



File: WID# 2034
24 January 2006

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

Dear Mr. Block:

Approval to Drill a Well for Para et al Cameron J-04 (WID# 2034)

Thank you for your application to drill the Sulphur Point gas well, Para et al Cameron J-04. Paramount Resources Ltd. is hereby given approval to drill the well Para et al Cameron J-04 in accordance with section 83 of the *Canada Oil and Gas Drilling Regulations*. Attached is a signed ADW form which is to be posted in a conspicuous place at the well site. 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*.

Paramount is reminded that it must comply with the requirements of the Chief Conservation Officer's 24 May 2005 direction regarding operating conditions and air quality (letter attached).

Yours truly,


Bharat C. Dixit
for Chief Conservation Officer

Attachment

cc: G. Green (INAC)

Attachment
Approval to Drill a Well for Para et al Cameron J-04

1. The Approval to Drill a Well form is to be displayed at 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. Drill Cuttings Sampling Requirements:
 - a) 5 metre samples: 1300 – 1521 metres: 2 vial sets, 1 bagged set (500 gm) dried. No geochem samples.
 - b) 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.
3. 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.
4. Geological reports (including descriptions, strip logs and gas detection readings) and drilling reports are to be emailed to dailyreports@neb-one.gc.ca daily by 8:30 am. Please contact Lori-Ann Sharp ((403) 299-1994) should there be any difficulty in delivery of the daily drilling reports.
5. Please submit two paper copies and 1 PDF version of all final well report data; in addition, please submit one LAS copy of final log prints. Please ensure compact discs are maximized and submitted with the final well report.
6. Please include a final well survey signed by a Canada Land Surveyor in the final well report.
7. 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 and all core, pressure data and temperature data must be submitted.
8. Unless otherwise directed by the Chief Conservation Officer, Paramount shall implement or cause to be implemented all of the policies, practices, mitigative measures, recommendations and procedures for the protection of the environment included in or referred to in the operator's application, Environmental Protection Plan, Air Emissions Mitigation Plan, and subsequent submissions.

Attachment
Approval to Drill a Well for Para et al Cameron J-04

9. Paramount shall ensure that the Environmental Protection Plan required under section 60 of the *Canada Oil and Gas Production and Conservation Regulations* includes:
 - a. current mitigation, monitoring and remediation commitments with respect to environmental protection for all construction and operation activities to be carried out in the Cameron Hills field; and
 - b. a plan for notification of government agencies and other affected parties in the event of an unforeseen construction or operational incident that affects components of the environment.
10. Paramount shall ensure that in the event its activity is cause for any deposit of sediment into a water body/watercourse, it immediately implement mitigation or remediation measures and notify the Chief Conservation Officer, Fisheries and Oceans Canada, Environment Canada and the Ka'a'Gee Tu First Nation.
11. Paramount shall meet the Guideline for Ambient Air Quality Standards in the Northwest Territories when conducting any flaring associated with the J-04 well drilling program.
12. Paramount shall ensure that the annual environmental report required under section 88 of the *Canada Oil and Gas Production and Conservation Regulations* includes:
 - a. confirmation in plain language, by an officer of the company, that the approved well drilling program was completed in compliance with all applicable conditions in this approval. If compliance with any of these conditions cannot be confirmed, the officer of the company shall file with the Chief Conservation Officer details in plain language as to why compliance cannot be confirmed or a plan for achieving compliance; and
 - b. a description of all environmental mitigation and remediation measures taken by Paramount in response to sediment deposits into a waterbody/watercourse and areas of erosion in the Cameron Hills field.
13. Paramount shall ensure that the components of the annual environment report are made readily available to the Parties to the Environmental Assessment (EA03-005) and the public in a manner approved by the Chief Conservation Officer.
14. Paramount shall submit all components of the Annual Environmental Report for the Cameron Hills field required under section 88 of the *Canada Oil and Gas Production and Conservation Regulations* to the Chief Conservation Officer by July 1, 2007.

National Energy
BoardOffice national
de l'énergieNATIONAL ENERGY BOARD
Exploration and Production

JAN 15 2007

Exploratory ☐
Development ☒

Other (N/A)

Delineation ☐
Service ☐

APPROVAL TO DRILL A WELL

This application is submitted under Section 82.(1) of the *Canada Oil and Gas Drilling Regulations* (SOR/79-82). When approved under Section 83 of the Regulations it is the requisite approval for the commencement of drilling operations.

| | | | |
|--------------------------|-------------------------------|------------------------|-----------------------|
| Well Name: | Para Et Al Cameron J-04 | | |
| Operator: | Paramount Resources Ltd. | | |
| Operating License No.: | 1159 | Drilling Program No.: | |
| Contractor: | Precision Drilling Ltd. | Interest Identifier: | Production Licence 13 |
| Drilling Rig or Unit: | 129 | Estimated Well Cost: | \$1500000.00 |
| Land Use Permit No.: | MV2006A0030 | Water Licence No.: | MV2006L1-0008 |
| Location: | Unit: J Section: 4 | Grid: | 60-10-117-30 |
| Coordinates: | Surface: Lat.: 60°3'31.3" | Long.: | 117°30'47.8" |
| (NAD 27) | Bottom Hole: Lat.: 60°3'31.3" | Long.: | 117°30'47.8" |
| Region: | Nwt | Field / Pool: | Cameron Hills |
| Elevation KB/RT: | 768.4m | GL / Seafloor: | 764.6m |
| Approximate Spud Date: | 25/Jan/2007 | Est. Days on Location: | 13 |
| Anticipated Total Depth: | 1448.0m | Target Formation: | Sulphur Point |

