

October 18, 2018

File: MV2013L1-0003

Mr. Terence Hughes  
Paramount Resources Ltd.  
Suite 2800, 421 7th Avenue SW  
Calgary AB T2P 4K9

Email: [Terence.Hughes@paramountres.com](mailto:Terence.Hughes@paramountres.com)

Dear Mr. Hughes,

**Re: Water Licence MV2013L1-0003 Amendment Application – Approval  
Operation and Maintenance of Natural Gas Facilities – Fort Liard East**

The Mackenzie Valley Land and Water Board (MVLWB or the Board) received your application dated June 14, 2018 requesting an amendment to Water Licence MV2013L1-0003 on June 20, 2018. In accordance with subparagraph 36(1)(b)(i) of the *Waters Act*, the Board hereby approves the amendment as applied for, effective October 18, 2018.

Water Use Fees

As per this amendment application, the allowable quality of water has been increased from 100m<sup>3</sup>/day to 299m<sup>3</sup>/day. Consequently, the amount of water use fees has increased. As outlined in Part B, condition 1, water use fees shall be paid annually on or before November 14 of each year of this Licence. This is in accordance with subsection 8(1) of the *Waters Regulations*. Based on the water use fee calculator (attached), Paramount's water use fee for the period of November 14, 2018 through to November 13, 2019 is \$1,091.35. Submit payment of the water use fee, made out to the **Government of the Northwest Territories**, to: Mackenzie Valley Land and Water Board, Box 2130, Yellowknife, NT, X1A 2P6.

Public Registry

A copy of this Licence has been filed on the [Public Registry](#) at the MVLWB office. Please be advised that this letter, 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 Licence's requirements are being met.

The full cooperation of Paramount is anticipated and appreciated. If you have any questions or concerns, please contact Angela Love at (867) 766-7456 or email [angela.love@mvlwb.com](mailto:angela.love@mvlwb.com).

Yours sincerely,



Mavis Cli-Michaud  
MVLWB, Chair

Copied to: Distribution List

Attached: Water Licence MV2013L1-0003  
Reasons for Decision  
Water Use Fees Calculator



**Mackenzie Valley Land and Water Board  
Water Licence  
Amendment – October 18, 2018**

Pursuant to the *Mackenzie Valley Resource Management Act* and Regulations, the Mackenzie Valley Land and Water Board, hereinafter referred to as the Board, hereby grants to:

Paramount Resources Ltd.  
(Licensee)

of Suite 2800, 421 7th Avenue SW, Calgary, AB T2P 4K9  
(mailing address)

hereinafter called the Licensee, the right to alter, divert, or otherwise use water subject to the restrictions and conditions contained in the *Northwest Territories Waters Act* and Regulations made thereunder and subject to and in accordance with the conditions specified in this Licence.

Licence number: MV2013L1-0003

Licence type: B

Water Management Area: Northwest Territories 03

Location: 60°10' N, 122°45' W  
60°40' N, 123°30' W

Purpose: To use water and dispose of waste and associated uses

Description: Operation and Maintenance of Natural Gas Facilities

Quantity of water **not to be exceeded**: 299 cubic metres per day

Effective date of Licence: November 14, 2013

Expiry date of Licence: November 13, 2020

This Licence, issued and recorded at Yellowknife, includes and is subject to the annexed conditions.

**Mackenzie Valley Land and Water Board**

A blue ink signature of Mavis Cli-Michaud.

Mavis Cli-Michaud, Chair

A blue ink signature of Amanda Gauthier.

Amanda Gauthier, Witness

## Part A: Scope and Definitions

### Scope

1. This Licence entitles Paramount Resources Ltd. to use Water and dispose of Waste for industrial undertakings for the continuation of operation and maintenance activities associated with Natural Gas Facilities for well sites N-65, O-15, C-76, F-66, J-76, B-41 and C-02 located at Latitude 60° 10' to 60° 40' N to Longitude 122° 45' to 123° 30' W in the Northwest Territories.

Activities include:

- Maintenance and operation of access roads, well sites, quarry sites, pipeline rights-of-way, camps, sumps, and related facilities.
  - Other related activities such as well suspension, abandonment, reclamation, and remediation, of existing well sites.
2. This Licence is issued subject to the conditions contained herein with respect to the taking of Water and the depositing of Waste of any type in any Waters or in any place under any conditions where such Waste or any other Waste that results from the deposits of such Waste may enter any Waters. Whenever new Regulations are made or existing Regulations are amended by the Governor in Council under the *Northwest Territories Waters Act*, or other statutes imposing more stringent conditions relating to the quantity or type of Waste that may be so deposited or under which any such Waste may be so deposited, this Licence shall be deemed, upon promulgation of such Regulations, to be automatically amended to conform to such Regulations.
  3. Compliance with the terms and conditions of this Licence does not absolve the Licensee from the responsibility for compliance with the requirements of all applicable federal, territorial, and municipal legislation.

### Definitions

In this License: MV2013L1-0003

“**Act**” means the *Northwest Territories Waters Act*.

“**Analyst**” means an Analyst designated by the Minister under Section 35(1) of the Act.

“**Artesian Aquifer**” means a Water-bearing rock stratum which, when encountered during drilling operations, produces a pressurized flow of groundwater that reaches an elevation above the Water table or the ground surface.

“**Board**” means the Mackenzie Valley Land and Water Board established under Part 4 of the *Mackenzie Valley Resource Management Act*.

**“Drill Cuttings”** means the solid materials, fragments of rock and other materials brought to the surface during the drilling process.

**“Drilling Fluids”** means any liquid mixture of clay, Water or chemical additives pumped downhole.

**“Drilling Muds”** means Drilling Fluids that use hydrocarbons, saline solutions, or natural solutions such as Water as a carrier fluid.

**“Drill Waste”** means all materials or chemicals, solid or liquid, associated with the drilling process and includes Drill Cuttings.

**“Freeboard”** means the vertical distance between the Water line and the lowest elevation of the effective Water containment crest.

**“Engineer”** means a professional Engineer registered to practice in the Northwest Territories in accordance with the *Engineering and Geoscience Professions Act*, S.N.W.T. 2006, c.16.

**“Greywater”** means all liquid Wastes from showers, baths, sinks, kitchens and domestic washing facilities but does not include toilet Wastes.

**“Inspector”** means an Inspector designated by the Minister under Section 35(1) of the Act;

**“Licensee”** means the holder of this Licence.

**“Minister”** means the Minister of Indian Affairs and Northern Development.

**“Modification(s)”** means an alteration to a physical work that introduces a new structure or eliminates an existing structure but does not alter the purpose or function of the work and does not include an expansion.

**“Permeability”** means a substance, substrate, membrane or material that absorbs or allows the passage of fluids.

**“Progressive Reclamation”** means those activities conducted during the operating period to modify and reclaim the land and Water to the satisfaction of the Board.

**“Regulations”** means Regulations proclaimed pursuant to section 33 of the *Northwest Territories Waters Act*.

**“Sewage”** means all toilet wastes and Greywater.

**“Sewage Disposal Facility”** means Sump(s) and/or Sewage collection tank(s) designed to contain Sewage.

**“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.

**“Sump(s)”** means a man-made pit, trench, hollow or cavity on the earth’s surface for the purpose of storing Water and/or Waste.

**“Waste(s)”** means Waste as defined by section 2 of the Act.

**“Waste Disposal Facilities”** means all facilities designated for the disposal of Waste.

**“Wastewater”** means Waste as defined by section 2 of the Act.

**“Waterbody(ies)”** means any area that in a normal year has water flowing or standing above ground to the extent that evidence of an ordinary high water mark is established. