



File: WID#376 & 2045
5 February 2007

Mr. Dave Block
Engineering Consultant
Paramount Resources Ltd.
4700, 888 – 3rd Street SW
Calgary, AB T2P 5C5
Facsimilie 403-262-7994

Dear Mr. Block:

**Approval to Alter Condition of a Well for Para et al Cameron A-05 and
Para et al Cameron L-40**

Thank you for your application to complete and test the wells A-05 and L-40 from the Keg River horizon as well as the Sulphur Point horizon for the L-40 well. Please be advised that your application for an "Approval to Alter Condition of a Well", pursuant to subsection 19(3) of the *Canada Oil and Gas Production and Conservation Regulations* is approved for both Para et al Cameron A-05 and Para et al Cameron L-40. Attached please find a signed "Approval to Alter Condition of a Well" form for each well of which a copy is to be posted in a conspicuous place at the well site as per the *Canada Oil and Gas Drilling Regulations*. Should any well effluent be sold, Paramount Resources Ltd. is to provide the Department of Indian and Northern Affairs Canada with the appropriate royalties.

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 Production and Conservation Regulations*, the *Oil and Gas Occupational Safety and Health Regulations* and the *Canada Labour Code, Part II*. Conditions of approval are attached.

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 (attached).

Yours truly,

Bharat C. Dixit
Chief Conservation Officer

Attachment

c.c. G. Green - INAC

5 February 2007

Attachment
Approval to Alter Condition of a Well for
Para et al Cameron A-05 & L-40

1. The Approval to Alter Condition of 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 each well site and available on request by any person on the well 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. Daily reports are to be emailed to dailyreports@neb-one.gc.ca with the well name and then the date of the report in the subject line by 8:30 am. Please contact Lori Ann Sharp (phone number 403-299-1994) should there be any difficulty in delivery of the daily reports.
3. 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.
4. 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.
5. 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.
6. Paramount shall meet the Guideline for Ambient Air Quality Standards in the Northwest Territories when conducting any flaring associated with the A-05 & L-40 well testing programs.

5 February 2007

Attachment
Approval to Alter Condition of a Well for
Para et al Cameron A-05 & L-40

7. 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 testing 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.
8. Paramount shall ensure that the components of the annual environment report are made readily available to the Parties to the Environmental Assessment and the public in a manner approved by the Chief Conservation Officer.
9. 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.
10. Production accounting is to be filled out on NEB forms which may be found on the NEB website.



FEB 01 2007

APPROVAL TO ALTER CONDITION OF A WELL

This application is to be submitted to the Chief Conservation Officer at least 45 days before commencement of operations.

Well Name:	Para Et Al Cameron L-40	Well ID:	2045
Operator:	Paramount Resources Ltd.	Depth:	1453.0m
Operating License No.:	1159	Drilling Rig or Unit:	RIG #19
Contractor:	Concord Well Servicing Ltd.	Grid:	60-10-117-30
Area:	Cameron Hills, Nwt	Long.:	117°37'15.9"
Coordinates: (NAD 27)	Surface Lat.: 60°9'35.5" Bottom Hole Lat: 60°9'41.1"	Long.:	117°37'16.9"
Date ADW issued:	02/Jan/2007	Date of last Operation:	26/Jan/2007
Elevation-KB/RT:	690.1m	GL / Seafloor:	684.7m
Approx. Spud Date:	06/Feb/2007	Est. Days on Location:	7

TYPE OF OPERATION

To drill out and evaluate 5 to 15 meters of open hole Keg River... To perforate, stimulate, and evaluate the Sulphur Point... To leave the well as either a single or dual zone gaswell.

SUMMARY OF PROPOSED OPERATIONS

(See the attached detailed workover program)

Install ROP's.
Run bit, mud motor, and drill collars to TD.
Drill out casing shoe and drill 5 to 15 meters of Keg River.
Swab/flow Keg River on cleanup and determine production capability.
Set either a packer and plug or a bridge plug above the Keg River.
Perforate, stimulate and evaluate the Sulphur Point.
Run production tubing as required.
Install the wellhead.
Test the well as required.

Signed: Dave Block
Responsible Officer

Title: Engineering Consultant

Name: Dave Block

Operator: Paramount Resources Ltd.

Date: Feb 1, 2007

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.

Well Status Before Operation:

Suspended ☐
Completed ☐
Abandoned ☐

Date: 06 Feb 07
File: 9211
WID: 2045
UWI: 300L406010117301

Signed: [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.*