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September 19, 2018

Mackenzie Valley Land & Water Board
7th Floor, 4922 48th Street
P.O. Box 2130
Yellowknife, NT
X1A 2P6

Attention: Angela Love

RE: New Land Use Permit and Water License For Celibeta Area NWT

Dear Ms. Love,

Paramount Resources Ltd. ("Paramount") is hereby submitting applications for a Land Use Permit and Water License to facilitate oil and gas activities at Celibeta H-78. Paramount assumed ownership of this well in the fall of 2017. Suspension and abandonment activities as regulated by The Office of the Regulator for Oil and Gas Operations are required to be undertaken as per their guidelines. The new permit and licence are required to access the project areas. Paramount is seeking an exemption from preliminary screening for these applications because the well was originally drilled in 1959 and last accessed in 1990, both dates are prior to the implementation of the *Mackenzie Valley Resource Management Act*.

Enclosed are two hard copies of the applications, as well the electronic files have been uploaded to http://lwbors.yk.com/LWB_IMS/MVLWBReviewItems.aspx. Also enclosed is a cheque with payment for the permit and licence application fees and associated water use fees. If there are any questions, please do not hesitate to contact the undersigned at (403) 206-3859 or email me at terence.hughes@paramountres.com.

Yours truly,

PARAMOUNT RESOURCES LTD.

A handwritten signature in blue ink that reads "Terence Hughes".

Terence Hughes
Regulatory and Community Affairs Advisor

ENCL.



Mackenzie Valley Land and Water Board

7th Floor - 4922 48th Street, PO Box 2130

Yellowknife, NT. X1A 2P6

☎ 867-669-0506

☎ 867-873-6610

🌐 mvlwb.com

Land Use Permit Application Form

(Subsection 19(2) and Schedule 2 of the Mackenzie Valley Land Use Regulations)

| | |
|---|---|
| 1 Applicant Name: Paramount Resources Ltd. | |
| Applicant's Mailing Address: Suite 2800 421 7 th Avenue SW Calgary, Alberta, Canada T2P 4K9 | Fax no.: 403-262-7994 Telephone no.: 403-290-3600 |
| 2 Head office address: See Above | Fax no.: 403-262-7994 Telephone no.: 403-206-3859 |
| Field supervisor: To be determined | Email address: terence_hughes@paramountres.com |
| 3 Other personnel (subcontractor, contractors, company staff etc.): While monitoring, the maximum number of persons on-site during OROGO inspection and environmental monitoring work in the Celibeta Project area at any given time is three (3). Should Paramount conduct suspension or abandonment it could be as high as 50. This would include construction equipment operators, labourers, service rig workers, and other oil and gas service workers Total number of persons on site: 50 | |
| 4 Eligibility (Refer to section 18 of the Mackenzie Valley Land Use Regulations): <input type="checkbox"/> (a)(i) <input checked="" type="checkbox"/> (a)(ii) <input type="checkbox"/> (a)(iii) <input type="checkbox"/> (b) | |
| 5 Other rights, licences or permits related to this permit application (mineral rights, timber permits, water licences, etc.): Significant Discovery Licence 001 | |

6 a) Summary of operation (describe purpose, nature and location of all activities). Refer to paragraph 19(3)(b) of the Mackenzie Valley Land Use Regulations:

See Attachment A, Part 1

b) Indicate if a camp is to be set up. If yes, indicate size of camp or describe camp. (Provide details on a separate page, if necessary): No camp will be set up in the project area.

7 Summary of potential environmental and resource impacts and mitigation measures (describe the effects of the proposed land-use operation on land, water, flora and fauna and related socio-economic impacts). (Use separate page if necessary):

See Attachment A, Part 2

8 Proposed restoration plans (Use a separate page if necessary):

See Attachment A, Part 3

Roads:

(Provide details on a separate page.)

Is this to be a pioneered (new) road?

Has the route been laid out or ground truthed?

