



File: WID# 2030
4 August 2005

Mr. D. Heenan
Drilling Consultant
Paramount Resources Ltd.
4700 Bankers Hall West
888 - 3rd Street SW
Calgary, AB T2P 5C5
Facsimilie (403) 266-6032

Dear Mr. Heenan:

Approval to Drill a Well – Paramount et al Liard K-29A

Thank you for your submission of the drilling program for the well Paramount et al Liard K-29A dated 26 July 2005. Paramount Resources Ltd. is hereby given approval to drill the well Paramount et al Liard K-29A as per section 83 of the *Canada Oil and Gas Drilling Regulations*. Attached is a signed ADW form for Paramount et al Liard K-29A which is to be posted in a conspicuous place at the drill site as per the *Canada Oil and Gas Drilling Regulations*. Any changes or deviation from the program will require the additional specific approval of the Chief Conservation Officer.

Please be reminded that all oil and gas activities are, at minimum, to meet the requirements of the *Canada Oil and Gas Drilling Regulations*, the *Oil and Gas Occupational Safety and Health Regulations* and the *Canada Labour Code, Part II*.

Please note conditions and items on attachment. If you have any questions, please contact Richard Turner at 299-3868.

Yours truly,

Bharat C. Dixit
Chief Conservation Officer

Attachment

cc: M. Fortier (DIAND)

444 Seventh Avenue SW
Calgary, Alberta T2P 0X8

444, Septième Avenue S.-O.
Calgary (Alberta) T2P 0X8

Canada

Telephone/Téléphone : (403) 292-4800
Facsimile/Télécopieur : (403) 292-5503
<http://www.neb-one.gc.ca>

Approval to Drill a Well Paramount et al Liard K-29A

1. The Approval to Drill a Well form is to be displayed in a prominent place on the drill site as per section 103 of the *Canada Oil and Gas Drilling Regulations*. Also, copies of the *Canada Oil and Gas Drilling Regulations* as well as the *Oil and Gas Occupational Safety and Health Regulations* are to be kept at the drill site and available on request by any person on the drill site (section 102 of the *Canada Oil and Gas Drilling Regulations* and paragraph 125.(1)(e) of the *Canada Labour Code, Part II*, respectively).
2. Please note sections 54 to 58 of the *Canada Oil and Gas Operations Act* which speaks of the powers of a Conservation Officer. Conservation Officers are normally trained in various industry oil and gas safety courses. Please note that while neither the Act nor regulations require a Conservation Officer to possess any industry safety courses to enter and inspect a drilling site, we ensure that our inspectors are fully trained and have all the requisite training to enter any site. Conservation Officers appointed by the Board are only required to provide the person in charge of a drill site proof of their certificate of designation.
3. Unless otherwise directed by the Chief Conservation Officer, the applicant shall implement or cause to be implemented all of the policies, practices, recommendations and procedures for the protection of the environment included in or referred to in the applicant's drilling application and subsequent submissions.
4. Drill Cuttings Sampling Requirements:
 - a. 5 metre intervals: **Two sets** of washed samples in 11mL vials. **One set** of unwashed samples, 500 grams (approximately the size of 2 fists) in moisture-proof bags. Plastic lined bags not allowed. Invert/oil muds must be removed. Sacks of samples must be labeled with the correct interval and number of bags (ie. 1 of 3 etc.). All samples must be fully dried or they will be returned for drying.
 - b. 10 metre intervals: 500 grams minimum in a "geochem plastic jar" and must contain sufficient fluid to cover the sample.
 - c. All samples must be delivered to the Geological Survey in Calgary at 3303 33rd Street NW to the attention of the Head, Core and Sample Repository. A copy of the core and sample transmittal letter must be forwarded to the Chief Conservation Officer at the National Energy Board.
5. Well suspension or abandonment operations are required to meet the requirements of the *Canada Oil and Gas Drilling Regulations*. Upon program termination a "Well Termination Record" is required to be submitted complete with a wellbore schematic.
6. Geological reports (including descriptions, strip logs and gas detection readings) and drilling reports are to be faxed daily by 8:30 am to the attention of the Chief Conservation Officer (fax number (403) 292-5876). Please contact Trena Barnes (phone number (403) 299-3192) or Lori Ann Sharp (phone number (403) 299-1994) should there be any difficulty in delivery of the daily drilling reports.

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Paramount et al Liard K-29A**

7. Please submit 2 paper copies of final log prints and all digital log files in LASII format on compact disc. Please ensure compact discs are maximized and submitted with the final well report.
 8. Additional information to be filed with the Chief Conservation Officer includes a description of drill chip samples, core, fluid samples and DST results. Analyses performed on any core and any pressure and temperature data must be submitted.
 9. Please include a final well survey signed by a Canada Land Surveyor in the final well report.
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