



Mackenzie Valley Land and Water Board
7th Floor - 4922 48th Street
P.O. Box 2130
YELLOWKNIFE NT X1A 2P6
Phone (867) 669-0506
FAX (867) 873-6610

December 10, 2018

File: MV2018A0022

Mr. Terence Hughes
Paramount Resources Ltd.
Suite 2800, 421 7th Ave SW
CALGARY ALBERTA T2P 4K9

Email: Terence.Hughes@paramountres.com

Dear Mr. Hughes:

**Issuance of Type A Land Use Permit
Reclamation – Celibeta, NT (H-78)**

Attached is Type A Land Use Permit MV2018A0022 granted by the Mackenzie Valley Land and Water Board (MVLWB or the Board) in accordance with the *Mackenzie Valley Resource Management Act*. This Permit has been approved for a period 5 years commencing December 10, 2018 and expiring December 9, 2023.

Conditions and General Procedures

Please read all the conditions carefully. For the purpose of submitting plans in accordance with the Permit, the date of this letter, December 10, 2018, is the date of commencement.

Reclamation Security

In accordance with Permit condition 46, a security deposit in the amount of \$233,500.00 shall be posted with the Minister and copied to the Board prior to the start of the operation under section 32 of the Mackenzie Valley Land Use Regulations. As delegated under Schedule A of the Delegation Instrument under the MVRMA, this security deposit, **payable to the Government of the Northwest Territories** in the amount of \$233,500.00, shall be submitted to: the Government of the Northwest Territories, Department of Lands, North Slave Regional Office, 140 Bristol Avenue, Yellowknife NT, X1A 3T2. For more information about posting security with the GNWT, please contact Charlene Coe, Land Use Advisor, at (867) 767-9187 (ext. 24194). Please send a copy of the receipt for the security deposit to the MVLWB office prior to the start of your operation.

Management Plans - Approved

The Board hereby approves the following Plans as summarized in Table 1:

Table 1: Plans that have been approved

Condition Number	Title of Plan	Date Received
55	Spill Contingency Plan, Version 1	September 25, 2018
38	Waste Management Plan, Version 2	November 29, 2018

The Board hereby approves the Engagement Plan as an interim submission, and directs Paramount to resubmit the Engagement Plan by January 4, 2018 to include the following details requested by Smbaa K'e First Nation (SKFN):

- Notify SKFN if a spill occurs;
- Notify SKFN if there is discovery of a suspected archaeological, historic or burial site; and
- Notify SKFN of the schedule of activities, including the opening and closing of the winter road.

Confirmation of conformity will be determined by Board staff.

The Board notes that the Engagement Plan contains a full list of potentially affected parties. The Board has approved the Engagement Plan as an interim submission, with the understanding that all parties will be contacted at the project stages outlined in Table 2 of the Engagement Plan. Should Paramount receive feedback from affected parties that they do not wish to be engaged with for this project, Paramount may update the Engagement Plan at that time and resubmit for Board approval.

Discontinuance

Should you wish to discontinue your land-use operation at any time prior to the expiry date set out in the Permit, a written notice of discontinuance is required as per section 37 of the MVLUR, in addition to the submission of a final plan.

Public Registry

A copy of the Permit has been filed on the [Public Registry](#) at the MVLWB office. Please be advised that this letter, with attached procedures, all inspection reports, and correspondence related thereto, is part of the Public Registry and is intended to keep all interested parties informed of the manner in which the Permit requirements are being met. All Public Registry material will be considered if an amendment to the Permit is requested.

The full cooperation of Paramount Resources Ltd. is anticipated and appreciated. If you have any questions or concerns, please contact Kierney Leach at (867) 766-7470 or email kleach@mvlwb.com.

Yours sincerely,



Mavis Cli-Michaud
MVLWB, Chair

Copied to: Distribution List

Attached: Land Use Permit MV2018A0022
Reasons for Decision
Review Summary Table



Land Use Permit

Permit Class	Permit No	Amendment No
A	MV2018A0022	

Subject to the Mackenzie Valley Land Use Regulations and the terms and conditions in this Permit, authority is hereby granted to:

Paramount Resources Ltd.

Permittee

to proceed with the land use operation described in the Application of:

Signature Mr. Terence Hughes	Date September 19, 2018
Type of Land Use Operation Oil and Gas well reclamation and abandonment or suspension	
Location Celibeta, NT	

This Permit may be assigned, extended, discontinued, suspended, or cancelled pursuant to the Mackenzie Valley Land Use Regulations.

Dated at Yellowknife this 10 day of December, 2018

Signature Chair

Mavis Cli-Michaud

Signature Witness

Amanda Gauthier

Effective Date:
December 10, 2018

Expiry Date:
December 9, 2023

ATTENTION

It is a condition of this Permit that the Permittee comply with the provisions of the *Mackenzie Valley Resource Management Act* and Regulations and the terms and conditions set out herein. A failure to comply may result in suspension or cancellation of this Permit.

Conditions Annexed to and Forming Part of Land Use Permit # MV2018A0022

Part A: Scope of Permit

1. This Permit entitles the Permittee to conduct the following land-use operation:
 - a) Suspension or abandonment, and reclamation of wellsite and related activities;
 - b) Construction, use, and maintenance of an access winter road;
 - c) Use of equipment;
 - d) Installation and maintenance of erosion control measures; and
 - e) Fuel and hazardous materials storage.
2. This Permit is issued subject to the conditions contained herein with respect to the use of land for the activities and area identified in Part A, item 1 of this Permit.
3. Compliance with the terms and conditions of this Permit does not excuse the Permittee from its obligation to comply with the requirements of any applicable Federal, Territorial, or Municipal laws.

Part B: Definitions (defined terms are capitalized throughout the Permit)

Act - the *Mackenzie Valley Resource Management Act*.

Archaeological Impact Assessment - as defined by the Prince of Wales Northern Heritage Centre – *Guidelines for Developers for the Protection of Archaeological Sites in the Northwest Territories*.

Board - the Mackenzie Valley Land and Water Board established under Part 4 of the Act.

Dogleg - the clearing of a line, trail, or right-of-way that is curved sufficiently so that no part of the clearing beyond the curve is visible when approached from either direction.

Engagement Plan - a document, developed in accordance with the Board's *Engagement and Consultation Policy* and the *Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*, that clearly describes how, when, and which engagement activities will occur with an affected party during the life of the project.

Flowing Artesian Well - a well in which water:

- a) Naturally rises above the ground surface or the top of any casing; and
- b) Flows naturally, either intermittently or continuously.

Fuel Storage Container - a container for the storage of petroleum or allied petroleum products with a capacity of less than 230 litres.

Fuel Storage Tank - a closed container for the storage of petroleum or allied petroleum products with a capacity of more than 230 litres.

Greywater - all liquid wastes from showers, baths, sinks, kitchens, and domestic washing facilities but not including toilet wastes.

Habitat - the area or type of site where a species or an individual of a species of wildlife naturally occurs or on which it depends, directly or indirectly, to carry out its life processes.

Inspector - an Inspector designated by the Minister under the Act.

Minister - the Minister of Indian Affairs and Northern Development Canada or the Minister of the Government of the Northwest Territories – Department of Lands, as the case may be.

Ordinary High Water Mark - the usual or average level to which a body of water rises at its highest point and remains for sufficient time so as to change the characteristics of the land. In flowing waters (rivers, streams) this refers to the “active channel/bank-full level” which is often the 1:2 year flood flow return level. In inland lakes, wetlands, or marine environments, it refers to those parts of the Watercourse bed and banks that are frequently flooded by water so as to leave a mark on the land and where the natural vegetation changes from predominately aquatic vegetation to terrestrial vegetation (excepting water tolerant species). For reservoirs, this refers to normal high operating levels (full supply level).

Permittee - the holder of this permit.

Secondary Containment - containment that prevents liquids that leak from Fuel Storage Tanks or containers from reaching outside the containment area and includes double-walled Tanks, piping, liners, and impermeable barriers.

Sewage - all toilet wastes and Greywater.

Spill Contingency Plan - a document, developed in accordance with Aboriginal Affairs and Northern Development Canada’s *Guidelines for Spill Contingency Planning* (April 2007, that describes the set of procedures to be implemented to minimize the effects of a spill.

Toxic Material - any substance that enters or may enter the environment in a quantity or concentration or under conditions such that it:

- a) Has or may have an immediate or long-term harmful effect on the environment or its biological diversity;
- b) Constitutes or may constitute a danger to the environment on which life depends; or
- c) Constitutes or may constitute a danger in Canada to human life or health.

Waste - any garbage, debris, chemical, or Toxic Material to be used, stored, disposed of, or handled on land, and also as defined in section 51 of the Act.

Waste Management Plan - a document, developed in accordance with the Board’s *Guidelines for Developing a Waste Management Plan*, that describes the methods of Waste management from Waste generation to final disposal.

Watercourse - a natural body of flowing or standing water or an area occupied by water during part of the year, and includes streams, springs, swamps and gulches but does not include groundwater.

