

March 28, 2012

National Energy Board  
444 7<sup>th</sup> Ave SW  
Calgary, AB  
T2P 0X8

Attn: John McCarthy  
Chief Conservation Officer – National Energy Board

Re: Para et al Cameron 2H-03 Well Termination Record and Well Operations Report  
Paramount Resources Ltd – 2012 Cameron Hills Project

Mr. McCarthy,

Under Operation Authorization 1221-006, and the Approval to Alter the Condition of the Wellbore granted on Dec 22, 2011, Paramount Resources completed the drill out of the ball seats and frac ports within the production liner and re-equipped the well with an electric submersible pump.

Enclosed please find:

- Three copies of the Well Termination Record with updated well head and downhole schematics.
- Two copies of the Well Operations Report
- One electronic copy on CD of the Well Operations Report

Included in the Well Operation Report, please find:

1. Summary of the Well Operation
2. Description and Summary of the Completions Fluids
3. Revised Wellhead and Downhole Schematics

The impact of the operation on the performance of the well shall be assessed once sufficient production history has been established.

Any questions regarding this report may be directed to Lisa Moffat at 403-290-3662 (office), 403-819-5017 (mobile) or at [lisa.moffat@paramountres.com](mailto:lisa.moffat@paramountres.com).

Sincerely,



Lisa Moffat, P.Eng.  
Completions Engineer  
Paramount Resources Ltd.

**WELL TERMINATION RECORD**

Well Name	Para et al Cameron 2H-03		Well ID	2073	
Operator	Paramount Resources Ltd.		Current Well Status	Producer	
Total Depth	2534m KB		Licence No.	Production Licence 017	
Location	Unit	H	Section	03	
Coordinates (NAD27)	Surface		Lat	60 ° 2 ' 20.4 "	
	Bottom Hole		Lat	60 ° 1 ' 40.6 "	
Region	NWT Mainland				
Target Formation	Sulphur Point		Field/Pool	Cameron Hills /	
Elevation KB/RT	774.98 m		Ground Level / Seafloor	770.18 m	
Spud/Re-Entry Date	Jan 24, 2012		Rig Release Date	Feb 9, 2012	

**CASING AND CEMENTING PROGRAM**

O.D. (mm)	Weight (kg/m)	Grade	Setting Depth (m KB)	Cementing (m <sup>3</sup> )
244.5	48.1	H-40	361	16.2
177.8	34.2	L-80	1531	34.5
114.3	17.3	L-80	2529	None

**PLUGGING PROGRAM**

Type of Plug	Interval (m KB)	Felt	Depth (m KB)	Cement (m <sup>3</sup> )
Select	-	Select		
Select	-	Select		
Select	-	Select		
Select	-	Select		
Select	-	Select		

**PERFORATION**

Interval (m KB)	Comments
-	
-	
-	
-	


Lost Circulation/Overpressure Zones

Equipment Left on Seafloor (Describe)

Provision for Re-entry (Describe and attach sketch)

Other Downhole Completion/Suspension

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

Name	André Poitras	Telephone	(403) 206-3895 Ext
Job Designation	Drilling and Completions Manager	E-Mail	andre.poitras@paramountres.com
Operator	Paramount Resources Ltd.		
Signature		Date	Mar 26, 2012
	Responsible Officer of Company		

**NATIONAL ENERGY BOARD USE ONLY**

The details of this document have been examined and verified by

Job Designation	Well Identifier	Unique Well Identifier
Signature	Date	
	NEB Authority	



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resources ltd.

Well Name: PARA ET AL CAMERON 2H-03 HZ

API/UWI	Surface Legal Location	Well Configuration Type	Ground Elevation (m)	KB-Casing Flange Distance (m)	KB-Tubing Head Distance (m)	Total Depth (mKB)
302/H-03/6010-11730/0	300/2H-03/6010-11730	HORIZ	770.20	5.02	4.52	2,534.00
Report Number	19.0	Report Start Date	2/10/2012 07:30	Report End Date	2/10/2012 09:00	Daily Field Est Total (Cost)
					215,684	958,734

#### Lease Fluids

Fluid	To Lease (m³)	Source	From Lease (m³)	Dest	Dens (kg/m³)	BS&W (%)	Ref #	Carrier	Note

