Hawkins  
Director Asset Management  
Paramount Resources Ltd  
Suite 2800, 421 – 7 AVE SW  
CALGARY AB T2P 4K9

February 14, 2019

Dear John Hawkins:

**Letter of Decision: Extension of Deadline  
for the Abandonment of the Celibeta No.2 H-78 Well (OA-2018-004)**

On February 5, 2019, the Office of the Regulator of Oil and Gas Operations (OROGO) received a request from Paramount Resources Ltd. (Paramount) to extend the deadline for the abandonment of the Celibeta No.2 H-78 well to March 31, 2020, due to “significant overgrowth of the access and weather timing constraints” that Paramount indicates affect its ability to “safely complete the well abandonments this winter season and without greater risk of causing unnecessary damage to the environment”.

The Celibeta No.2 H-78 well is not in compliance with the *Well Suspension and Abandonment Guidelines and Interpretation Notes*. Paramount was notified of this non-compliance in August 2017. At the same time, Paramount was notified of the deadline for bringing the well into compliance: August 31, 2019.

Paramount’s Water Licence for this activity, MV2018L1-0005, was issued by the Mackenzie Valley Land and Water Board (MVLWB) on December 10, 2018. This licence includes the construction and maintenance of a winter access road.

Paramount’s Operations Authorization for this activity, OA-2018-004, was issued by the Chief Conservation Officer on January 14, 2019.

Paramount’s letter of February 5, 2019 does not provide a reason for the significant time elapsed between the approval of the construction of the access road by the MVLWB on December 10, 2018 and Paramount’s request for an extension to the deadline for abandoning the Celibeta No.2 H-78 well, nor does it explain how this gap may have contributed to the “weather timing constraints” cited in its extension request. Paramount also does not provide evidence to support its assertions that it cannot safely complete the well abandonments during the winter 2019 season.

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For the reasons above, I deny Paramount's application for an extension to the deadline for the abandonment of the Celibeta No.2 H-78 well.

Regrettably, Paramount's delay in building the winter access road to the well site has resulted in a *de facto* one year extension of the Regulator-set deadline to bring the non-compliant well into a safe and compliant state. Consequently, Paramount will be in contravention of the deadline applicable to the Celibeta No.2 H-78 well as of August 31, 2019. This leaves open the possibility of future enforcement action, up to and including an Order of the Regulator, with respect to the abandonment of the non-compliant suspended well.

As Paramount does not plan to abandon the Celibeta No.2 H-78 well before August 31, 2019, I require that Paramount submit the following information by 12:00 noon on May 31, 2019:

- 1) A plan for conducting well inspections of the Celibeta No.2 H-78 well, which must:
  - a. Include an inspections schedule providing for two inspections a year, with one of the two annual inspections taking place during the July-September period, and continuing until the non-compliant well is abandoned to the satisfaction of the OROGO decision maker;
  - b. Provide information on the qualifications of inspection personnel;
  - c. Provide for 30 days notification to OROGO of intended inspections; and
  - d. Confirm that completed and signed inspection forms are to be sent to OROGO within 30 days of the completion of each inspection.
  
- 2) A summary of Paramount's operations plan detailing timelines for start and completion of the necessary work to abandon the wells by March 31, 2020.

Please note that the Operations Authorization (OA-2018-004) and Well Approval (ACW-2018-010-PAR-H-78-WID0156) in place for this activity expire on April 30, 2020.

Sincerely,



Pauline de Jong  
Chief Conservation Officer