



File OA-1221-005
WID# 2008, 2030

26 August 2011

Mr. Darrell Hicke, Area Engineer
Paramount Resources Ltd.
4700 Bankers Hall West
888 - 3rd Street SW
Calgary, Alberta T2P 5C5

Dear Mr. Hicke:

Operations Authorization (OA) and Approval to Alter Condition of a Well (ACW) for the Paramount et al Liard 2M-25 and Paramount et al Liard K-29A wells

Thank you for the submission of the Paramount OA and ACW applications and subsequent filings. Please find attached approved OA and ACW authorizations for the proposed activity. Please note that the terms and conditions for the OA and ACW are provided in Attachment No. 1 and No. 2, respectively. Any change or deviation from the approved program will require the additional specific approval of the Chief Conservation Officer.

Please notify National Energy Board (NEB) no less than 24 hours prior to the commencement of the well operation.

Please be reminded that all oil and gas activities are 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*.

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

Yours truly,

John McCarthy
Chief Conservation Officer
Attachments (2)

Attachment No. 1
Paramount Resources Ltd. (Paramount)
Operations Authorization Terms and Conditions for
OA-1221-005

1. Paramount will provide an updated NEB contact list for this program prior to any work or activity. Please ensure the NEB incident cell number 403-807-9473 is listed as the number to call in the event of an incident.
2. 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.
3. Paramount shall submit an updated environmental protection plan 10 days prior to the start of any operations requiring a Well Approval where there have been any changes to the elements as defined in subsections 9(a) to 9 (k) of the *Canada Oil and Gas Drilling and Production Regulations*.
4. In the event of flaring, Paramount shall conduct post flaring calculations to confirm that the air emissions did not exceed the NWT Ambient Air Quality Standard (ENR 2005) or the National Ambient Air Quality Objectives for H₂S, SO₂ and NO₂. If the standards or objectives were exceeded, or the flow rate of 9.83 m³/s for the K-29 well, or 1.389 m³/s for the 2M-25 well are exceeded, Paramount shall report the event as a significant pollution incident under Section 75 of the *Canada Oil and Gas Drilling and Production Regulations* and shall file a copy of the company investigation report with the NEB no later than 21 days after the day on which the incident occurred. The post-flaring report shall include, in addition to the Section 75 requirements, the maximum 1 hour and 24 hour SO₂ concentrations at ground level and canopy height as a result of the event flow rates and H₂S concentrations. The report should detail the specific remediation activities conducted and identify remediation requirements.

Attachment No. 2
Paramount Resources Ltd. (Paramount)
Approval to Alter Condition of a Well Terms and Conditions for
Paramount et al Liard 2M-25 and Paramount et al Liard K-29A Wells

1. Daily 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. 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 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).
3. Paramount shall inform the Board of any key personnel and field personnel updates to the contact list as they become available or are changed.
4. 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 Termination Record" is to be submitted within 30 days after the end of the well operation.
5. Please submit two paper copies and one electronic (on CD/DVD, in PDF format) of all the data for the "Well Operations Report" within 30 days from the end of the well operation.



NEB Contacts for COGO Act-regulated Work or Activities

INCIDENT PHONE NUMBERS

* Hazardous occurrences (under Part XVI of the *Canada Oil and Gas Occupational Safety and Health Regulations*) and incidents requiring medical evacuation are to be reported to the NEB immediately.