#### Well Fluids

Fluid	To (m³)	From (m³)	Dens (kg/m³)	BS&W (%)	Non-recov (m³)	Zone	Note

#### Report Fluids Summary

Fluid	Cum to Lease (m³)	Cum fm lease (m³)	Lease Bal (m³)	Cum to Well (m³)	Cum from Well (m³)	Left to recover (m³)	Cum Non-recov (m³)
Fresh Water	410.00	30.00	0.00	380.00	0.00	380.00	





## Daily Activity and Cost Summary

**Paramount**  
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**Well Name: PARA ET AL CAMERON 2H-03 HZ**

API/UWI 302/H-03/6010-11730/0	Surface Legal Location 300/2H-03/6010-11730	License # 2073	Field Name Cameron Hills	State/Province NT
Well Configuration Type HORIZ	Original KB Elevation (m) 777.22	KB-Ground Distance (m) 7.02	KB-Casing Flange Distance (m) 5.02	KB-Tubing Head Distance (m) 4.52

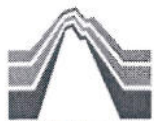
Job Category Completion	Primary Job Type Workover	Secondary Job Type
Start Date 1/23/2012	End Date 2/10/2012	Total AFE Amount (Cost) 606,202.00

Objective  
Pull existing rod string and tubing. Drill out frac ports to TD. Run and re-equip tubing with ESP.

Summary

Contractor Nabors	Rig Number 414	Rig Type
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Rpt #	Start Date	End Date	Day Total (Cost)	Cum To Date (Cost)	Summary
1.0	1/23/2012	1/23/2012	28,775	28,775	HSE Report. No incidents or accidents reported. Rigged out, moved and spotted Nabors 414 from E-52 to location. Filled and fired boiler. Raised rig and centered over hole.
2.0	1/24/2012	1/24/2012	17,258	46,033	HSE Report. No incidents or accidents reported. Continue to rig in equipment. Moved in and unloaded 50m3 fresh water to tank farm. Rigged in steam and pump lines complete. Secured jack weights and removed horses head. Pressure tested pump seat to 5 MPa. Good. Unable to unseat pump (parted rods) H2s recorded @ 0.4%.
3.0	1/25/2012	1/25/2012	50,347	96,379	HSE Report. No incidents or accidents reported. Crew change mid day. Moved in and unloaded 273 jts 60.3mm SLH 90 drill pipe. Pulled and lay out rods to break mid collar at # 139. Collar wear visible from rod 111 onwards.
4.0	1/26/2012	1/26/2012	15,063	111,442	HSE Report. No incidents or accidents reported. Orientated new rig personnel to location and equipment. RIH overshot and 141 rods. Latched on parted string, unseated BHP, pulled and lay out all rods, BHP etc.
5.0	1/27/2012	1/27/2012	23,818	135,259	HSE Report. While attempting to stand a 400 bbl tank. Matting under tank slid causing the 400 to come in contact with the rig tank. Minimal damage (1 line pipe hanger bent) No one was in a position to be injured during the spotting process as well. Full report completed by HSE advisor Jeff and sent to corporate compliance. RIG: Tear down flowline and remove 21 MPa pumping well head. Kill well and install 2' pup for anchor release. Install stump tested class III BoP's with picker. Rig in floor, steam heaters etc. Conducted SCVF "bubble test" Jan 2/2012. NO FLOW DETECTED.
6.0	1/28/2012	1/28/2012	28,257	163,517	HSE Report. No incident or accidents reported. Continued to rig in floor, handling equipment etc. Pressure tested BoP's to 21 MPa. Unset tubing anchor, pulled through Tuboscope inspection and lay out 71 jts 73mm tubing. Only 42 out of 71jts in premium condition.
7.0	1/29/2012	1/29/2012	22,500	186,017	HSE Report. No incidents or accidents reported. Continued to "Tuboscope" remaining tubulars out of hole. 47 out of 156 jts graded as yellow. Changed over pipe rams and handling equipment to 60.3mm. Pressure tested Class III pipe rams to 21 MPa. Good test. Made up "Baker" mud motor BHA and started in hole.
8.0	1/30/2012	1/30/2012	15,961	201,977	HSE Report. No incidents or accidents reported. Function tested drill motor 20 jts in. Tagged liner top @ 1506.2 mKB & frac port 9 @ 1593.9 mKB tubing tally (jts 156 & 164) . Prepped well for circulating/ drilling out ports in AM.
9.0	1/31/2012	1/31/2012	26,443	228,420	HSE Report. While raising tubing during drilling operations, kelly hose hooked corner of handrail lifting it from its stake pockets. Rail fell to ground. No damage occurred, hazard ID was completed and event was discussed. RIG: Rigged in circulating/ drilling equipment. Milled ahead to frac port 8 @ 1652.3 mKB. Lost 45m3 water to well during operations.
10.0	2/1/2012	2/1/2012	29,856	258,277	HSE Report. No incidents or accidents reported. Drilled through stage 7 @ 1756.4 mKB. Lost 40m3 to well during drilling. lay out tubing and park BHA above liner top for night.
11.0	2/2/2012	2/2/2012	31,761	290,037	HSE Report. No incidents or accidents reported. Orientated new personnel. Continued in hole milling out tool catchers @ 1853.19 & 1935.52 mKB. Lay out tubing and park BHA above liner for night. 154 jts in hole. Lost 80m3 water to formation during milling operations.



## Daily Activity and Cost Summary

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**Well Name: PARA ET AL CAMERON 2H-03 HZ**

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Well Configuration Type HORIZ	Original KB Elevation (m) 777.22	KB-Ground Distance (m) 7.02	KB-Casing Flange Distance (m) 5.02	KB-Tubing Head Distance (m) 4.52

Rpt #	Start Date	End Date	Day Total (Cost)	Cum To Date (Cost)	Summary
12.0	2/3/2012	2/3/2012	26,787	316,824	HSE Report. No incidents or accidents reported. ID'd elevator latch system as a potential hazard ID. Changed out elevators. Replaced hydraulic pump on rig. Changed out block heaters, changed oils etc. Held crew change safety meeting with night shift. Reviewed Safe work permit/ JSA's with all personnel. Continued to RIH SLH 90.
13.0	2/4/2012	2/4/2012	125,957	442,781	HSE Report. Pipe wrench was used as a backup while making up a tool connection on the catwalk. (routine procedure) Wrench broke across the heel due to the fact of it's low manufacturing quality. No one was injured or in the line of fire during make up. Discussed the importance of using proper and quality tools for the job. RIG: Drilled through remaining 4 frac seat/ tool catcher assemblies to hydraulic port @ 2492 mKB. Rig out circulating equipment, pull and lay out SLH 90. Lost 150m3 water to formation milling today. No returns present.
14.0	2/5/2012	2/5/2012	120,711	563,492	HSE Report. No incidents or accidents reported. Rigged out night shift crew and returned to Bistcho. Moved in and unloaded 89 jts new 73mm J-55 tubing. Loaded and hauled out 273 jts 60.3mm SLH 90 rental pipe. Slip and cut on rig and remove torque from drill line due to drilling operations. Changed out handling equipment to 73mm. Changed out pipe rams and pressure test to 21 MPa. Good test. Prep to install adaptor flange for ESP tubing hanger.
15.0	2/6/2012	2/6/2012	25,055	588,547	HSE Report. No incidents or accidents reported. Ran 177mm isolation packer to 500 mKB. Pressure tested to 14 mPa. Removed BoP's and installed adaptor spool for ESP hanger below. Re pressure tested ring seal. Tripped out of hole with packer.
16.0	2/7/2012	2/7/2012	18,106	606,653	HSE Report. No incidents or accidents reported. Made up and ran ESP & 130 jts banded tubing.
17.0	2/8/2012	2/8/2012	58,326	664,979	HSE Report. No incidents or accidents reported. Installed tubing hanger and landed string @ 1268.18 mKB. Removed BoP's and installed 3K flowing wellhead. Completed electrical tie in and function tested pump to test vessel. Produced 2.0 m3 water in 10 minutes. at 2 seperate intervals. No issues apparent. Good test. Installed tarps and keep wellhead heated overnight.
18.0	2/9/2012	2/9/2012	78,072	743,050	Rig unable to start, troubleshoot and confirmed failed starter, dispatch mechanic from High Level. Rig out pump/tank, Pure Energy test equipment and rig once repaired. Move and spot at 2M-73. Move remaining equipment with Arnold Enterprises next day. No HSE incidents reported. Hazard identifications discussed for rig out and laying over derrick.
19.0	2/10/2012	2/10/2012	215,684	958,734	Load and move remaining equipment to 2M-73. Turn well over to production operations. No HSE incidents reported. Hazard identifications discussed for rig move.



