

National Energy
Board



Office national
de l'énergie

File: WID#2041
27 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 L-29

Attached please find a signed "Approval to Alter Condition of a Well" form for your proposed completion for the L-29 well. Please ensure that a copy of your approval is posted in a conspicuous place at the well 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 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 (letter attached). Paramount is reminded that the Paramount on-site supervisor is to review and ensure implementation of applicable measures of the Cameron Hills Area Environmental Protection Plan with field staff and contractors.

Yours truly,

Bharat C. Dixit
Chief Conservation Officer

Attachment

c.c. G. Green - INAC

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>
Telephone/Téléphone : 1-800-899-1265
Facsimile/Télécopieur : 1-877-288-8803

27 February 2007

Attachment
Approval to Alter Condition of a Well for
Para et al Cameron L-29

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 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. 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 L-29 well testing program.

27 February 2007

Attachment
Approval to Alter Condition of a Well for
Para et al Cameron L-29

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.

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NATIONAL ENERGY BOARD
Exploration and Production

FEB 22 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-29	Well ID:	2041
Operator:	Paramount Resources Ltd.	Depth:	1515.0m
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°35'34.5"
Coordinates:	Surface Lat.: 60°8'41.3"	Long.:	117°35'34.5"
(NAD 27)	Bottom Hole Lat: 60°8'41.3"	Date of last Operation:	07/Feb/2007
Date ADW issued:	19/Jan/2007	GL / Seafloor:	754.1m
Elevation-KB/RT:	759.5m	Est. Days on Location:	10
Approx. Spud Date:	27/Feb/2007		

TYPE OF OPERATION

To complete and evaluate the Keg River, Sulphur Point Dolomite, and Sulphur Point Limestone formations.

SUMMARY OF PROPOSED OPERATIONS

(See the attached detailed workover program)

Install BOP's.
To run a mud motor and bit to TD.
To drill out approximately 10 meters of open hole into the Keg River.
To test the Keg River.
To run a cement bond log.
To perforate the Lower Sulphur Point Dolomite.
To evaluate the Lower Sulphur Point Dolomite.
To perforate the Upper Sulphur Point Dolomite and Sulphur Point Limestone.
To evaluate the Upper Sulphur Point Dolomite and the Sulphur Point Limestone.
To run production tubing as required.
To test the well as required.

Signed:		Title:	Engineering Consultant
Name:	Dave Block	Operator:	Paramount Resources Ltd.
Date:	Feb 22, 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: 27 Feb 07
File: 9214 - -
WID: 2041
UWI: 300 L296010117301

Signed:

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.

- d. the report(s) prepared under condition 1.c. is made readily available to the parties to the Environmental Assessment (EA03-005) and the public in a manner approved by the Chief Conservation Officer;
 - e. prior to new production from the Cameron Hills field, Paramount submit to the Chief Conservation Officer for approval, and make readily available to the parties to the Environmental Assessment (EA03-005) and the public in a manner approved by the Chief Conservation Officer, a Cameron Hills field emission mitigation plan that details,
 - a strategy for demonstrating that current and future SO₂, NO_x and H₂S emissions in the Cameron Hills field will not result in exceedence of relevant air quality standards,
 - a statement describing Paramount's commitment to minimizing emissions from facilities in the Cameron Hills field,
 - a contingency plan for selection of mitigation measures to be implemented in the event that SO₂, NO_x and H₂S emissions in the Cameron Hills field result in measured or predicted exceedence of relevant air quality standards, the contingency plan will include,
 - ⇒ a comprehensive listing of all the mitigation options (e.g., pollution prevention planning, best management/environmental practices, best available technology, shutdown) currently employed and proposed for future options, along with triggers and/or timelines for implementation, and
 - ⇒ the mitigation options considered and rejected, along with rationale for rejection; and,
 - f. the air quality standards used for analysis of the data collected, modeled and reported, as per conditions 1a. to 1.e. above, are identified and justified in submissions to the Chief Conservation Officer.
2. Paramount shall, as a component of the annual environment report required under section 88. of the *Canada Oil and Gas Production and Conservation Regulations*, ensure that:
 - a. a plain language report on the status of air quality at Cameron Hills (including, at minimum, monthly summaries of SO₂, NO_x and H₂S concentrations, listing all events of exceedence of relevant air quality guidelines and re-modeled development scenarios as available) is prepared by a qualified air quality specialist and submitted to the Chief Conservation Officer;
 - b. evidence that current SO₂, NO_x and H₂S emissions in the Cameron Hills field do not result in exceedence of relevant air quality standards is submitted to the Chief Conservation Officer; and,
 - c. the report prepared under condition 2.a. is made readily available to the parties to the Environmental Assessment (EA03-005) and the public in a manner approved by the Chief Conservation Officer.
 3. Paramount shall submit all components of the annual environment report required under section 88. of the *Canada Oil and Gas Production and Conservation Regulations* for the

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.*

24 May 2005

Paramount shall ensure that the components of the annual environmental report referred to in this condition 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.

Paramount shall submit all components of the annual environment 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 June 1 2006 for the year 2005 and yearly thereafter.

The contents of this letter do not eliminate any responsibility by Paramount to comply with any previous construction or operation conditions issued for the Cameron Hills field.

The NEB appreciates Paramount's initiative in the installation and operation of the meteorological and gas analysis monitoring equipment, in advance of receiving formal direction from the NEB. We look forward to further cooperation between the NEB, Paramount and the parties to the Environmental Assessment in implementing the recommended measures associated with operations in the Cameron Hills field.

Please contact Laura Van Ham, Environmental Specialist (tel: 403-292-4931) on or before 26 May 2005 if you have any questions or concerns regarding the above. After that time, please contact John Korec, Environmental Assessment Officer (tel: 292-6614).

Yours truly,



T.M. Baker
Chief Conservation Officer

c.c.: Ms. Shirley Maaskant, Paramount, email: Shirley.maaskant@paramountres.com
Mr. Vern Christensen, MVEIRB, email: vchristensen@mveirb.nt.ca
Mr. Herb Norwegian, Grand Chief, Deh Cho First Nation, fax: 867-695-2038
Mr. Roy Fabian, Chief, K'atlodeeche First Nation, fax: 867-874-3229
Ms. Karen Felker, Chief, West Point First Nations, fax: 867-874-2486
Mr. Albert Lafferty, President, Fort Providence Metis Local 57, fax: 867-699-4319
Mr. Lloyd Chicot, Chief, Ka'a'Gee Tu First Nation, fax: 867-825-2002
Mr. Greg Nyuli, Deh Gah Got'ie First Nation, fax: 867-699-3134
Mr. Rick Sanderson, Fort Providence Resource Management Board, fax: 867-699-3133
Mr. Rob Tordiff, President, Northwest Territories Metis Nation, fax: 867-872-2772
Mr. Gavin More, Government of Northwest Territories, email: gavin_more@gov.nt.ca
Mr. Bruce Hanna, Fisheries and Oceans Canada, email: HannaB@DFO-MPO.GC.CA
Mr. Fraser Fairman, Indian Northern Affairs Canada, email: fairmanf@inac-ainc.gc.ca
Mr. Wade Romanko, Environment Canada, email: wade.romanko@ec.gc.ca
Mr. Stephen Mathyk, Mackenzie Valley Land and Water Board, fax: 867-873-6610