NEB 24-hour Incident Cell: (403) 807-9473
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
Rick Turner Operations Technical Specialist Safety & Conservation Officer	rick.turner@neb-one.gc.ca	Work: (403) 299-3868 Cell: (403) 540-3754
Lori Croal Operations Inspector Safety Officer	lori.croal@neb-one.gc.ca	Work: (403) 221-3290 Cell: (403) 519-9889
Karen Duckworth Operations Specialist Safety & Conservation Officer	karen.duckworth@neb-one.gc.ca	Work: (403) 299-3669 Cell: (403) 710-8254
Gary Woo Program Manager Conservation of Resources	gary.woo@neb-one.gc.ca	Work: (403) 299-3143 Cell: (403) 629-6148
Abul Kabir Drilling Engineer	abul.kabir@neb-one.gc.ca	Work: (403) 292-5048 Cell: (403) 510-5754
Saadat Javeed Drilling Engineer	saadat.javeed@neb-one.gc.ca	Work: (403) 221-3033 Cell: (403) 681-5861
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
Susan Measor Environmental Specialist A/Team Leader Conservation of Resources	susan.measor@neb-one.gc.ca	Work: (403) 221-3272
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 Technical 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: Operations Fax: Alternate Fax:	(403) 292-4800 (403) 292-5876 (403) 292-5875



National Energy
Board

Office national
de l'énergie

OPERATIONS AUTHORIZATION

APPLICATION

PARAMOUNT RESOURCES

(Name of Operator)

Hereby applies for authorization of a proposed:

☐ Drilling Program ☐ Production Program ☐ Installation/Removal Program ☒ Other

Please Specify: Well Suspension

under paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act* (R.S.C., 1985, c. O-7) and Part 2 of the *Canada Oil and Gas Drilling and Production Regulations* (SOR/2009-0315) using equipment and procedures described in the application.

Changes in equipment or procedures, outside the scope of this application, require the approval of the Board in order that this authorization remains valid. An approved copy of this notice is to be posted at each work site and is subject to the terms and conditions attached to this authorization.

Licence No. Production Licence 11

NEB Operating Licence No. 1221

Region NWT Mainland

Field West Liard

Anticipated date of commencement August 2011

Proposed Duration <1 months

Scope of Work A well service program to long term zonally suspend two wells with downhole permanent (drillable) bridge plugs capped with 8 meter cement plugs to isolate the casing from the wellhead.

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

Name Lloyd Doyle Telephone (403) 290-3673 Ext
Job Designation Corporate Operating Officer E-Mail Lloyd.Doyle@paramountres.com
Signature Lloyd Doyle Date August 3, 2011 Aug 3/11
Responsible Officer of Company

NATIONAL ENERGY BOARD AUTHORIZATION

(Board Use Only)

The operator named above is hereby authorized under paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act* (R.S.C., 1985, c. O-7) and is subject to the terms and conditions attached to this authorization.

Job Designation

Chief Conservation Officer

Signature

Date

AUG 2 6 2011

Operation Authorization (OA) No.

Expiry Date

OA-1221-005

30-Sept-2013

NATIONAL ENERGY BOARD
Exploration and Production

AUG 03 2011

Canada



National Energy Board

Office national de l'énergie

APPROVAL TO ALTER CONDITION OF A WELL

APPLICATION

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	Paramount et al Liard K-29A		
Well Identifier	2030		
Operator	Paramount Resources Ltd.		
NEB Operating Licence No.	1221	Licence No.	Production Licence 011
Contractor	Concord Well Servicing	Drilling Rig or Unit	6
Station Keeping	Not Applicable	Land Structure	Conventional Land
Current Well Status	Suspended Gas	Anticipated Well Status Change	Suspended Gas
Land Use Permit No.	MV2006P0021	Issued by:	Mackenzie Valley Land and Water Board
Water Licence No.	MV2006L1-0005	Issued by:	Mackenzie Valley Land and Water Board
Location Unit	K	Section	29
Coordinates (NAD 27)	Surface	Lat	60 ° 28 ' 41.0 "
	Bottom Hole	Lat	60 ° 29 ' 18.7 "
Ground Level / Seafloor	409.6 m	Elevation KB/RT	416.4 m
Approximate Date of Commencement	29-Aug-11	Est. Days on Location	10 days

WELL OPERATION PROGRAM

Activity Type	Top to Bottom Interval (m KB)	Comments
Suspension	2566-3620	Long term suspension of Nahanni interval.
Select		
Select		
Select		
Select		

Additional Information

The well was previously suspended with tubing plugs in in the 114 mm tubing in 2008. Pressure has developed on the annulus between the 114 mm tubing and the production casing. The current suspension calls for the removal of the 114 mm tubing above the seal bore assembly at 2526 mKB and installation of permanent bridge plugs in the production liner and intermediate casing.