## Schematic - Current



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API/JWI 302/H-03/6010-11730/0	Surface Legal Location 300/2H-03/6010-11730	License # 2073	Field Name Cameron Hills	State/Province NT
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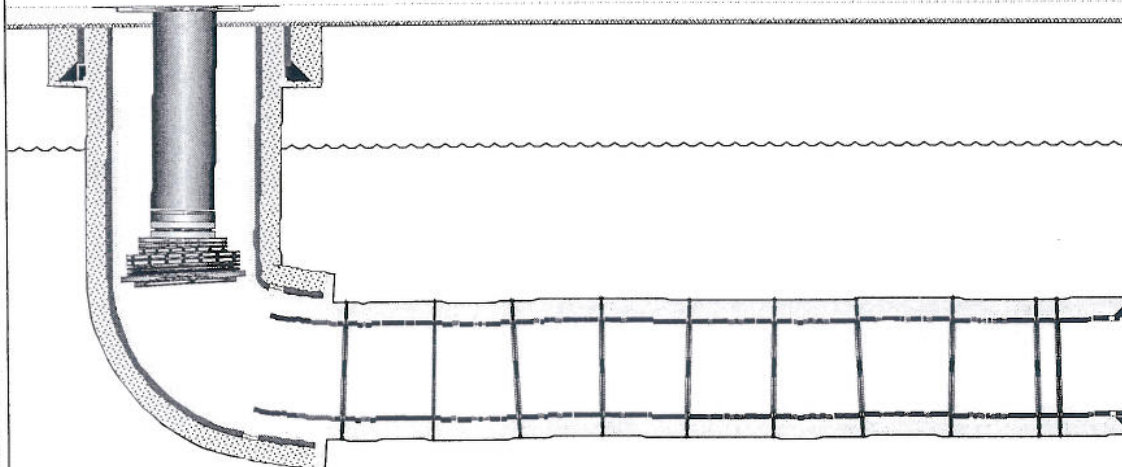
## Most Recent Job

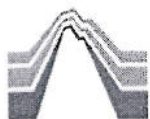
Job Category Completion	Primary Job Type Workover	Secondary Job Type	Start Date 1/23/2012	End Date 2/10/2012
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TD: 2,534.00

HORIZ - Original Hole, 3/29/2012 12:57:12 PM

Directional schematic (actual)