Part C: Conditions Applying to All Activities (headings correspond to subsection 26(1) of the Mackenzie Valley Land Use Regulations)

Condition	Category
26(1)(a) Location and Area	
1. The Permittee shall not conduct any part of the land-use operation within 300 metres of a cabin used for traditional activities, including trapping, hunting, or fishing, unless otherwise authorized in writing by the Board.	AVOID CABINS
2. The Permittee shall not construct parallel lines or roads, unless an existing line or road cannot be used.	PARALLEL ROADS
3. The Permittee shall locate all lines, trails, and right-of-ways to be constructed parallel to any Watercourse a minimum of 100 metres from the Ordinary High Water Mark, except at crossings.	PARALLEL WATERCOURSE
4. The Permittee shall not conduct this land-use operation on any lands not designated in the complete application.	LOCATION OF ACTIVITIES
5. The Permittee shall confine the width of the right of way to a maximum of ten (10) metres, unless otherwise authorized in writing by a Land Use Inspector. The Permittee shall not clear a right-of-way that is wider than 12 metres.	WIDTH RIGHT-OF-WAY
26(1)(b) Time	
6. At least 48 hours prior to the commencement of the land-use operation, the Permittee's Field Supervisor shall contact an Inspector at (867) 695-2626 ext. 206.	CONTACT INSPECTOR
7. At least 48 hours prior to commencement of the land-use operation, the Permittee shall provide the following information, in writing, to the Board and an Inspector: a) the name(s) of the person(s) in charge of the field operation; b) alternates; and c) all methods for contacting the above person(s).	IDENTIFY AGENT
8. At least ten days prior to the completion of the land-use operation, the Permittee shall advise an Inspector of: a) the plan for removal or storage of equipment and materials; and b) when final cleanup and reclamation of the land used will be completed.	REPORTS BEFORE REMOVAL
9. The Board, for the purpose of this operation, designates March 31 as spring break-up.	SPRING BREAK-UP

26(1)(c) Type and Size of Equipment

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| 10. The Permittee shall not use any equipment except of a similar type, size, and number to that listed in the complete application. | ONLY APPROVED
EQUIPMENT |
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26(1)(d) Methods and Techniques

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| 11. The Permittee shall Dogleg lines, trails and right-of-ways that approach Watercourses or public roads. | DOGLEG
APPROACHES |
| 12. Prior to the movement of any vehicle that exerts pressure on the ground in excess of 35 kPa, the Permittee shall scout proposed lines and routes to select the best location for crossing streams and avoiding terrain obstacles. | DETOURS AND
CROSSINGS |
| 13. The Permittee shall construct and maintain the overland portion of winter roads with a minimum of 10 cm of packed snow and/or ice at all times during this land-use operation. | WINTER ROADS |
| 14. The Permittee shall not erect camps or store material, other than that required for immediate use, on the ice surface of a Watercourse. | STORAGE ON ICE |
| 15. Prior to the expiry date of this Permit, the Permittee shall replace all excavated material, unless otherwise authorized in writing by an Inspector. | EXCAVATED
MATERIAL |

26(1)(e) Type, Location, Capacity, and Operation of All Facilities

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| 16. The Permittee shall ensure that the land use area is kept clean at all times. | CLEAN WORK AREA |
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26(1)(f) Control or Prevention of Ponding of Water, Flooding, Erosion, Slides, and Subsidence of Land

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| 17. The land-use operation shall not cause obstruction to any natural drainage. | NATURAL
DRAINAGE |
| 18. The Permittee shall minimize erosion by installing erosion control structures as the land-use operation progresses. | PROGRESSIVE
EROSION CONTROL |
| 19. The Permittee shall not conduct off-road vehicle travel in areas without snow-covered surfaces. | OFF-ROAD VEHICLE
TRAVEL |
| 20. The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface. | PREVENTION OF
RUTTING |
| 21. The Permittee shall suspend overland travel of equipment or vehicles at the first sign of rutting. | SUSPEND
OVERLAND TRAVEL |

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| 22. The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging. | VEHICLE
MOVEMENT
FREEZE-UP |
| 23. The Permittee shall not use any material other than clean water and snow in the construction of ice bridges. | ICE BRIDGE
MATERIALS |
| 24. The Permittee shall not use any materials other than clean snow and water in the construction of snow fills. | SNOWFILL
MATERIALS |
| 25. Prior to spring break-up or completion of the land-use operation, the Permittee shall clean up and either remove or v-notch all snowfills from stream crossings, unless otherwise authorized in writing by an Inspector. | REMOVE OR V-
NOTCH SNOWFILLS |
| 26. Prior to spring break-up or completion of the land-use operation, the Permittee shall clean up and v-notch all ice bridges, unless otherwise authorized in writing by an Inspector. | V-NOTCH ICE
BRIDGES |
| 27. The Permittee shall not cut any stream bank, unless otherwise authorized in writing by an Inspector. | STREAM BANKS |
| 28. The Permittee shall minimize approach grades on all Watercourse crossings. | MINIMIZE
APPROACH |
| 29. The Permittee shall not ford wet streams. | NO FORDING OF
STREAMS |
| 30. The Permittee shall slope the sides of Waste material piles, excavations, and embankments — except in solid rock — to a minimum ratio of 2:1 vertical, unless otherwise authorized in writing by an Inspector. | EXCAVATION AND
EMBANKMENTS |
| 31. The Permittee shall not remove vegetation or operate heavy equipment within 100 metres of the Ordinary High Water Mark of any Watercourse. | WATERCOURSE
BUFFER |
| 32. The Permittee shall not excavate land within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector. | EXCAVATE NEAR
WATERCOURSE |
| 26(1)(g) Use, Storage, Handling, and Ultimate Disposal of Any Chemical or Toxic Material | |
| 33. At least seven days prior to the use of any chemicals that were not identified in the complete application, the MSDS sheets must be provided to the Board and an Inspector. | CHEMICALS |

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| <p>34. The Permittee shall maintain a record of all spills. For all reportable spills, in accordance with the GNWT <i>Spill Contingency Planning and Reporting Regulations</i>, the Permittee shall:</p> <p>a) immediately report each spill to the 24-hour Spill Report Line (867) 920-8130;</p> <p>b) report each spill to an Inspector within 24 hours; and</p> <p>c) submit, to the Board and an Inspector, a detailed report on each spill within 30 days.</p> | <p>REPORT SPILLS</p> |
| <p>35. The Permittee shall dispose of all Toxic Material as described in the approved Waste Management Plan.</p> | <p>WASTE CHEMICAL DISPOSAL</p> |
| <p>36. The Permittee shall dispose of all combustible Waste petroleum products by removal to an approved disposal facility.</p> | <p>WASTE PETROLEUM DISPOSAL</p> |
| <p>26(1)(h) Wildlife and Fish Habitat</p> | |
| <p>37. The Permittee shall take all reasonable measures to prevent damage to wildlife and fish Habitat during this land-use operation.</p> | <p>HABITAT DAMAGE</p> |
| <p>26(1)(i) Storage, Handling, and Disposal of Refuse or Sewage</p> | |
| <p>38. The Permittee shall adhere to the Waste Management Plan, once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations, technology, chemicals, or fuels, or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval.</p> | <p>WASTE MANAGEMENT</p> |
| <p>39. The Permittee shall keep all garbage and debris in a secure container until disposal.</p> | <p>GARBAGE CONTAINER</p> |
| <p>40. The Permittee shall dispose of all garbage, Waste, and debris as described in the approved Waste Management Plan, unless otherwise authorized in writing by an Inspector.</p> | <p>REMOVE GARBAGE</p> |
| <p>41. The Permittee shall dispose of all Sewage and Greywater as described in the approved Waste Management Plan.</p> | <p>SEWAGE DISPOSAL – PLAN</p> |
| <p>26(1)(j) Protection of Historical, Archaeological, and Burial Sites</p> | |
| <p>42. The Permittee shall not operate any vehicle or equipment within 150 metres of a known or suspected historical or archaeological site or burial ground.</p> | <p>ARCHAEOLOGICAL BUFFER</p> |
| <p>43. The Permittee shall not knowingly remove, disturb, or displace any archaeological specimen or site.</p> | <p>SITE DISTURBANCE</p> |

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| <p>44. The Permittee shall, where a suspected archaeological or historical site, or burial ground is discovered:</p> <p>a) immediately suspend operations on the site; and</p> <p>b) notify the Board at (867) 669-0506 or an Inspector at (867) 695-2626 ext. 206, and the Prince of Wales Northern Heritage Centre at 767-9347 ext. 71250 or ext. 71251.</p> | <p>SITE DISCOVERY
AND
NOTIFICATION</p> |
| <p>45. Prior to any new land disturbance, the Permittee shall conduct an Archaeological Impact Assessment of the sites where disturbance is planned and shall submit a summary report to the Board and the Prince of Wales Northern Heritage Centre.</p> | <p>AIA</p> |
| <p>26(1)(k) Objects and Places of Recreational, Scenic, and Ecological Value</p> <p><i>Intentionally Left Blank</i></p> | |
| <p>26(1)(l) Security Deposit</p> | |
| <p>46. Prior to the commencement of the land-use operation, the Permittee shall deposit with the Minister a security deposit in the amount of \$233,500.00</p> | <p>SECURITY DEPOSIT</p> |
| <p>47. All costs to remediate the area under this Permit are the responsibility of the Permittee.</p> | <p>RESPONSIBILITY
FOR REMEDIATION
COSTS</p> |
| <p>26(1)(m) Fuel Storage</p> | |
| <p>48. The Permittee shall:</p> <p>a) examine all Fuel Storage Containers and Tank for leaks a minimum once per day; and</p> <p>b) repair all leaks immediately.</p> | <p>CHECK FOR LEAKS</p> |
| <p>49. The Permittee shall not place any Fuel Storage Containers or Tanks within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector.</p> | <p>FUEL NEAR WATER</p> |
| <p>50. The Permittee shall ensure that all fuel caches have adequate Secondary Containment.</p> | <p>FUEL CACHE
SECONDARY
CONTAINMENT</p> |
| <p>51. The Permittee shall set up all refueling points with Secondary Containment.</p> | <p>SECONDARY
CONTAINMENT –
REFUELING</p> |
| <p>52. The Permittee shall locate mobile fuel facilities on land when the facilities are stationary for more than 12 hours.</p> | <p>FUEL ON LAND</p> |