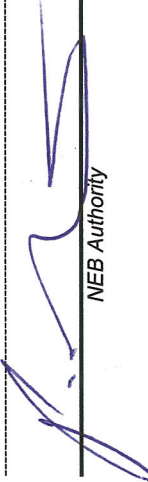
"I certify that the information provided on this form is true and correct"

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	July 28, 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. SA-1221-005

Job Designation	Chief Conservation Officer	Well Identifier	2030	Unique Well Identifier	300K2916030123303
Signature		Date	AUG 26 2011		
NEB Authority					

NATIONAL ENERGY BOARD
Exploration and Production

JUL 29 2011

Canada



National Energy
Board

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de l'énergie

APPROVAL TO ALTER CONDITION OF A WELL

APPLICATION

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	Paramount et al Liard 2M-25		
Well Identifier	2008		
Operator	Paramount Resources Ltd.	Current Depth	4324 m KB
NEB Operating Licence No.	1221	Licence No.	Production Licence 011
Contractor	Concord Well Servicing	Drilling Rig or Unit	6
Station Keeping	Not Applicable	Land Structure	Conventional Land
Current Well Status	Suspended Gas	Anticipated Well Status Change	Suspended Gas
Land Use Permit No.	MV2006P0021	Issued by:	Mackenzie Valley Land and Water Board
Water Licence No.	MV2006L1-0005	Issued by:	Mackenzie Valley Land and Water Board
Location	Unit M	Section 25	Grid 60°30'123'30"
Coordinates (NAD 27)	Surface	Lat 60 ° 24 ' 50.7 "	Long 123 ° 35 ' 11.9 "
	Bottom Hole	Lat 60 ° 26 ' 9.7 "	Long 123 ° 35 ' 37.6 "
Ground Level / Seafloor	911.6 m	Elevation KB/RT	919.0 m
Approximate Date of Commencement	22-Aug-11	Est. Days on Location	7 days

WELL OPERATION PROGRAM

Activity Type	Top to Bottom Interval (m KB)	Comments
Suspension	3875-4324	Proper suspension of Nahanni interval.
Select		
Select		
Select		
Select		

Additional Information

The well was suspended with tubing plugs in in the 127 mm tubing in 2008. Pressure has developed on the annulus between the 127 mm tubing and the production casing. The current suspension calls for the removal of the 127 mm tubing above 2955 mKB and installation of permanent bridge plugs in the production casing.

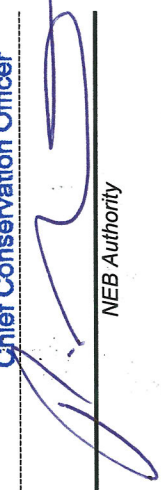
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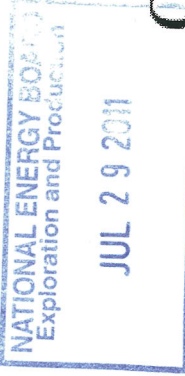
Name	Andre Poitras	Telephone	(403) 206-3895 Ext
Job Designation	Drilling and Completions Manager	E-Mail	andre.poitras@paramountres.com
Operator	Paramount Resources Ltd.		
Signature		Date	July 28, 2011
Responsible Officer of Company			

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. 04-1221-005.

Job Designation	Chief Conservation Officer	Well Identifier	2008	Unique Well Identifier	3024256030123304
Signature		Date	AUG 26 2011		
NEB Authority					



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