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## Schematic - Current

Well Name: PARA ET AL CAMERON 2H-03 HZ

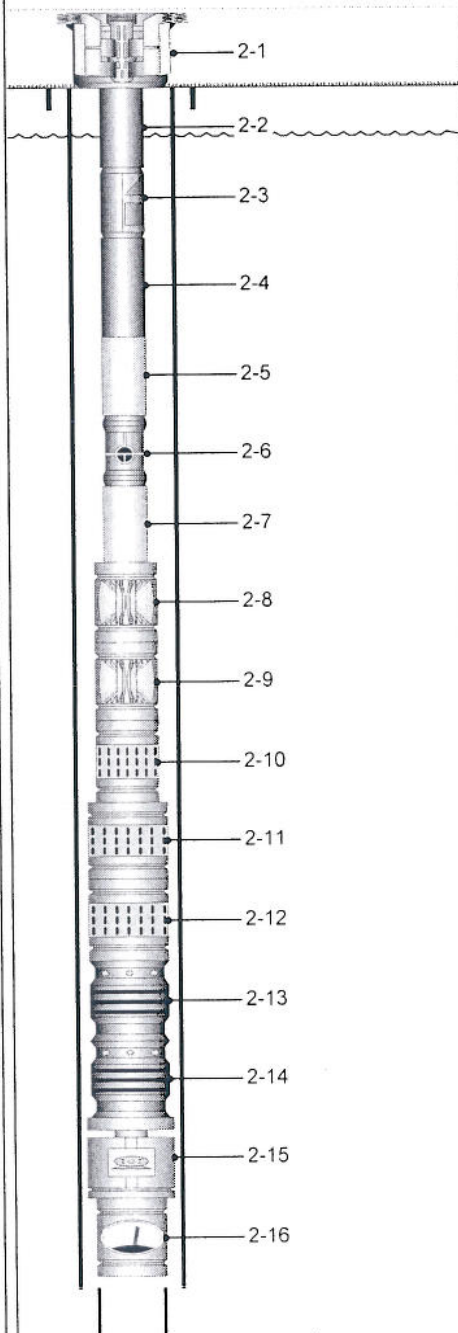
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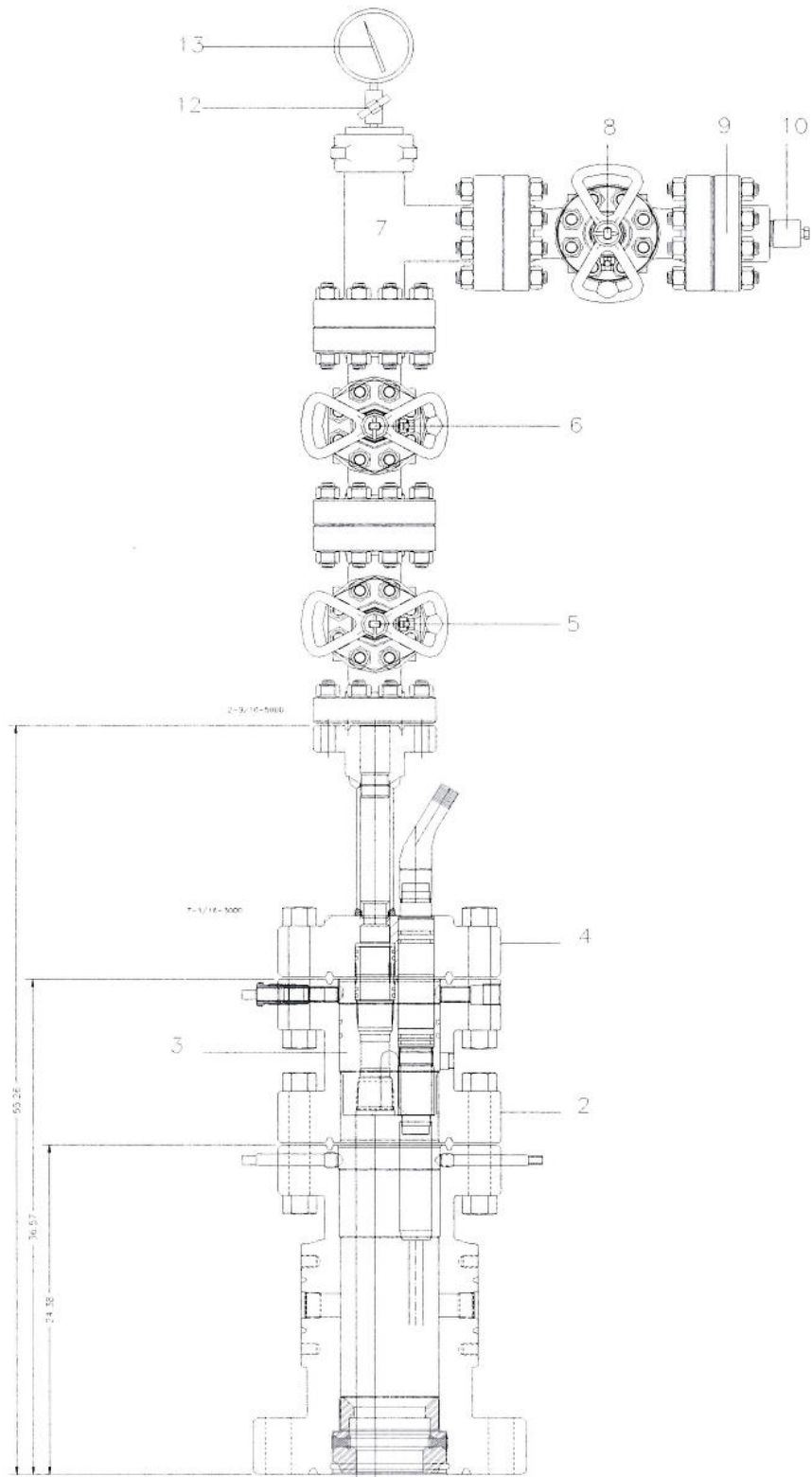
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Job Category Completion	Primary Job Type Workover	Secondary Job Type	Start Date 1/23/2012	End Date 2/10/2012
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TD: 2,534.00