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| 53. The Permittee shall mark all Fuel Storage Containers and Tanks with the Permittee's name. | MARK
CONTAINERS AND
TANKS |
| 54. The Permittee shall mark all stationary fuel caches and fuel storage facilities with flags, posts, or similar devices so that they are at all times plainly visible to local vehicle travel. | MARK FUEL
LOCATION |
| 55. The Permittee shall adhere to the Spill Contingency Plan , once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations, technology, chemicals, or fuels, or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval. | SPILL
CONTINGENCY
PLAN |
| 56. Prior to commencement of the land-use operation the Permittee shall ensure that spill-response equipment is in place to respond to any potential spills. | SPILL RESPONSE |
| 57. All equipment that may be parked for two hours or more, shall have a haz-mat/drip tray under it or be sufficiently diapered. Leaky equipment shall be repaired immediately. | DRIP TRAYS |
| 58. The Permittee shall clean up all leaks, spills, and contaminated material. | CLEAN UP SPILLS |
| 26(1)(n) Methods and Techniques for Debris and Brush Disposal | |
| 59. Prior to the expiry date of this Permit, the Permittee shall progressively dispose of all brush and trees and shall complete all brush disposal; all disposal shall be completed. | BRUSH DISPOSAL/
TIME |
| 60. The Permittee shall not clear areas larger than identified in the complete application. | MINIMIZE AREA
CLEARED |
| 26(1)(o) Restoration of the Lands | |
| 61. All areas affected by construction or removal activities shall be stabilized and landscaped to their pre-construction profiles, unless otherwise authorized in writing by an Inspector. | PRE-
CONSTRUCTION
PROFILES |
| 62. The Permittee shall dispose of all overburden as instructed by an Inspector. | DISPOSAL OF
OVERBURDEN |
| 63. Prior to the expiry date of this Permit, the Permittee shall level all stockpiles of granular material located within the land use area. | NO STOCKPILES |
| 64. Prior to the expiry date of this Permit, the Permittee shall complete all cleanup and restoration of the lands used. | FINAL CLEANUP
AND RESTORATION |

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| 65. Prior to the expiry date of this Permit, the Permittee shall prepare the site in such a manner as to facilitate natural revegetation. | NATURAL
VEGETATION |
| 66. The Permittee shall carry out progressive reclamation of disturbed areas as soon as it is practical to do so. | PROGRESSIVE
RECLAMATION |
| 67. The Permittee shall restore any trails impacted by the land-use operation by removing fallen trees and any other obstructions from the trails. | TRAILS
RESTORATION |
| 68. Within 90 days following the effective date of this Permit, the Permittee shall submit to the Board, for approval, a Closure and Reclamation Plan . | CLOSURE AND
RECLAMATION
PLAN |
| 26(1)(p) Display of Permits and Permit Numbers | |
| 69. The Permittee shall keep a copy of this Permit on hand at all times during this land-use operation. | COPY OF PERMIT |
| 26(1)(q) Biological and Physical Protection of the Land | |
| 70. If any plan is not approved by the Board, the Permittee shall revise the plan according to the Board's direction and re-submit it to the Board for approval. | RESUBMIT PLAN |
| 71. The Permittee shall adhere to the Engagement Plan , once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval. | ENGAGEMENT
PLAN |
| 72. All revised plans submitted to the Board shall include a brief summary of the changes made to the plan. | SUMMARY OF
CHANGES |
| 73. The Permittee must submit a Progress Report to the Board on April 30 and September 30 of each year, or until clean-up and restoration is completed. The Progress Report must include all work done under the land use permit from the previous 6 months and all work planned for the upcoming 6 months. | PROGRESS
REPORTS |

abandonment work in their estimate, where as Paramount indicates that the equipment should be a maximum of 20 pieces and believes the reclamation and abandonment work would only take 15 days.

The Board may consider the following items from subsection 32(2) of the MVLUR in setting the amount of security:

- (a) The ability of the applicant or prospective assignee to pay the costs referred to in that subsection;
- (b) The past performance of the applicant or prospective assignee in respect of any other permit;
- (c) The prior posting of security by the applicant pursuant to other federal legislation in relation to the land-use operation; and
- (d) The probability of environmental damage or the significance of any environmental damage.

The Board chose to set security at \$300,600.00; \$67,100.00 to be required under the Licence and \$233,500.00 to be required under the Permit. The Board came to this amount with the following rationale:

- The Board agreed with the GNWT-ENR estimate regarding the 'Wells and Facilities' line items. Paramount requested that those line items be removed, because they are covered under security held by OROGO. The Board notes that OROGO confirmed that any costs associated with well abandonment or site remediation and reclamation are not covered in their security²⁰. Therefore, the Board decided to keep those line items for the RECLAIM security calculation.
- The Board decided to use the Mobilization/Demobilization costs presented by Paramount. In the GNWT-ENR's assumption letter for their estimate they indicate that they used the entire equipment list from Paramount's application and assumed that the remediation work would take a full month. Paramount clarified that only 20 pieces of equipment would be required for the remediation work, and the remediation work would only take 15 working days. As such, the Board decided to use the Mobilization/Demobilization costs presented in Paramount's RECLAIM estimate in determining security.

²⁰ See [email from OROGO to Board staff](#), November 30, 2018.



Mackenzie Valley Land and Water Board
7th Floor - 4922 48th Street
P.O. Box 2130
YELLOWKNIFE NT X1A 2P6
Phone (867) 669-0506
FAX (867) 873-6610

Reasons for Decision

Issued pursuant to paragraph 40(2)(c) of the Mackenzie Valley Land Use Regulations (MVLUR) and sections 72.25 and 121 of the *Mackenzie Valley Resource Management Act* (MVRMA) and sections 54 of the *Waters Act*

Water Licence and Land Use Permit Applications	
Preliminary Screener	MVLWB
File Number	MV2018L1-0005 & MV2018A0022
Company	Paramount Resources Ltd.
Project	Oil and Gas, Celibeta, NT
Date of Decision	December 10, 2018

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These Reasons for Decision set out the Mackenzie Valley Land and Water Board's (the MVLWB/Board) regulatory process and decisions on Applications made by Paramount Resources Ltd. (Paramount) to the Board on September 25, 2018 for Water Licence (Licence) MV2018L1-0005 and Land Use Permit (Permit) MV2018A0022 for the Suspension or Abandonment, and Reclamation of well H-78.

A summary of the Applications is provided in Section 2 below, followed by the regulatory process in Section 3. Section 4 describes the legislative requirements applicable to this regulatory process, leading to the Board's decisions with supporting rationale in Sections 5 and 6.

1.0 List of Abbreviations

Anniversary Date	Effective date of Licence as seen on the Licence cover page
ADKFN	Acho Dene Koe First Nation
Applicant	Paramount Resources Ltd.
Applications	Paramount's submissions in support of Water Licence MV2018L1-0005 and Land Use Permit MV2018A0022
CanNor	Canadian Northern Economic Development Agency
DFN	Dehcho First Nations
DFO	Department of Fisheries and Oceans
DIAND	Department of Indigenous Affairs and Northern Development
DKFN	Deninu Kue First Nation
EA/EIR	Environmental Assessment/Environmental Impact Review
ECCC	Environment and Climate Change Canada
FRMC	Fort Resolution Métis Council
GNWT	Government of the Northwest Territories
GNWT-ENR	Government of the Northwest Territories – Environment and Natural Resources
GNWT-ECE	Government of the Northwest Territories – Education, Culture and Employment
IR	Information Request
Waters Inspector	Government of the Northwest Territories – Environment and Natural Resources – Water Resource Officer (Inspector)
Lands Inspector	Government of the Northwest Territories – Lands – Resource Management Officer (Inspector)
Intervenor	A reviewing Party that submits an intervention
Licence	Water Licence MV2018L1-0005
LKDFN	Łutsel K'e Dene First Nation
LKFN	Łíídlıı Kúę First Nation
MVEIRB	Mackenzie Valley Environmental Impact Review Board
MVLUR	Mackenzie Valley Land Use Regulations
MVLWB or Board	Mackenzie Valley Land and Water Board
MVRMA	<i>Mackenzie Valley Resource Management Act</i>
NSMA	North Slave Métis Association
NWTMN	Northwest Territory Métis Nation
NWT-OROGO	Northwest Territories – Office of the Regulator of Oil and Gas Operations
Party	As per the Board's <i>Rules of Procedures</i>
Permit	Land Use Permit MV2018A0022
Project	Suspension or Abandonment, and Reclamation of well H-78
Review Board	Mackenzie Valley Review Board
Reviewer	As per the Board's <i>Rules of Procedures</i>
SKFN	Sambaa K'e First Nation
Standard Template	Board's <i>Standard Land Use Permit Conditions Template</i>

TG	Tłı̨chǫ Government
WLWB	Wek'èezhìi Land and Water Board
YKDFN	Yellowknives Dene First Nation

2.0 Summary of Applications

Project History

In 2017 Paramount acquired gas well H-78 (on Significant Discovery Licence 001), located in Celibeta, which is approximately 50km east of Fort Liard, NT. Paramount has submitted a Permit and Licence application to the Board to carry out reclamation, suspension or abandonment activities at well H-78. This well was drilled in 1959-1960 and further suspension work was completed in 1990. The well has never been tied-in and has never produced. Inspections of the well have taken place via helicopter since 2013. Paramount has reviewed the historical files and has not been able to determine the original access or the access used in 1990. Paramount has scouted access along existing cutlines and anticipates the access to be approximately 32.5 km from Paramount's existing access in Liard East, which is authorized under Permit MV2013A0013 and Licence MV2013L1-0001 (see attached map).

Description of Applications

As mentioned above, the purpose of these applications is for Paramount to carry out suspension activities or abandonment activities, and reclamation work at wellsite H-78, which was acquired by Paramount in 2017. In order to access the wellsite, a winter road will need to be constructed to bring in necessary equipment. The road will span approximately 32.5km in length, and will extend from Paramount's current Significant Discovery Licence (SDL) 122 access road, authorized under separate authorizations.

