



File: WID#2073

14 January 2011

Mr. Brad Scott
Paramount Resources Ltd.
4700 Bankers Hall West
888 3rd Street SW
Calgary, AB T2P 5C5

Dear Mr. Scott:

Approval to Drill a Well (ADW) for Para et al Cameron 2H-03

Thank you for your submission of the ADW application and supporting data to drill the above referenced well.

Paramount Resources Ltd. is hereby given approval to drill this well and attached is the approved ADW form. Any subsequent work or activity to this well will require a separate well approval by 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 and Production Regulations*, the *Oil and Gas Occupational Safety and Health Regulations* and *Canada Labour Code, Part II*. Please note terms and conditions are provided in the attachment.

If you have any questions, please contact Saadat Javeed at 403-221-3033.

Yours truly,

A handwritten signature in blue ink that reads "John McCarthy".

John McCarthy
Chief Conservation Officer

Attachment

444 Seventh Avenue SW
Calgary, Alberta T2P 0X8

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

Canada The logo for the Government of Canada, featuring the word "Canada" in a serif font with a red maple leaf icon integrated into the letter "a".

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

Attachment

**Approval to Drill a Well Terms and Conditions for:
Para et al Cameron 2H-03**

1. Daily geological reports (including descriptions, strip logs and gas detection readings) and drilling reports are to be emailed to dailyreports@neb-one.gc.ca or faxed daily by 8:30 am to the attention of the Chief Conservation Officer (fax number 403-292-5876). Please contact Lori Ann Sharp at 403-299-1994 should there be any difficulty in delivery of the daily drilling reports.
2. Paramount Resources Ltd. shall implement or cause to be implemented all of the policies, practices, mitigative measures, recommendations and procedures for the protection of the environment referred to in its application, subsequent filings and environmental protection plan.
3. A copy of the *Canada Oil and Gas Drilling and Production Regulations* as well as the *Oil and Gas Occupational Safety and Health Regulations* are to be kept at the well site and shall be made available on request by any person at the well site (section 17 of the *Canada Oil and Gas Drilling and Production Regulations* and paragraph 125.(1)(e) of the *Canada Labour Code*, Part II, respectively).
4. Paramount Resources Ltd. shall, inform the Board of any key personnel and field personnel updates to the contact list as they become available or are changed.
5. Well completion, suspension or abandonment operations are required to meet the requirements of the *Canada Oil and Gas Drilling and Production Regulations*. Upon program termination a “Well Operation Report” is to be submitted within 30 days from rig release.
6. If the well is put into a suspended state, Paramount shall ensure that the well is monitored and inspected annually to maintain its continued integrity and to prevent pollution.
7. Please submit two paper copies and one electronic (on CD/DVD, in PDF format) of all data for the “Well History Report” within 45 days from rig release. In addition, please submit one LAS copy of final log prints on compact disc. Please ensure compact discs are maximized and submitted with the final reports.
8. A final well survey signed by a Canada Land Surveyor is required with the Well History Report.

9. Drill cuttings to be taken from 1275 to 2358m MD; 1 set of 4 by 6 inch bags (500 gm) unwashed cuttings, 2 vial sets of washed cuttings. All samples are to 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 sample transmittal letters are to be forwarded to the Chief Conservation Officer at the National Energy Board.
10. The Compact Memory Logging (CML) tool package is to be run from 360 to 2358m MD.
11. Please provide copies of pre-spud CAODC rig inspection and electrical inspection.



APPROVAL TO DRILL A WELL

APPLICATION

2011 JAN - 7 A 8:13

This application is submitted under Section 10 of the *Canada Oil and Gas Drilling and Production Regulations* (SOR/2009-0315). When granted under Section 13 of the Regulations, this form is the requisite approval for the commencement of well operations. An approved copy of this notice is to be posted at each drill site.

