

November 13, 2020

Via Public Registry

Mackenzie Valley Land & Water Board  
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**Attention: Sean Joseph**

**RE: MV2018A0022 and MV2018L1-0005  
Celibeta Closure and Reclamation Plan**

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Dear Mr. Joseph,

Paramount Resources Ltd. ("Paramount") has received the correspondence from the Mackenzie Valley Land and Water Board ("MVLWB") regarding the Celibeta Closure and Reclamation Plan dated September 18, 2020. Paramount submits the information below and the attached updated Celibeta Closure and Reclamation Plan as a response.

#1. As the MVLWB is aware Paramount became the operator of the Celibeta site in January 2018 via a corporate transaction in the fall of 2017. At that time, the site did not have a Land Use Permit ("LUP") or Water Licence ("WL"), further Paramount is unaware of the site ever having a LUP or WL. Paramount undertook the work necessary to apply for a new LUP and WL during 2018 and applied to the MVLWB in September of 2018. The LUP and WL were issued in December of 2018.

The site had been identified by the Office of the Regulator for Oil and Gas Operations ("OROGO") to require additional wellbore work to be compliant with the *Well Suspension and Abandonment Guidelines and Interpretation Notes* (Guidelines). To comply with these Guidelines Paramount was required to abandon the well in the 2019-2020 winter season. As the well was rig released in 1960 and never produced with overgrown vegetation on the site, reclamation was expected to be minimal. To limit the affects to the environment the decision was made, that if required and/or possible reclamation activities would take place during the same season. Given the limited background data on the site (due to never having an LUP and WL, plus the age of the initial development) producing a Closure and Reclamation Plan prior to accessing the site with the appropriate equipment was not possible.

Once the site was accessed, a limited time for activities was available due to the site being winter access only. After environmental site results were obtained the decision was made to proceed with reclamation activities to capitalize on the access being open, the nature of activities required and the limited remaining winter season. By doing this Paramount believes the access and site will not have to be reopened to heavy equipment and the remaining monitoring and supplemental (if required) reclamation treatments can be completed via helicopter access. This will reduce further disturbance to the environment and traditional land users of the area.

#2. Monitoring is currently planned to occur annually for the next three years. Additional details are included in the attached updated Closure and Reclamation Plan.

#3. Paramount will submit an updated security estimate before the end of 2020.

#4. Surface water is not expected to remain on site as revegetation occurs. If surface water is observed during annual monitoring it will be reported on.

#5. During the 2020 winter activity it was observed that community members from Fort Liard were using the temporary winter access. During the engagement on the project no affected party has come forward looking to take the access from Paramount. Paramount plans on allowing the temporary winter access to further vegetate naturally, however vegetation growth could be stunted by road usage by other parties.

#6. See attached updated Closure and Reclamation Plan.

#7. See attached updated Closure and Reclamation Plan.

#8. See attached updated Closure and Reclamation Plan.

#9. Paramount does not consider the activities undertaken to fall within the *Guideline for the Design, Operation, Monitoring, Maintenance and Closure of Petroleum Hydrocarbon-Contaminated Soil Treatment Facilities in the Northwest (2020)*.

#10. See attached updated Closure and Reclamation Plan.

#11. As can be seen in the site photos, the site was well vegetated prior to abandonment and reclamation activities occurring in the winter of 2020. Paramount anticipates that natural revegetation will occur again given the improved environmental condition of the site. Natural revegetation is preferable to reduce the risk of invasive species. Paramount's experience with northern seed mixes is that they often introduce invasive species inadvertently. If seeding is required, a northern seed mix will be identified to affected parties and the MVLWB for review. Given reclamation activities occurred in winter months, under frozen ground conditions and utilizing Northern equipment, Paramount is of the



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belief that the risk of invasive species at the site is currently low. Paramount will monitor for invasive species as part of its annual monitoring and remove any species as they are identified.

If you have any questions regarding the above or attached, please contact the undersigned.

Regards,

A handwritten signature in blue ink that reads "Terence Hughes". The signature is written in a cursive style with a long, sweeping underline.

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