There is no camp proposed for this project, as Paramount will be utilizing a camp under a separate authorization. Paramount has also indicated that fuels will not be stored on site until suspension or abandonment work is conducted. Paramount may require fuel storage at Celibeta for suspension or abandonment work, and the maximum amount of fuel stored will be a 3000L double walled diesel tank, and 5 100lb propane bottles. All garbage and other human waste is to be contained and removed and disposed of outside of the Northwest Territories.

Paramount's application provides an estimate of all the equipment to be used for the project. As contractors have yet to be determined, they have indicated that the equipment to be used may vary from the provided list:

List of Potential Temporary Equipment

Activity	Equipment Type	Quantity	Approximate Size	Proposed Use
Construction Equipment	Hoe excavator	2	--	Clearing
	Hydro axe	2	--	Clearing
	bulldozer	2	D5, 6, 7, 8, 9	Clearing and backfilling
	Mobile welding unit	1	--	Welding
	All terrain crane	1	20 to 34 tonne	Lifting

	Mobile drill unit	1	14 tonne	Sampling
	Portable generator	4	5kw	Electrical supply
	Motor vehicles	25	variable	Fuel supply, medical unit, transport, etc.
	Water truck	4	--	Winter road maintenance, c amp and drilling rig
	Grader	3	D-16-G	Winter road maintenance
	Caterpillar	2 to 3	D5, WP, D6, D7	Winter road maintenance
Suspension and abandonment	Service Rig	1	--	To suspend F-36
	Wireline Unit	1	--	Assist in suspension F-36
	Rig Shack(s)	1 to 2	--	On site accommodation
	Tanks	1 to 2	400 barrel	Fluid storage
	Water Truck	1		Water supply
	Cementing Equipment	1		Cementing

Paramount has requested to use water from the Liard River, and a 'small water body' east of SDL 122. Water use is to support winter road construction and the suspension or abandonment activities at well H-78. Paramount has applied to use a maximum of 299m³ per day, for a maximum of 180 days per year, which is an annual maximum of 58,320m³.

These activities are located within a Non-Federal area and the winter road access to SDL 001 and well H-78 crosses over interim withdrawn land. Confirmation was provided by GNWT-Lands that Paramount has eligibility to build a winter access road on withdrawn lands prior to the applications being deemed complete. The GNWT-Lands department submitted further confirmation of Paramount's right to occupy, and in support of Permit issuance during the review period using the online review system.

3.0 Regulatory Process

On September 25, 2018, Paramount Resources Ltd. (Paramount) submitted Applications for a new Licence (MV2018L1-0005) and a new Permit (MV2018A0022). The Applications were deemed incomplete on October 5, 2018 as per subsection 22(1) of the MVLUR.¹ On October 19, 2018, additional information was received, and the Applications were subsequently deemed complete and the review commenced on October 29, 2018.² As such, the legislated timelines began as outlined in paragraph 22(1)(b) of the MVLUR and subsection 48(1) of the *Waters Act*.

By November 16, 2018, comments and recommendations regarding the Applications, as well as the draft Permit and Licence conditions, were received by the Board from the following parties: Acho Dene Koe First Nation (ADKFN), Environment and Climate Change Canada (ECCC), Department of Fisheries and Oceans (DFO), Government of the Northwest Territories (GNWT)-Education, Culture and Employment

¹ See MVLWB Letter – Application Incomplete ([hyperlink](#)), dated October 5, 2018.

² See MVLWB Letter – Application Complete ([hyperlink](#)), dated October 29, 2018.

(ECE), GNWT-Environment and Natural Resources (ENR), GNWT-Department of Lands (Lands) Inspector, GNWT-Lands North Slave Region, GNWT-Lands, Northwest Territories (NWT)-Office of the Regulator of Oil and Gas Operations (OROGO), and Board staff.³ By November 23, 2018, Paramount responded to the comments and recommendations.⁴

Late comments were received from Samba K'e First Nation (SKFN) on November 27, (11 days after the comment deadline). A late comment was also received from Dehcho First Nation on November 28. Paramount responded to all the late comments on November 29, 2018.

On December 10, 2018, the Board met to make decisions regarding the Applications. The Board chose to accept the late comments submitted by SKFN and DFN because the Board decided it was important evidence to consider.

4.0 Legislative Requirements

In conducting the review process for the Applications as described in Sections 2 and 3 above (respectively, Summary of Applications and Regulatory Process), the Board has ensured that all applicable legislative requirements have been satisfied as outlined below.

4.1 General

The use of land, water, and the deposit of waste proposed is of a nature contemplated by the MVRMA and the *Waters Act*.

As this Project is located on a Non-Federal Area, the MVRMA and *Waters Act* applies.

4.2 MVRMA: The Board's Duty to Consult

In exercising its authority under the MVRMA, generally, the Board must ensure that the concerns of Aboriginal people have been taken into account as per paragraph 114(c) of the MVRMA. It must also consider the importance of conservation to the well-being and way of life of Aboriginal peoples of Canada, as per paragraph 60.1(a) of the MVRMA, specifically those to whom section 35 of the *Constitution Act*, 1982 applies and who use an area of the Mackenzie Valley. Accordingly, the Board works with applicants, affected parties (including Aboriginal organizations/governments), and other parties (such as other boards and regulators) to ensure that potential impacts of proposed projects are understood and carefully considered before decisions are made with respect to the issuance of Permits and Licences.

In order to address the question of Aboriginal consultation it is first helpful to understand the general process through which the Board considers an application.^{5,6} Following the initiation of engagement and the submission of an application, a proposed project goes through several stages in the Board's approval process. The application is reviewed to ensure that all necessary information is included and

³ See Review Comment Summary Table – Application ([hyperlink](#)), dated November 16, 2018.

⁴ See Review Comment Summary Table – Application ([hyperlink](#)), dated November 23, 2018.

⁵ See www.mvlwb.com → Resources → Policies and Guidelines: [MVLWB Guide to the Land Use Permitting Process](#) (2013).

⁶ See www.mvlwb.com → Resources → Policies and Guidelines: [Guide to Completing Water Licence Applications to the Mackenzie Valley Land and Water Board](#) (2003).

to confirm that the right types of Permit and Licence have been applied for. This check for completeness is completed within ten days of receipt.

4.2.1 Distribution List

The application and supporting documents are uploaded to the Board's webpage and then an application package is distributed to stakeholders, including: appropriate federal and territorial government departments and agencies; land owners; affected communities and Aboriginal organizations; Renewable Resource Boards; heritage regulators; and other interested parties. The list was periodically updated, and (when requested) individuals with specific interests in the Project were also added to the distribution list. For the distribution list that the Board used, see Table 1 below:

Table 1: Organizations on the Distribution List for Applications for Licence MV2018L1-0005 and Permit MV2018A0022

Acho Dene Koe First Nation	Hamlet of Fort Providence
Athabasca Denesuline Council CO Prince Albert Cou	INAC - CARD
CanNor NWT Region	INAC - NWT Inspectors
Deh Cho Land Use Planning Committee	Ka'a'gee Tu First Nation
Deh Gah Got'ie Dene Council	Katlodeeche First Nation
Dehcho First Nations	Liard First Nation (Yukon)
Dene Nation	Liidlil Kue First Nation (Ft Simpson)
Dene Tha' First Nation	Mackenzie Valley Environmental Impact Review Board
Digaa Enterprises Ltd.	MVLWB
Environment and Climate Change Canada	Naha Dehe Dene Band
Fisheries and Oceans Canada	North Slave Metis Alliance
Fort Providence Metis Council #57	NWT- OROGO
Fort Providence Resource Management Board	Pehdzeh Ki First Nation (Wrigley)
Fort Simpson Metis Local 52	Ross River Dena Council
Forward Mining	Sambaa Ke First Nation (Trout Lake)
GNWT - ECE	Snap Lake Environmental Monitoring Agency - SLEMA
GNWT - ENR	Transport Canada
GNWT - Health	Tthets'ek'ehdeli First Nation (JMR)
GNWT - INF	West Point First Nation
GNWT - ITI	WLWB
GNWT - Lands	Wood
GNWT - MACA	Workers' Safety and Compensation Commission
Hamlet of Fort Liard	

The Board requested that reviewers provide comments with respect to the Applications and associated management plans. For a Type A Permit, as was the case in this Application, within 42 days of receipt of a complete application, unless additional information is required, the Board will either: (a) issue a Permit with conditions; (b) conduct a hearing under section 24 of the MVRMA or require that further studies or investigations be made; (c) refer it to the MVEIRB for environmental assessment; or (d) refuse to issue the Permit if a requirement set out in section 61 or 62 of the MVRMA has not been met or for any other reason as provided for in legislation. For

a Type B Licence, as was the case in this Application, within nine months the Board shall make a decision. When the review is completed, comments are forwarded to the applicant for a response.

The Applications are then assessed to determine if they are exempt from Part 5 of the MVRMA; if not, they go to preliminary screening. Details relating to preliminary screening are outlined below in Section 4.4 (MVRMA Part 5).

4.2.2 *The Boards Role in Consultation*

The Board's requirements for engagement are set out in its *Engagement and Consultation Policy* (the Policy).⁷ The Policy was developed to ensure that the Board's obligations for achieving meaningful consultation (as set out by the land claims and applicable legislation) with all affected parties, including Aboriginal groups in the Mackenzie Valley, are met and consultation results clearly articulated. The Policy has three broad objectives, namely to guide applicants in proactive engagement related to land and water applications; to assist the Board to meet its own statutory requirements by providing a forum for consultation on concerns and proposed mitigations; and to assist in ensuring the adequacy of Crown consultation.