Well Name	Para et al Cameron 2H-03			Operator	Paramount Resources Ltd.	
Well Type	Development Well			If Other Type, please specify		
NEB Operating Licence No.	1221			Operations Authorization No.		
Drilling Rig or Unit	Nabors #24			Contractor	Nabors Drilling Canada	
Licence No.	Production Licence 017			Estimated Well Cost	\$2,535,440.00	
Station Keeping	Not Applicable			Land Structure	Conventional Land	
Land Use Permit No.	MV2010A0049			Issued by:	Mackenzie Valley Land and Water Board	
Water Licence No.	MV2010L1-0011			Issued by:	Mackenzie Valley Land and Water Board	
Location	Unit	2H	Section	03	Grid	60 10 117 30
Coordinates (NAD 27)	Surface		Lat	60 ° 02 ' 20.4 "	Long	117 ° 30 ' 6.3 "
	Bottom Hole		Lat	60 ° 01 ' 40.6 "	Long	117 ° 30 ' 5.7 "
Region	NWT Mainland					
Target Formation	Sulphur Point			Field/Pool	Cameron Hills /	
Well Path	Horizontal			Discovery Well	A-05	
Elevation KB/RT	774.98 m			Ground Level / Seafloor	770.18 m	
Approximate Spud Date	January 12, 2011			Est. Days on Location	19 days	
Anticipated Total Depth	2358 m KB					

EVALUATION PROGRAM

Sample Type	Top to Bottom Interval (m KB)	Sample Interval (m)	Comments
Drill Cuttings	1275-2358	5.0	Expect lost returns from 500 - 700 mKB, so possibility of no sample
Logs and Tests	360-1505	Other	We have applied for a logging waiver on this well as logs exist from the original H-03.
Select	-	Select	
Select	-	Select	
Select	-	Select	

CASING PROGRAM

O.D. (mm)	Weight (kg/m)	Grade	Setting Depth (m KB)
244.5	48.1	H-40	0 - 360
177.8	34.3	L-80	0 - 1505
114.3	17.3	L-80	1350 - 2358

Additional Information

"I certify that the information provided on this form is true and correct"

Name	Andre Poitras	Telephone	(403) 206-3895 Ext
Job Designation	Drilling and Completions Manager	E-Mail	andre.poitras@paramountres.com
Operator	Paramount Resources Ltd.		
Signature		Date	January 4, 2011

Responsible Officer of Company

NATIONAL ENERGY BOARD APPROVAL

(Board Use Only)

This well approval is granted under section 13 of the *Canada Oil and Gas Drilling and Production Regulations* (SOR/2009-0315) and is subject to the terms and conditions attached to this approval and Operations Authorization No. OA-1221-002.

Job Designation	Chief Conservation Officer	Well Identifier	2073	Unique Well Identifier	302H036010117300
Signature		Date	14 January 2011		
	NEB Authority				



NEB Contacts for COGO Act-regulated Work or Activities

INCIDENT PHONE NUMBERS		NEB 24-hour Incident Cell: (403) 807-9473
* Hazardous occurrences (under Part XVI of the <i>Canada Oil and Gas Occupational Safety and Health Regulations</i>) and incidents requiring medical evacuation are to be reported to the NEB immediately.		NWT/Nunavut Spill Line Phone: (867) 920-8130 NWT/Nunavut Spill Line Fax: (867) 873-6924 Transportation Safety Board Hotline: (819) 997-7887

NEB Operations Staff	Internet	Telephone Numbers
Karen Duckworth Operations Specialist Safety & Conservation Officer	karen.duckworth@neb-one.gc.ca	Work: (403) 299-3669 Cell: (403) 710-8254
Rick Turner Operations Specialist Safety & Conservation Officer	rick.turner@neb-one.gc.ca	Work: (403) 299-3868 Cell: (403) 540-3754
Environment and Spill Reporting	Internet	Telephone Numbers
John Korec Environmental Specialist Conservation Officer	john.korec@neb-one.gc.ca	Work: (403) 292-6614 Cell: (403) 818-2403
Christy Wickenheiser Environmental Specialist	christy.wickenheiser@neb-one.gc.ca	Work: (403) 299-3869 Cell: (403) 809-9352
Chief Conservation & Safety Officers	Internet	Telephone Numbers
John McCarthy Business Leader, Strategy and Analysis Chief Conservation Officer	john.mccarthy@neb-one.gc.ca	Work: (403) 299-3646 Cell: (403) 560-9443
Brian Nesbitt Professional Leader, Engineering Chief Safety Officer	brian.nesbitt@neb-one.gc.ca	Work: (403) 299-2771 Cell: (403) 629-6362
NEB OPERATIONS PHONE NUMBERS	Main Office: (403) 292-4800 Operations Fax: (403) 292-5876 Alternate Fax: (403) 292-5875	