HORIZ - Original Hole, 3/29/2012 12:57:12 PM

Vertical schematic (actual)	Column list (actual)		
	Depth (MD)	Length	Description
	0.02-0.42	0.40	Tubing Hanger
	1,231.66-1,231.97	0.31	58 mm XN nipple Nipple
	1,241.64-1,241.94	0.30	Tubing Drain
	1,241.94-1,242.24	0.30	Check Valve
	1,244.07-1,251.52	7.45	ESP - Primary Pump + Discharge
	1,251.52-1,255.17	3.65	ESP - Taper Pump
	1,255.17-1,257.54	2.37	ESP - Intake - Vapro XV-40 MS MT
	1,257.54-1,258.69	1.15	ESP - Intake VGS UT MS MT & adaptor
	1,258.69-1,259.74	1.05	ESP - Intake VGS S MS MT
	1,259.74-1,261.53	1.79	Motor Seal HL
	1,261.53-1,263.32	1.79	Motor Seal STD
	1,263.32-1,267.60	4.28	ESP - Motor & UMB
	1,267.60-1,268.20	0.60	Pressure sensor





**GE Oil & Gas**

710, 530 - 8th Ave S.W. Calgary, Alberta T2P 3S8  
Phone: (403) 264-4146 Fax (403) 269-4224  
Toll Free: 1-800-925-6024

**Quotation****11-18500**

Rev

0

Date: December 7, 2011  
Sold To: **Paramount**  
Attention: Lisa Moffat  
Reference: Cameron Hills 2H-03 60° 10'N, 117° 30'W  
Currency: CAD  
Payment Terms: Net 30 days  
Delivery: 3 to 4 Weeks A.R.O.  
Ex-Works Point: Edmonton  
Quotation Validity: 45 Days  
Account Representative: Al Stratulate

**Quotation 11-18500 Rev 0**

<u>Item</u>	<u>Qty</u>	<u>Part No</u>	<u>Description</u>	<u>Unit Price</u>	<u>Total</u>
1	1	On Location	TUBING HEAD ASSY, , 9 3000 (228.6mm20.7MPa) X 7-1/16 3000 (179.4mm20.7MPa) API 6A 19TH ED PSL-1, PR-1, TC L-U, MC DD	CP	CP
2	1		TUBING HEAD WG,T, , 7-1/16 3000 (179.4mm20.7MPa) X 7-1/16 3000 (179.4mm20.7MPa) 12 LG API 6A 19TH ED PSL-2, PR-1, TC L-U, MC EE 0.5-2-2	\$ 2,073.28	\$ 2,073.28
3	1		TUBING HANGER WG, TEN-PFT, 7-1/16 (179.4mm) X 2-7/8 (73.0mm) EUE BOX BTM & TOP, W/2-1/2 HBPV THD, F/BIW EM41208-2 & 5-1/2 CSG. API 6A 19TH ED PSL-2, PR-1, TC L-U, MC DD-NL-2-2	\$ 3,110.94	\$ 3,110.94
4	1		ROTATING FLANGE ADAPTER, WG, EN-PFT, 2-1/2 ECC, 7-1/16 3000 (179.4mm20.7MPa) X 2-1/2 X 2-9/16 5000 (65.1mm34.5MPa) OFFSET 1.000, F/BIW #EM41208-2 & 5-1/2 CSG API 6A 19TH ED PSL-2, PR-1, TC L-U, MC EE-2-2	\$ 7,125.75	\$ 7,125.75
5	1		GATE VALVE ASSY, VGC, 2-9/16 5000 (65.1mm34.5MPa) FLANGED, FULL PORT API 6A 19TH ED PSL-2, PR-1, TC L-U, MC DD	\$ 2,839.28	\$ 2,839.28
6	1		GATE VALVE ASSY, VGC, 2-9/16 5000 (65.1mm34.5MPa) FLANGED, FULL PORT API 6A 19TH ED PSL-1, PR-1, TC L-U, MC DD	\$ 2,689.28	\$ 2,689.28
7	1		FLOW TEE, FFT, 2-9/16 5000 (65.1mm34.5MPa) X 2 1/16 5000 (52.4mm34.5MPa) OUTLET, C/W TOP CAP ASSY 1/2 (12.7mm) NPT TAPPED API 6A 19TH ED PSL-1, PR-1, TC L-U, MC DD	\$ 818.10	\$ 818.10
8	1		GATE VALVE ASSY, VGC, 2-1/16 5000 (52.4mm34.5MPa) FLANGED, FULL PORT API 6A 19TH ED PSL-1, PR-1, TC L-U, MC DD	\$ 2,020.75	\$ 2,020.75