The core of the Policy is as follows:

- 1) To require proponents to initiate dialogue and engagement planning with affected parties, particularly affected Aboriginal organizations/governments, in advance of an application with the goals of:
 - explaining the project;
 - identifying concerns and potential environmental impacts (including any potential for impacts to Aboriginal and treaty rights);
 - addressing concerns raised; and
 - ensuring appropriate levels and types of engagement are carried out over the life of an authorization or project.
- 2) To apply consultative approaches throughout a proceeding, which assist affected parties to meaningfully contribute to the assessment of impacts on the environment and the establishment of appropriate mitigations in order for the Boards to meet statutory responsibilities pursuant to the MVRMA and the Waters Act and their regulations.
- 3) To assist in ensuring, and if necessary, rule on, the adequacy of Crown consultation before making a final decision or recommendation, taking into account information gathered during proponent engagement and through its consultative processes.⁹²

4.2.3 *Notifications and Initial Engagement*

The following is a high-level summary of notifications and early engagement activity undertaken by Paramount on the Applications for the Project. For more detail on the timing of engagement activities, see Section 3 (Regulatory Process) of these Reasons for Decision, as well as material filed by Paramount in support of their Applications.

⁷ See www.mvlwb.com → Resources → Policies and Guidelines: [MVLWB Engagement and Consultation Policy](#) (June 1, 2013).

In accordance with the *Engagement and Consultation Policy* and associated guidelines, the Board requires proponents to engage with potentially affected parties prior to and during the operation of a project.⁸ Engagement ensures that affected parties are able to develop an understanding of a proposed project or component of a project; provide feedback during the engagement process on issues of concern with regards to a project; and work towards building relationships with proponents that are operating in an area.⁹

Paramount included a record of engagement as part of their Applications which highlighted the engagement activities that took place prior to submitting the applications and a summary of the discussion topics.¹⁰ Where contact was made, the engagement record indicates that no concerns were raised.

4.2.4 *The Boards Process and Participation of Aboriginal Groups*

Aboriginal communities and organizations were engaged throughout the review phase of the Board's process. Review comments were received from ADKFN during the initial review of the Applications. Late comments were received from Samba K'e First Nation (SKFN) on November 27, 2018. A late comment was also received from Dehcho First Nation on November 28, 2018. The Board decided to accept the late comments submitted by SKFN and DFN.

For more detail on the comments received, see Section 3 (Regulatory Process) of these Reasons for Decision.

4.2.5 *Aboriginal Groups and Their Concerns*

On November 27, 2018, late comments were received via the ORS from SKFN. SKFN comment-1 stated that Paramount did not adequately consult with SKFN and requested that the Board "not issue any permits to Paramount until SKFN has met with Paramount, fully understands the project and Paramount has addressed any issues concerning traditional use and harvest in the area... SKFN recommends that Paramount meet directly with SKFN to identify potential contracting opportunities." Paramount responded that they engaged with SKFN on four occasions prior to submitting their Permit and Licence applications and provided additional evidence to support this and stated that they did not receive any response or feedback from SKFN. Paramount indicated that project timing and contracting opportunities were included in the engagement information sent to SKFN, and that if SKFN has businesses that could provide services to the program Paramount would be interested in receiving that information.

Based on the evidence received by the Board, the following engagement occurred:

1. **July 4, 2018**¹¹ – the Engagement Plan was sent by email to chief@sambaakefn.com and environment@sambaakefn.com. Paramount, in their response, provided an email

⁸ See www.mvlwb.com → Resources → Policies and Guidelines: [MVLWB Engagement and Consultation Policy](#) (June 1, 2013).

⁹ See www.mvlwb.com → Resources → Policies and Guidelines: MVLWB, [Information for Proponents on the MVLWB's Engagement Requirements](#) (2014).

¹⁰ See Water Licence MV2005L2-0015 and Land Use Permit MV2005C0032 [Environmental Screening Assessment](#), submitted to the MVLWB on March 19, 2018.

¹¹ See July 4, 2018 – [Engagement email](#) from Paramount to affected parties.

confirmation¹² that the messages were received. Paramount also indicated that this package contained contracting information which SKFN commented on during their review.

2. **July 11, 2018** – follow up to the Engagement Plan was via a phone call. No evidence was provided in support of this effort by Paramount other than stating it on the record, in their response, that this occurred.
3. **July 20, 2018**¹³ – the application notification package was sent to stakeholders to inform them that Paramount would be moving forward with application submissions to the Board. Included in the list of stakeholders for the SKFN are Chief Dolphus Jumbo and Jessica Jumbo. Paramount, in their response, provided an email confirmation¹² that the messages were received by the email addresses of chief@sambaakefn.com and environment@sambaakefn.com.
4. **August 13, 2018** – follow up phone call from Paramount to SKFN. The Engagement Plan submitted has a consultation log that indicates that a message was left.

The Permit and Licence applications, all management plans, including the Engagement Plan, and draft conditions were distributed via email by Board staff on October 29, 2018 to Jessica Jumbo and Chief Dolphus Jumbo, with the comment period closing on November 16, 2018. During the designated comment period, no comments were received from SKFN on the applications, draft conditions, or engagement, nor was a request for an extension to the review period received.

The comment provided by DFN was in support of all the comments submitted by SKFN, and therefore reiterated the same comments and concerns.

As per the evidence presented above, the Board has determined that dialogue was initiated, and adequate engagement efforts were made by the proponent. Accordingly, the terms of the *Engagement and Consultation Policy*¹⁴ and obligations under the MVRMA have been satisfied.

4.2.6 Subsequent Engagement and Board Process

On December 4, 2018, Board staff sent a letter to Jessica Jumbo¹⁵ requesting confirmation that the above record is accurate, and to identify what additional information SKFN is seeking on the project that is not already presented as part of the review, including the review comments and responses from Paramount. Board staff requested that SKFN provide a response to the letter by 5pm on December 6, 2018. Board staff did not receive a response from SKFN.

It has also been confirmed by the PWNHC that two members of SKFN participated in the Archaeological Impact Assessment (AIA) carried out by Stantec Consulting on behalf of Paramount. For more information on the Board's decision regarding the AIA, please refer to Section 6.4: 26 (1)(j) below.

¹² See [Email confirmation](#) from SKFN on receipt of Paramount's Engagement Plan and Notice of Applications.

¹³ See [July 20, 2018 – Engagement and Application Notification email](#) from Paramount to affected parties.

¹⁴ See www.mvlwb.com → Resources → Policies and Guidelines: [MVLWB Engagement and Consultation Policy](#) (June 1, 2013).

¹⁵ See [Letter from Board staff to Jessica Jumbo regarding Engagement](#), December 4, 2018.

4.2.7 Views of the Board

As noted above in Section 4.2.2 (The Board's Role in Consultation), the Board's *Engagement and Consultation Policy* has three broad objectives.

Regarding the first objective, the Board has determined the level of engagement by Paramount was adequate. In accordance with the Policy and the MVLWB Engagement Guidelines, Paramount initiated dialogue with Aboriginal organizations and governments starting in July 2018 through to August 2018, prior to filing their Applications with the MVLWB on September 25, 2018.¹⁶

Regarding the second objective, namely facilitating the effective contribution of all reviewers in the process, the Board has determined its process was sufficiently robust. The process provided opportunities for the review of the Applications and commenting on the draft Permit and Licence conditions.

Regarding the final objective, namely the adequacy of Crown consultation, the Board has determined that the duty to consult in relation to matters within its jurisdiction has been satisfied. Administrative tribunals such as Land and Water Boards under the MVRMA can rule on questions of law. The Board therefore has the authority, if necessary, to assess the adequacy of Crown consultation before making a final decision or making a recommendation to the responsible Minister and may use remedies available to it in addressing Aboriginal consultation issues.

In summation, the Board finds that Aboriginal parties were engaged throughout the entirety of the Board process. This included project pre-engagement by the proponent and Application review. The Board's role in regard to the Crown's duty to consult was discharged appropriately, as directed by its own *Engagement and Consultation Policy*. The Board therefore finds that Crown consultation has been adequate on the Applications related to the Project.

4.3 MVRMA Part 3 and 4 and Waters Act: Land and Water Regulation and MVLWB

The Board has jurisdiction to issue this Licence and Permit as per subsection 60(1.1) and section 102 of the MVRMA.

4.3.1 General

The Board has considered the people and users of the Mackenzie Valley, and any traditional knowledge and scientific information that was made available to it during this regulatory proceeding, as per section 60.1 of the MVRMA.

4.3.2 Public Notice

Notice and copies of the Applications were provided in accordance with sections 63 and 64 of the MVRMA. The Board is satisfied that a reasonable amount of time was given to communities, First Nations, and the public to participate in this regulatory process by making submissions to the Board.

¹⁶ See www.mvlwb.com → Resources → Policies and Guidelines: [MVLWB Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits](#) (September 2014).

4.3.2 *Water Use Fees*

Paramount is required to pay water use fees, as per subsection 8(1) of the Waters Regulations, prior to the start of operations. Water use fees must be paid annually hereafter for the duration of the Licence on or before its Anniversary Date.

4.3.3 *Existing Licences*

With respect to 26(5)(a) of the *Waters Act*, no other Licensees contacted the Board during the statutory period, and there are no applicants with precedence in the watershed as per subsection 72.26(1) of the MVRMA. The Board is satisfied that the granting of this Licence will not adversely affect, in a significant way, any existing Licensee if compliance with the Licence occurs.

4.3.4 *Compensation to Existing Water Uses*

Paragraph 26(5)(b) of the *Waters Act* prohibits the issuance of the Licence unless the Board is satisfied that appropriate compensation has been or will be paid by the applicant to persons who would be adversely affected by the use of waters, or deposit of waste proposed by the applicant, at the time when the applicant filed its application with the Board.

The Board received no claims for compensation either during the prescribed period or afterwards. Provided compliance with the Licence conditions takes place, the Board finds that there are no water users or persons listed in paragraph 26(5)(b) of the *Waters Act* who will be adversely affected by the use of waters or the deposit of waste proposed.

