



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

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John Hawkins, P. Eng.
Director Asset Management
Paramount Resources Ltd.
Suite 2800, 421 – 7TH AVE SW
CALGARY AB T2P 4K9

November 24, 2020

Dear John Hawkins:

Information Request No. 1: Paramount Resources Ltd. Application for an Operations Authorization for the Abandonment of Four Wells (OA-2020-001-PAR)

On November 13, 2020, the Office of the Regulator of Oil and Gas Operations (OROGO) received a complete application from Paramount Resources Ltd. (Paramount) for an Operations Authorization (OA). The OA covers the proposed abandonment of four wells operated by Paramount in the Fort Liard area of the Northwest Territories.

OROGO has reviewed the information provided by Paramount and requires additional information in order to complete its review of Paramount's OA application, as set out in the attached Information Request No. 1.

Please send your written responses and any associated correspondence to Peter Lennie-Misgeld at oro.gov.nt.ca or through OROGO's secure file transfer site, on or before 4:00 pm on December 1, 2020. If you are unable to respond within this timeframe or have any questions, please contact OROGO at (867) 767-9097 or by email at oro.gov.nt.ca.

Sincerely,

Pauline de Jong
Regulator

Encl. Information Request No. 1

Paramount Resources Ltd.

Application for an Operations Authorization (OA-2020-001-PAR)

Information Request No. 1

1.1 Management Systems - Paramount Operational Excellence Management System

PREAMBLE:

On November 13, 2020, Paramount Resources Ltd. (Paramount) submitted an application for an Operations Authorization to the Office of the Regulator of Oil and Gas Operations (OROGO). This application included a concordance table that referenced the Paramount Operational Excellence Management System (POEMS) and identified where it satisfies the requirements of Section 5 of the *Oil and Gas Drilling and Production Regulations* (OGDPR).

POEMS was also referenced to satisfy the requirements of Sections 8(a) and 9(a) of the OGDPR, which requires a summary of and references to the management system that demonstrate how it will be applied to the proposed work or activity and how the duties set out in these regulations with regard to safety and environmental protection will be fulfilled.

The referenced POEMS document was not submitted as part of the application submission. Therefore, OROGO was unable to determine compliance with Sections 5, 8(a) and 9(a) of the OGDPR. OROGO can only evaluate documents that are submitted as part of a specific application.

REQUEST:

Please provide the current version of POEMS.

1.2 Safety Plan - Flaring

PREAMBLE:

On November 13, 2020, Paramount submitted an application for an Operations Authorization to OROGO. In general, the application states that flaring is not anticipated for these operations. However, Paramount states on page 6 of the Application – Liard East Operations that minimal gas (<0.04E3M3) trapped under packer will be bled to the separator and flared.

Section 8(e) of the OGDPR requires a list of facilities, equipment and systems that are critical to safety. During a well intervention, flaring capability is considered a key piece of equipment critical to safety. Flaring equipment was not identified on the list of equipment critical to safety provided by Paramount.

REQUEST:

Please provide an updated Safety Plan that confirms flaring capabilities though the inclusion of flaring equipment in the list of equipment critical to safety required by Section 8(e) of the OGDPR.

1.3 Safety Plan – Shallow Bridge Plug

PREAMBLE:

On November 13, 2020, Paramount submitted an application for an Operations Authorization to OROGO. Section 8(e) of the OGDPR requires a list of all structures, facilities, equipment and systems critical to safety.

OROGO records show that the Arrowhead River N-65 well (WID 1833), included in this application, has a bridge plug at 50mKB. The list of safety-critical equipment contained in the application does not appear to include equipment that would be used to address the risks associated with the removal of a shallow bridge plug (e.g. trapped pressure).

REQUEST:

Please provide an updated Safety Plan which clearly identifies the type of equipment that will be used to address the risks associated with the removal of a shallow bridge plug.

1.4 Environmental Protection Plan – Inspection, Testing and Maintenance

PREAMBLE:

On November 13, 2020, Paramount submitted an application for an Operations Authorization to OROGO. Section 9(e) of the OGDPR requires a system to be in place for the inspection, testing and maintenance of facilities, structures and systems critical to environmental protection.

Paramount identified that these requirements are met through the following documents:

- Rig inspection and certification program; and
- Paramount Resources Drilling & Completions Supervisors Handbook.

These documents were not provided as part of the application package. Therefore, OROGO was unable to determine compliance with Section 9(e) of the OGDPR. OROGO can only evaluate documents that are submitted as part of a specific application.

REQUEST:

Please provide the following documents:

- Rig inspection and certification program; and
- Paramount Resources Drilling & Completions Supervisors Handbook.

1.5 Environmental Protection Plan – Selection, Evaluation and Use of Chemicals

PREAMBLE:

On November 13, 2020, Paramount submitted an application for an Operations Authorization to OROGO. Section 9(g) of the OGDPR requires Paramount to identify procedures for the selection, evaluation and of use of chemicals.

Paramount identified that process chemicals or drilling fluids agents would not be used in the proposed operations but did not address any other types of chemicals that may be used during abandonment operations (e.g. cement, solvents and lubricants).

REQUEST:

Please provide a list of chemicals that Paramount plans to use during the proposed downhole abandonment operations and any associated procedures for the selection, evaluation and use as required by Section 9(e) of the OGDPR.

1.6 Environmental Protection Plan – Treatment, Handling and Disposal of Waste Material

PREAMBLE:

On November 13, 2020, Paramount submitted an application for an Operations Authorization to OROGO. Section 9(h) of the OGDPR requires a description of the equipment and procedures for the treatment, handling and disposal of waste material.

Section 3.3 of Paramount’s Environmental Protection Plan identifies that these requirements are met through the Environmental Protection Program, Fort Liard, NWT - Part 3 - Corporate Procedures Waste Management Plan. This document was not provided as part of this application. Therefore, OROGO was unable to determine compliance with Section 9(h) of the OGDPR. OROGO can only evaluate documents that are submitted as part of a specific application.

REQUEST:

Please provide a copy of the Environmental Protection Program, Fort Liard, NWT - Part 3 - Corporate Procedures Waste Management Plan.