9 Proposed disposal methods:

To complete this section of the Application Form, a waste management plan for the proposed activities is to be developed in accordance with the Board's [Guidelines for Developing a Waste Management Plan](#) and submitted as an attachment to the Application Form. A template for this Plan is provided in the Guidelines.

a) Garbage: Remove from the Northwest Territories

b) Sewage (Sanitary and grey water): Removed from the Northwest Territories

c) Brush & trees: Mulching

d) Overburden (Organic soils, waste material, etc.): It is critical in reclamation that the quantity and quality of topsoil and subsoil be preserved; therefore, admixing and compaction will be minimized

10 Equipment (includes drills, pumps, etc.) (Use separate page if necessary):

| Number | Type and Size | Proposed use |
|------------------|---------------|--------------|
| See Attachment A | | |
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11 Fuels: While suspended no fuels are being stored at the Celibeta location, when abandonment and suspension work take place

12 Containment fuel spill contingency plans (attach separate contingency plan if necessary): See separate document

13 Methods of fuel transfer (to other tanks, vehicles, etc.)
While suspended, fuel is not being stored or transferred in the Celibeta Project area. However, should Paramount require fuel storage to conduct suspension and/or abandonment work, fuel will be stored according to *Directive 55: Storage Requirements for the Upstream Petroleum Industry* (ERCB, 2001) and transferred from fuel transport trucks to storage tanks and from storage tanks to equipment, vehicles or other suitable receptacles by a standard steel line fuel pump and hose, hand pump or gravity feed.

At storage locations, the spill prevention and response measures listed below will be in place.

- Paramount will establish designated hazardous material storage and transfer areas that are $\geq 100\text{m}$ from any local high water mark, unless otherwise authorized in writing by a Land Use Inspector and are not connected to water bodies by a steep grade.
- According to Workplace Hazardous Materials Information System (WHMIS) and/or Transportation of Dangerous Goods (TDG) standards, signs will be posted at all designated hazardous material storage and transfer areas with the product name, TDG placard and signs warning of danger (e.g., no smoking, hydrogen sulphide, poisonous gas, etc.).
- Designated hazardous material storage and transfer areas will have secondary containment (i.e., berms or doubled-walled tanks) and/or will be equipped with drip trays, spill pads and/or mats. Holding capacity of berms will be 110% capacity of the largest storage container. Hazardous material storage tanks with a capacity greater than 4000 L will have secondary containment.
- Designated hazardous material transfer areas will be equipped with drip trays, spill pads and/or mats.

Maintenance (e.g., oil changes, re-fuelling, lubricating, etc.) of mobile equipment will not be conducted within 100 m of any local high water mark. Maintenance of immobile equipment may be required within 100 m of a local high water mark. In such circumstances, Paramount will adhere to the following measures to mitigate potential negative environmental impacts.

- Hydraulic, fuel and lubrication systems of maintenance equipment will be inspected prior to commencing work to ensure they are not leaking.
- A minimum of 10 kg of suitable commercial absorbent material, as well as absorbent pads and absorbent booms suitable for fuel spill containment cleanup on open water, will be available.
- Containers, hoses and nozzles will be free of leaks.
- Operators will be stationed at both ends of the hose during fuelling unless the ends are visible and readily accessible by one operator.

14 Period of operation (includes time to cover all phases of project work applied for, including restoration):

From: December 1, 2018

To: December 1, 2033

15 Period of permit (up to five years, with maximum of two years of extension):

Start Date: December 1, 2018

Completion Date: December 1, 2025

16 Location of activities by map coordinates (attach maps and sketches): See attached project map.

Minimum latitude: 60°10'00"

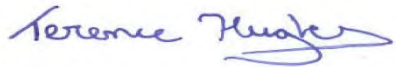
Maximum latitude: 60°20'00"

Minimum longitude: 122°00'00"

Maximum longitude: 122°45'00"

Map Sheet no.:

17 Applicant: Paramount Resources Ltd.

A handwritten signature in blue ink that reads "Terence Hughes". The signature is written in a cursive style with a large, sweeping flourish at the end.

September 19, 2018

18 Application fees for Type A or Type B permit (for federal and non-federal lands)¹:

a) Application fees for Type A or Type B permit (include the first two hectares) - \$150.00: \$

AND

b) Land-use fees for **federal public lands only**:

If more than two hectares of federal public lands are being used, enter the number of hectares in excess of the two hectares included in the Application fee.

_____hectares at \$50.00/hectare \$

1. To help identify whether your activity is on federal lands, please see [this map](#).

Total fees²: \$

2. Please make all cheques payable to the Receiver General for Canada.

19 Additional Information (Attach additional pages if necessary).