4.3.5 *Minimization of Adverse Effects*

With regards to subsection 27(2) of the *Waters Act*, it is the opinion of the Board that compliance with the Licence will ensure that any potential adverse effects on other water users, which might arise because of the issuance of the Licence, will be minimized.

4.3.6 *Time Limit*

The Board is satisfied it has adhered to 47(1) of the *Waters Act*, which requires it to make a decision within a period of nine months after the day on which an application is made or a notice advertised as per subsections 43(1) and 43(2) of the *Waters Act*.

4.4 MVRMA Part 5: Environmental Review

4.4.1 *Preliminary Screening*

On December 10, 2018, the Board met and conducted a preliminary screening of the activities associated with the Applications, to fulfill subsection 124(1) of the MVRMA. As per paragraph 125(1)(a) of the MVRMA, the Board determined that the activities associated with the Applications would not have a significant adverse impact on the environment, and would not be a cause of public concern. The Board's Preliminary Screening Report includes its reasons for that decision and is available on the Board's public registry.¹⁷ The Board is satisfied the proposed development has been screened pursuant to the MVRMA.

¹⁷ See MVLWB Preliminary Screening and Reasons for Decision ([hyperlink](#)), dated December 10, 2018.

5.0 Decision – Water Licence MV2018L1-0005

In making its decision and preparing these Reasons for Decision, the Board has reviewed and considered:

- 1) The comments and recommendations made during the regulatory process;
- 2) The evidence and submissions from Paramount received by the Board;
- 3) The written comments and submissions from parties received by the Board; and
- 4) The Staff Report prepared for the Board.

Having due regard to the facts, circumstances, and the merits of the submissions made to it, and to the purpose, scope, and intent of the MVRMA and the *Waters Act*, the Board has determined that Licence MV2018L1-0005 should be issued, subject to the scope, definitions, conditions, and term contained therein. The Board's determinations and reasons for this decision are set out below.

The scope, definitions, conditions, and term set forth in the Licence have been developed to address the Board's statutory responsibilities and the concerns that arose during the regulatory process. The Reasons for Decision set out below focus on the major concerns and issues raised by parties, including those that were the subject of substantive argument submitted by one or more parties.

5.1 Term of Licence

Paramount has applied for a term of 7 years for the Licence. As the Licence and Permit are closely linked, the Board decided to continue the practice of setting the Licence term to coincide with that of the Permit, and therefore set the term of the Licence for 7 years from the date of issuance which takes into account the five-year term of the Permit, plus the possibility of a two-year extension of the Permit's term.

Subsection 26(2) of the *Waters Act* allows for a Licence term of not more than 25 years or the duration of the undertaking. After reviewing the submissions made during this regulatory process, and taking into consideration the closely linked Permit, the Board has determined an appropriate term for this undertaking is 7 years.

5.2 Part A: Scope and Definitions

Part A of the Licence contains the scope and definitions for terms used throughout.

Scope

The scope of the Licence ensures the Licensee is entitled to conduct activities which have been applied for and screened by the Board. In setting out the scope of the Licence, the Board endeavoured to provide enough detail to identify and describe the authorized activities, without be unduly restrictive or prescriptive, and to allow for project flexibility throughout the life of the Licence.

There were no comments received on the Licence scope during the regulatory process. The Board decided to add in 'suspension' activities into the scope, as suspension activities are described in the Licence application.

Part A, conditions 1(b) through 1(e) are consistent with previous Licences issued by the Board. These conditions ensure that the scope of the authorization includes all water uses and deposits of waste associated with the Project, reflect and comply with all applicable legislation for the life of the

authorization, and consider and incorporate scientific and Traditional Knowledge where available in the Licensee's effort to protect the environment.

Definitions

The Board defined items in the Licence to ensure a common understanding of conditions, to avoid future differences in interpretation, and to use wording similar to that found in previously issued Licences.

5.3 Part B: General Conditions and Schedule 1

Part B and Schedule 1 of the Licence contain general administrative conditions regarding compliance and conformity with the *MVRMA* and *Waters Act* and is consistent with standard conditions found in previous Licences issued by the Board. This section addresses conformity and compliance with submissions to the Board. This section also addresses measuring devices, public engagement requirements, and requirements for the Annual Water Licence Report.

Part B, condition 3, clarifies that all references to policies, guidelines, codes of practice, statutes, regulations or other authorities shall be read as a reference to the most recent versions, unless otherwise denoted. This standard practice allows for flexibility in Licence conditions when documents are updated during the life of the Licence.

Annual review and submission of major updates or changes to management plans are required by Part B, condition 6, for Board approval. Such revisions must be approved by the Board prior to the implementation of activities not identified in existing, approved plans. This condition ensures that all applicable plans are regularly reviewed and updated so they reflect changes in technology and/or changes and phases of the project throughout the life of the authorization.

Part B, condition 7 introduces the Schedules which are annexed to and form part of the Licence.

Part B, condition 8 and Schedule 1 outlines the requirements for the Annual Water Licence Report. The purpose of the Annual Water Licence Report is to provide the Board and all stakeholders the opportunity to be annually updated on project components and activities, and to provide a platform for stakeholders to submit comments, observations, feedback, and questions as necessary. The requirements are intended to provide clarity and summarize information already captured through existing submissions; they are not meant to be onerous. The Board organized these requirements to coincide with the layout of the Licence and to be consistent with recently issued licences.

Part B, condition 10 outlines the requirements for the Engagement Plan. The Board assesses engagement adequacy of applications through the Board's *Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*, and the Board's *Engagement and Consultation Policy*. The Board notes that Paramount's pre-engagement for the Applications was determined to be in accordance with the Guidelines and Policy. Paramount included an Engagement Plan and Log in the Applications submitted September 25, 2018.

SKFN commented that Table 2 of the Engagement Plan outlines the activities requiring engagement but does not specify which parties will be engaged with for those specific activities. Paramount responded that they will continue to engage with all the stakeholders identified in Table 1 of the Engagement Plan on its activities unless a stakeholder identifies that they no longer wish to be contacted.

SKFN also requested that the Engagement Plan be updated to include the following triggers:

- Annual workplan summarizing the year's planned operational activities;
- Occurrence of a spill;
- Discovery of suspected archaeological, historic or burial site; and
- Annual schedule of activities.

The Board chose to approve the Engagement Plan as an interim submission, and direct Paramount to resubmit the Engagement Plan by January 4, 2018 to include the following details requested by Smbaa K'e First Nation:

- Notify SKFN if a spill occurs;
- Notify SKFN if there is discovery of a suspected archaeological, historic or burial site; and
- Notify SKFN of the schedule of activities, including the opening and closing of the winter road.

The Board has approved the Engagement Plan as an interim submission because it meets the Board's Guideline and Policy, and sufficiently reflects the scope of the proposed activities. The Board notes that the Engagement Plan contains a full list of potentially affected parties. The Board has approved the Engagement Plan with the condition that all affected parties listed in Table 1 will be contacted at the project stages outlined in Table 2 of the Engagement Plan. Should Paramount receive feedback from affected parties that they do not wish to be engaged with for this project, Paramount may update the Engagement Plan at that time and resubmit for Board approval.

5.4 Part C: Conditions Applying to Security Requirements

The Board is authorized to require the Licensee to provide security to the Minister by subsection 35(1) of the *Waters Act*. Subsection 35(2) of the *Waters Act* specifies how the security may be applied.

Part C of the Licence sets the level of security to be maintained by the Licensee and set out requirements related to posting and updating security. As in other licences, the Board may request a security update from the proponent at any time, and may adjust the security amount at any time, based on available information. Specifically, Part C, conditions 3 and 4 stipulate that the Board can revise the security deposit and that the Licensee will post the revised deposit within 90 days following the Board's decision. This condition pertains to both increases and reductions in security. The conditions in this section are similar to those found in other Licences issued by the Board.

The Board has determined that the total security deposit amount shall be \$300,600.00; \$67,100.00 is required under the Licence and \$233,500.00 is required under the Permit. A detailed explanation of how the Board determined the security deposits for these two instruments is provided in Appendix A: Reclamation Security. They are discussed together since the estimates deal with the same project and are intimately linked.

5.5 Part D: Conditions Applying to Water Use

Part D of the Licence contains conditions related to water use for the undertaking. These are consistent with standard conditions found in previous Licences issued by the Board.

During the public review, the GNWT-ENR submitted a comment regarding the proposed use of water from a 'small water body' to support project activities. There was no specific information provided on this water source in the Licence application, aside from its location on the project map, and the

GNWT-ENR recommended that further information on the 'small water body' should be submitted prior to being approved by the Board as an acceptable water source for the undertaking. In order to address this concern of the GNWT-ENR, the Board decided to add an additional condition to the Licence. This additional condition (Part D, condition 2) outlines specific information requirements to be submitted to the Waters Inspector in order to obtain written authorization prior to use of the requested water source.

Part D, conditions 3 and 4 outline the maximum daily and annual water withdrawal limits, as described in the Application and through the review process.

5.6 Part E: Conditions Applying to Waste Disposal

Part E of the Licence contains conditions applying to waste disposal for the undertaking and is consistent with standard conditions included in previous Licences issued by the Board. Project specific conditions for oil and gas, such as Part E, conditions 2, 3, 4, and 5 were developed to ensure all possible oil and gas related wastes are properly contained and disposed of.

The only comments and recommendations made on Part E of the draft conditions were by the GNWT-ENR and Board staff on the inadequacy of the Waste Management Plan (Part E, condition 1). The submission was a generic Waste Management Plan for the Fort Liard area that did not discuss specifics to this proposed Celibeta well H-78 project. In response to comments, Paramount submitted a revised Waste Management Plan, version 2. The Board has determined that the Waste Management Plan, version 2, which was submitted in response to review comments on November 29, 2018, is in conformity with the Board's *Guidelines for Developing a Waste Management Plan (2011)* and has been updated to include information specific to the Celibeta (well H-78) project. Therefore, the Board has decided to approve the Waste Management Plan, version 2 as submitted on November 29, 2018.

5.7 Part F: Conditions Applying to Watercourse Crossings

Part F of the Licence contains conditions related to watercourse crossing activities and are consistent with standard conditions found in previous Licences issued by the Board for projects with watercourse crossings. These conditions have been included to minimize the environmental impact of the ~32.5 km winter access road to wellsite H-78 to support the suspension or abandonment, and reclamation activities. There were no comments or recommendations received during the public review specific to Part F of the draft Licence, and therefore the Board decided not to make any changes prior to issuance.

5.8 Part G: Conditions Applying to Contingency Planning

Part G of the Licence contains conditions related to spill contingency planning and reporting, reclamation of spills and unauthorized discharges, and emergency response. The purpose of this part is to ensure that Paramount is fully prepared to respond to spills and unauthorized discharges. The planning and reporting requirements in this part ensure that Paramount has identified the lines of authority and responsibility, has an action plan for responses to spills and unauthorized discharges, and has established reliable reporting and communication procedures. This will ensure that any spills or unauthorized discharges are effectively controlled and cleaned up, with the goal of preventing or limiting damage to the receiving environment. The conditions in Part G are consistent with standard conditions found in previous Licences issued by the Board.

Part G, condition 1 outlines the requirement for Paramount to act in accordance with the Spill Contingency Plan. This Plan is a defined term in the Licence, referencing Indian and Northern Affairs Canada's *Guidelines for Spill Contingency Planning*. Paramount included a Spill Contingency Plan, dated September 25, 2018 with their Applications.

The Board has approved the Spill Contingency Plan because it meets the Indian and Northern Affairs Canada's *Guidelines for Spill Contingency Planning*, sufficiently reflects the scope of the proposed activities, and no comments, recommendations or concerns were submitted by reviewers.

5.9 Part H: Conditions Applying to Closure and Reclamation

Part H of the Licence contains conditions applying to closure and reclamation. Part H, condition 1 outlines the requirement for Paramount to submit a Closure and Reclamation Plan within 90 days following the effective date of this Licence to the Board for approval. The Board decided on 90 days as supported by the GNWT-ENR because this would allow for the plan to be submitted prior to the completion of this winter season.

5.10 Annex A: Table of Submissions

Annex A of the Licence contains a table that summarizes the information Paramount is required to submit as required by the Licence conditions.

5.11 Annex B: Table of Revision History

Annex B of the Licence contains a table which identifies updates and tracks changes made to the Licence. This table is currently blank because this is a new Licence; it will be updated throughout the life of the Licence.

6.0 Decision – Land Use Permit MV2018A0022

In making its decision and preparing these Reasons for Decision, the Board has reviewed and considered:

- 1) The comments and recommendations made during the regulatory process;
- 2) The evidence and submissions from Paramount received by the Board;
- 3) The written comments and submissions from parties received by the Board; and
- 4) The Staff Report prepared for the Board.

Having due regard to the facts, circumstances, and the merits of the submissions made to it, and to the purpose, scope, and intent of the MVRMA, the Board has determined that Permit MV2018A0022 should be issued, subject to the scope, definitions, conditions, and term contained therein. The Board's determinations and reasons for this decision are set out below.

The scope, definitions, conditions, and term set forth in the Permit have been developed to address the Board's statutory responsibilities and the concerns that arose during the regulatory processes. The Reasons for Decision set out below focus on the major concerns and issues raised by parties, including those that were the subject of substantive argument submitted by one or more parties.

6.1 Term of Permit

Paramount has applied for a term of 5 years for the Permit, with a desire for an extension. Subsections 26(5) of the MVLUR allows for a Permit term of not more than five years. After reviewing the submissions made during this regulatory process, the Board has determined an appropriate term for this undertaking is 5 years.

6.2 Part A: Scope of Permit

The scope of the Permit ensures the Permittee is entitled to conduct activities which have been applied for and screened by the Board. In setting out the scope of the Permit, the Board endeavoured to provide enough detail to identify and describe the authorized activities, without be unduly restrictive or prescriptive, and to allow for project flexibility throughout the life of the Permit.

No comments or concerns were received during the public review on the scope presented in the draft Permit. The Board has decided to add 'suspension' in the scope of the Permit, as this was described as a possible activity in the application.

6.3 Part B: Definitions

The Board defined items in the Permit to ensure a common understanding of conditions, to avoid future differences in interpretation, and to use wording similar to that found in previously issued Permits. For the most part, the definitions used wording from the Board's *Standard Land Use Permit Conditions Template* (Standard Template).

6.4 Part C: Conditions Applying to All Activities

The subheadings below correspond to the headings in the conditions section of the Permit, as outlined in section 26(1) of the MVLUR. Most conditions in the Permit are from the Board's Standard Template and are not discussed in detail in these Reasons for Decision unless notable due to recommendations or concerns raised during the public review. Where applicable, the Board's reasons for including non-standard conditions are discussed.

26(1)(a) Location and Area

The conditions included in this section are consistent with the Board's Standard Template. During the public review, the GNWT Lands Inspector requested the addition of the 'Avoid Cabins' standard condition since the location of the project activities is also used for traditional activities. The Board agrees and has added the 'Avoid Cabins' condition to ensure the Permittee does not conduct any part of the land-use operation within a distance of 300 metres from a cabin used for traditional activities. No other comments were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any other changes prior to issuance.

26(1)(b) Time

The conditions included in this section are consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any changes prior to issuance.

26(1)(c) Type and Size of Equipment

The only condition included in this section, 'Only Approved Equipment', is consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit, and therefore the Board decided not to make any changes prior to issuance.

26(1)(d) Methods and Techniques

The conditions included in this section are consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any changes prior to issuance.

26(1)(e) Type, Location, Operation of All Facilities

The only condition included in this section, 'Clean Work Area', is consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any changes prior to issuance.

26(1)(f) Control or Prevention of Ponding of Water, Flooding, Erosion, Slides, and Subsidence of Land

The conditions included in this section are consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any changes prior to issuance.

26(1)(g) Use, Storage, Handling, and Ultimate Disposal of Any Chemical or Toxic Material

The conditions included in this section are consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any changes prior to issuance.

26(1)(h) Wildlife and Fish Habitat

The Board notes that provisions in the MVLUR apply to protection of wildlife habitat, not wildlife. Impacts to wildlife are under the jurisdiction of the GNWT through the *Wildlife Act*. The Board included condition 37 in the Permit, which requires Paramount to prevent damage to wildlife and fish Habitat. This is a condition from the Board's Standard Template and is intended to ensure Paramount conducts their land-use operation in such a way as to minimize disturbance to wildlife habitat.

26(1)(i) Storage, Handling, and Disposal of Refuse or Sewage;

A Waste Management Plan is a standard requirement for land use permits issued by the Board. This Plan is intended to ensure that all waste management activities are carried out in a way that is consistent with best practices and applicable guidelines to minimize waste released from the Project. This Plan is also required under Part E of the Licence and the Board's reasons for including this Plan, and requiring revisions and re-submittals, are described above in Section 5.6. The Board mirrored these conditions to the extent possible with the Licence requirements to ensure one submission will satisfy conditions of both the Licence and Permit.

The conditions included in this section are consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any changes prior to issuance.

26(1)(j) Protection of Historical, Archaeological, and Burial Sites;

The conditions included in this section are consistent with the Board's Standard Template. During the public review, a comment was submitted by the GNWT-ECE's PWNHC that an Archeological Impact Assessment (AIA), required by draft Permit condition 44 (now Permit Condition 45), was completed in the fall of 2018 for this project, and the results of the AIA were accepted by the PWNHC on November 8, 2018. They indicated that no further archeological fieldwork is required prior to construction activities, unless changes to the footprint are made.

SKFN recommended that they should review the AIA for the project prior to it being finalized, and that the Board require the final AIA to be submitted and reviewed prior to Licence and Permit issuance. Paramount responded that the AIA has been accepted by the PWNHC. The PWNHC has provided the following information to the Board¹⁸ regarding the AIA that was conducted by Stantec on behalf of Paramount:

- Stantec held a community meeting with SKFN on October 18 to discuss the project;
- Two SKFN members participated in AIA fieldwork (on October 18);
- Stantec submitted a copy of the interim report (since revised) to SKFN on October 30, 2018; and
- PWNHC submitted a copy of the revised interim report (accepted by PWNHC) to SKFN on Dec 4, 2018.

The PWNHC is part of the GNWT Department of Education, Culture and Employment (ECE), which is the regulator of historical and archeological resources in the Northwest Territories as per the Archaeological Sites Act and regulations. The Board depends on PWNHC to indicate that the condition is satisfied; the AIA is therefore not for Board approval. Should SKFN have any concerns on the AIA, they could contact the PWNHC.

26(1)(k) Objects and Places of Recreational, Scenic, and Ecological Value

The Board did not require conditions in this section to satisfy its mandate and did not receive any comments during the review of the draft Permit.

26(1)(l) Security Deposit

The Board is authorized to require the Permittee to provide security to the Minister by subsection 32(1) of the MVLUR. Subsection 32(2) of the MVRMA specifies how the security may be applied.

The Board has included a requirement for security in the Permit. The Board's reasons associated with this section are described above in Section 5.4, in conjunction with reasons for security required by the Licence. The security deposits required by these two instruments are discussed together since the estimates deal with the same project and are intimately linked. The conditions included in this section are consistent with the Board's Standard Template.

¹⁸ See [email from PWNHC to Board staff](#), December 4, 2018.