EVALUATION PROGRAM

| | Interval (m KB) | Comments |
|--------------------------|-----------------|--|
| Ten-metre samples: | 4 | |
| Five-metre samples: | 1320.0 - 1448.0 | 2 sets of washed samples in 11 ml vials 1 set of 500 gram size in moisture proof bags |
| Canned sample intervals: | | |
| Conventional cores at: | | |
| Logs and Tests: | 425.0 - 1448.0 | STI-SP-GR, SPED-CNT-GR-DAC, BCS-GR-SAC, MICROLOG |

CASING AND CEMENTING PROGRAM

| O.D. (mm) | Weight (kg/m) | Grade | Setting Depth (m KB) | Cementing (m³) |
|-----------|---------------|-------|----------------------|----------------|
| 406.0 | 70.2 | J-55 | 12.2 | 0.5 |
| 219.0 | 35.7 | J-55 | 425.0 | 24.5 |
| 139.0 | 23.0 | J-55 | 1448.0 | 30.3 |

B.O.P. Equipment: Sour service 279 mm X 21 MPa with double rams and annular

Other Information:

Signed: Dave Block
Responsible Officer

Title: Drilling Consultant

Name: Dave Block

Operator: Paramount Resources Ltd.

Date: Jan 15/07

Phone: (403)206-3834

NEB USE ONLY

An approved copy of this notice is to be posted at each drillsite. This operation is authorized under Section 5.(1)(b) of the *Canada Oil and Gas Operations Act* (O-7) and is subject to the terms and conditions attached to this authorization.

Date: January 24 / 07
File: 9211
WID: 2034
UWI: 300 JTA 6010 117300Signed: [Signature]
Chief Conservation Officer

Canada



NEB File: 2620-D-4-7
24 May 2005

Mr. Ed Kustan
Paramount Resources Ltd.
4700 Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5
Email: ed.kustan@paramountres.com

Dear Mr. Kustan:

Subject: Paramount Resources Ltd. Cameron Hills Field - Operating Conditions

The National Energy Board (NEB) requests that Paramount Resources Ltd. (Paramount) comply with the following air quality conditions on operations in its Cameron Hills field:

1. Paramount shall, as a component of environmental protection planning required for the Cameron Hills field under section 60. of the *Canada Oil and Gas Production and Conservation Regulations*, ensure that:
 - a. a qualified air quality specialist maintains operation of,
 - i. meteorological monitoring equipment to monitor and record wind speed, wind direction, standard deviation of wind direction and temperature on an instantaneous continuous basis, and,
 - ii. instantaneous, continuous gas analysis monitoring equipment to track ambient air quality, including, at a minimum, calculation and recording of 1 hour average SO₂, NO_x and H₂S concentrations;
 - b. data collected under conditions 1.a.i. and 1.a.ii. are submitted to the Chief Conservation Officer in a manner approved by the Chief Conservation Officer;
 - c. following Chief Conservation Officer approval of sufficient collection of meteorological data under condition 1.a.i., detailed re-modeling of the various development scenarios for the Cameron Hills field is undertaken by a qualified air quality specialist and submitted to the Chief Conservation Officer in a manner approved by the Chief Conservation Officer;

.../2.

Cameron Hills field to the Chief Conservation Officer by June 1 2006 for the year 2005 and yearly thereafter.

Paramount will be required by the *Canada Oil and Gas Operations Act* to obtain authorizations from the NEB to undertake the proposed Cameron Hills field developments evaluated in the Environmental Assessment (EA03-005). Paramount has not yet applied for those authorizations. In anticipation of the receipt of applications, the NEB has drafted the following to be included in the conditions attached to any future authorizations in the Cameron Hills field:

Unless otherwise directed by the Chief Conservation Officer, Paramount shall implement or cause to be implemented all of the policies, practices, mitigative measures, recommendations and procedures for the protection of the environment included in or referred to in the operator's application, subsequent submissions and committed to by Paramount in the Mackenzie Valley Environmental Impact Review Board Environmental Assessment process (EA03-005).

Paramount shall ensure that the environmental protection plan required under section 60. of the Canada Oil and Gas Production and Conservation Regulations includes:

- *current mitigation, monitoring and remediation commitments with respect to environmental protection for all construction and operation activities to be carried out in the Cameron Hills field; and,*
- *a plan for notification of government agencies and other affected parties in the event of an unforeseen construction or operational incident that affects components of the environment.*

Paramount shall ensure that in the event its activity is cause for any deposit of sediment into a water body/watercourse, it immediately implement mitigation or remediation measures and notify the Chief Conservation Officer, Fisheries and Oceans Canada, Environment Canada and the Ka'a'Gee Tu First Nation.

Paramount shall ensure that the annual environment report required under section 88. of the Canada Oil and Gas Production and Conservation Regulations includes:

- *confirmation in plain language, by an officer of the company, that the approved [facilities (or activities)] were [completed and constructed (or completed)] in compliance with all applicable conditions in this [authorization (or approval)]. If compliance with any of these conditions cannot be confirmed, the officer of the company shall file with the Chief Conservation Officer details in plain language as to why compliance cannot be confirmed or a plan for achieving compliance; and,*
- *a description of all environmental mitigation and remediation measures taken by Paramount in response to sediment deposits into a waterbody/watercourse and areas of erosion in the Cameron Hills field.*