Quotation 11-18500 Rev 0					
Item	Qty	Part No	Description	Unit Price	Total
9	1		COMPANION FLANGE, 2-1/16 5000 (52.4mm34.5MPa) X 2 (50.8mm) LP, API 6A 19TH ED PSL-1, PR-1, TC L-U, MC DD	\$ 107.73	\$ 107.73
10	1		BULL PLUG, XXH, 2 (50.8mm) LP X 1/2 (12.7mm) NPT TAPPED	\$ 26.73	\$ 26.73
11	2		FORGED STEEL PIPE PLUG 1/2 (12.7mm) NPT	\$ 4.46	\$ 8.92
12	1		NEEDLE VALVE 1/2 (12.7mm) NPT MXF STRAIGHT CS 10000 WP, SOUR	\$ 109.35	\$ 109.35
13	1		PRESSURE GAUGE 0 - 5000 (34.5MPa) CW 4 (101.6mm) DIAL 1/2 (12.7mm) NPT BTM,	\$ 75.33	\$ 75.33
14	2		RING GASKET, R-45 316 SS	\$ 84.24	\$ 168.48
15	3		RING GASKET R-27,316 SS	\$ 48.60	\$ 145.80
16	2		RING GASKET R-24, 316 SS	\$ 39.69	\$ 79.38
17	24		STUD, L7, 1-1/8 (28.6mm) X 8-1/2 (215.9mm) LONG	\$ 9.45	\$ 226.80
18	48		NUT, 2H, 1-1/8 (28.6mm)	\$ 1.67	\$ 80.16
19	24		STUD, L7, 1 (25.4mm) X 7 (177.8mm) LONG	\$ 5.62	\$ 134.88
20	48		NUT, 2H, 1 (25.4mm)	\$ 1.10	\$ 52.80
21	16		STUD, L7, 7/8 (22.2mm) X 6 (152.4mm) LONG	\$ 4.17	\$ 66.72
22	32		NUT,2H, 7/8 (22.2mm)	\$ 0.75	\$ 24.00
23	6		LABOUR CHARGE/HR TO ASSEMBLE TEST AND PAINT	\$ 60.00	\$ 360.00
<b>EQUIPMENT SUBTOTAL PER QUOTATION=</b>					<b>\$ 22,344.46</b>

Preston Seier 403-264-4182

Authorized By:

For Vetco Gray

Print Name:

Signature:

Customer Order Acknowledgment

Date:

\*\*Remanufactured wellhead equipment carries full warranty and is subject to prior sale

**All deliveries are from receipt of order and subject to prior sale**

No product may be returned for credit without the written consent of an authorized VGC employee.  
Product returned more than 30 days after shipment date is subject to a 15% restocking charge.  
Products purchased from other O.E.Ms is subject to their actual restocking charge.  
Equipment returned for credit that requires disassembly is subject to a tear down charge  
Credit will not be issues on assembly, test and paint.  
Product returned requiring clean-up is subject to shop charge.  
Expendable items such as nipples, ring gaskets and boltings that are part of assemblies are subject to 100% restocking charge.  
Components requiring special coating for injection wells will be subject to a 15% restocking charge.  
Products manufactured to a PSL-3 is subject to a 15% restocking charge.  
Specialty equipment (considered to be a non-stocking item) is subject to a 100% restocking charge.  
Fuel or steel surcharge, if applicable will be added to invoice amount.