26(1)(m) Fuel Storage

A Spill Contingency Plan is a standard requirement for land use permits issued by the Board. This Plan is intended to ensure that an action plan(s) for responses to spills and Unauthorized Discharges is established to effectively control and clean up spills and Unauthorized Discharges, with the goal of preventing or limiting damage to the receiving environment. This Plan is also required under Part G of the Licence and the Board's reasons for including this Plan, and requiring revisions and re-submittals, are described above in Section 5.8. The Board mirrored these conditions to the extent possible with the Licence requirements to ensure one submission will satisfy conditions of both the Licence and Permit.

The conditions included in this section are consistent with the Board's Standard Template. The GNWT Lands Inspector recommended during the public review that the draft Permit condition 'Check for Leaks' remain as written, with a frequency of once per day. No other comments or recommendations were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any changes prior to issuance.

26(1)(n) Methods and Techniques for Debris and Brush Disposal

The conditions included in this section are consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any changes prior to issuance.

26(1)(o) Restoration of the Lands

The conditions included in this section are consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit conditions, however, the Board decided to add the condition 'Closure and Reclamation Plan' to align with the Licence condition, since closure and reclamation activities are part of both the scope of the Licence and the Permit.

26(1)(p) Display of Permits and Permit Numbers

The only condition included in this section, 'Copy of Permit', is consistent with the Board's Standard Template. No comments or recommendations were made during the public review on this section of the draft Permit conditions, and therefore the Board decided not to make any changes prior to issuance.

26(1)(q) Biological and Physical Protection of the Land

An Engagement Plan is a standard requirement for land use permits issued by the Board. This Plan is intended to ensure adequate and effective engagement with potentially affected parties has occurred prior to the submission of the Applications (in the form of the Engagement Log) and is planned for throughout the life of the Project. This Plan is also required under Part B of the Licence and the Board's reasons for including this Plan, and requiring revisions and re-submittals, are described above in Section 5.3. The Board mirrored these conditions to the extent possible with the Licence requirements to ensure one submission will satisfy conditions of both the Licence and Permit.

The conditions included in this section are consistent with the Board’s Standard Template. The non-standard condition ‘Progress Reports’ was included so that the Board can remain updated on the progress of the reclamation and restoration activities. As there were no comments or recommendations made during the public review on this section of the draft Permit conditions, the Board decided not to make any changes prior to issuance.

7.0 Conclusion

Subject to the scopes, definitions, conditions, and terms set out in the Licence and Permit, and for the reasons expressed herein, the MVLWB is of the opinion that the land-use activities, water use, and waste disposal associated with the suspension or abandonment, and reclamation of well H-78, and associated activities can be completed by Paramount Resources Ltd. while providing for the conservation, development, and utilization of waters in a manner that will provide the optimum benefit for all Canadians and in particular for the residents of the Mackenzie Valley.

Water Licence MV2018L1-0005 and Land Use Permit MV2018A0022 contain provisions that the Board deems necessary to ensure and monitor compliance with the MVRMA, *Waters Act*, and the Regulations made thereunder, and to provide appropriate safeguards in respect of Paramount’s use of the land and water affected by the Licence.

SIGNATURE

Mackenzie Valley Land and Water Board



Mavis Cli-Michaud, Chair

December 10, 2018

Date

Appendix 1: Detailed Reasons for Decision for the Determination of Paramount’s Suspension or Abandonment, and Reclamation of well H-78 Reclamation Security

Paramount did not include a security calculation using RECLAIM in their Applications, however they did submit a value of \$80,000.00 in the additional application information letter¹⁹. The GNWT-ENR recommended security during the public review, totalling \$477,126.00 (\$370,644 under the Permit and \$106,482 under the Licence). In response to the GNWT-ENR estimate, Paramount completed their own security estimate using RECLAIM, and determined a total reclamation cost of \$160,197.00 (\$157,348 under the Permit and \$2,849 under the Licence). As both of these estimates were conducted using the oil and gas RECLAIM template, they are directly comparable to each other. The table below summarizes the differences between the two RECLAIM estimates. The RECLAIM line items that differ between the two estimates are indicated by italicized text.

Table 1: Comparison of GNWT-ENR and Paramount’s RECLAIM estimates:

		GNWT-ENR Estimate			Paramount Estimate		
CAPITAL COSTS	COMPONENT NAME	COST	LAND LIABILITY	WATER LIABILITY	COST	LAND LIABILITY	WATER LIABILITY
WELLS AND FACILITIES		\$99,700	\$93,450	\$6,250	\$0	\$0	\$0
○	<i>All wells (1)</i>	<i>\$12,500</i>	<i>\$6,250</i>	<i>\$6,250</i>	-	-	-
○	<i>Vent Flow/Gas Migration (1)</i>	<i>\$87,200</i>	<i>\$87,200</i>	<i>\$0</i>	-	-	-
BUILDINGS AND EQUIPMENT		\$1,700	\$850	\$850	\$1,700	\$850	\$850
CHEMICALS AND CONTAMINATED SOILD MANAGEMENT		\$56,100	\$28,050	\$28,050	\$46,100	\$46,100	\$0
○	<i>Transportation to disposal facility (15)</i>	<i>\$30,000</i>	<i>\$15,000</i>	<i>\$15,000</i>	<i>\$20,000</i>	<i>\$20,000</i>	<i>\$0</i>
SURFACE AND GROUNDWATER MANAGEMENT		\$0	-	\$0	\$0	-	\$0
INTERIM CARE AND MAINTENANCE		\$0	-	\$0	\$0	-	\$0
	SUBTOTAL: Capital Costs	\$157,500	\$122,350	\$35,150	\$47,800	\$46,950	\$850
	PERCENT OF SUBTOTAL		78%	22%		98%	2%
INDIRECT COSTS		COST	LAND LIABILITY	WATER LIABILITY	COST	LAND LIABILITY	WATER LIABILITY
MOBILIZATION/D EMOBILIZATION		\$259,026	\$201,218	\$57,808	\$82,513	\$81,046	\$1,467

¹⁹ See [Paramount’s response to the MVLWB Application Incomplete Letter](#), October 16, 2018

○	Equipment pieces (GNWT=55 items; Paramount=20 items)	\$55,000			\$20,000		
○	Reclamation – worker transport (GNWT=30 days; Paramount=15 days)	\$3,000			\$1,500		
○	Reclamation – worker travel time (GNWT=30days; Paramount=15days)	\$52,776			\$26,338		
○	Worker accommodations (GNWT=30; Paramount=15)	\$26,250			\$13,125		
○	Winter Road construction and operation (32km)	\$64,000			\$0		
○	Demobilize equipment (GNWT=55 items; Paramount=20 items)	\$55,000			\$20,000		
○	Demobilize workers (GNWT=30 days; Paramount=15 days)	\$3,000			\$1,500		
POST-CLOSURE MONITORING & MAINTENANCE		\$16,500	\$12,818	\$3,682	\$16,500	\$16,207	\$293
ENGINEERING	3%	\$4,725	\$3,671	\$1,055	\$1,434	\$1,409	\$26
PROJECT MANAGEMENT	3%	\$4,725	\$3,671	\$1,055	\$1,434	\$1,409	\$26
HEALTH & SAFETY PLANS/MONITORING & QA/QC	1%	\$1,575	\$1,224	\$352	\$478	\$470	\$9
BONDING/INSURANCE	1%	\$1,575	\$1,224	\$352	\$478	\$470	\$9
CONTINGENCY	20%	\$31,500	\$24,470	\$7,030	\$9,560	\$9,390	\$170
MARKET PRICE FACTOR ADJUSTMENT	0%	\$0	\$0	\$0	\$0	\$0	\$0
	SUBTOTAL: Indirect Costs	\$319,626	\$248,294	\$71,332	\$112,397	\$110,398	\$1,999
TOTAL COSTS		\$477,126	\$370,644	\$106,482	\$160,197	\$157,348	\$2,849

As outlined above, there are three cost categories that contain differing cost components. These categories are:

- Wells and Facilities (two differing components);
- Chemicals and Contaminated Soil Management (one differing component); and
- Mobilization/Demobilization (7 differing components).

In paramount's RECLAIM cover letter they outlined that OROGO regulates and holds security for the Wells and Facilities line items, and therefore those should be removed from the RECLAIM calculation. They also noted that the GNWT-ENR used 55 pieces of equipment and 30 days to complete the reclamation and

abandonment work in their estimate, where as Paramount indicates that the equipment should be a maximum of 20 pieces and believes the reclamation and abandonment work would only take 15 days.

The Board may consider the following items from subsection 32(2) of the MVLUR in setting the amount of security:

- (a) The ability of the applicant or prospective assignee to pay the costs referred to in that subsection;
- (b) The past performance of the applicant or prospective assignee in respect of any other permit;
- (c) The prior posting of security by the applicant pursuant to other federal legislation in relation to the land-use operation; and
- (d) The probability of environmental damage or the significance of any environmental damage.

The Board chose to set security at \$300,600.00; \$67,100.00 to be required under the Licence and \$233,500.00 to be required under the Permit. The Board came to this amount with the following rationale:

- The Board agreed with the GNWT-ENR estimate regarding the 'Wells and Facilities' line items. Paramount requested that those line items be removed, because they are covered under security held by OROGO. The Board notes that OROGO confirmed that any costs associated with well abandonment or site remediation and reclamation are not covered in their security²⁰. Therefore, the Board decided to keep those line items for the RECLAIM security calculation.
- The Board decided to use the Mobilization/Demobilization costs presented by Paramount. In the GNWT-ENR's assumption letter for their estimate they indicate that they used the entire equipment list from Paramount's application and assumed that the remediation work would take a full month. Paramount clarified that only 20 pieces of equipment would be required for the remediation work, and the remediation work would only take 15 working days. As such, the Board decided to use the Mobilization/Demobilization costs presented in Paramount's RECLAIM estimate in determining security.

²⁰ See [email from OROGO to Board staff](#), November 30, 2018.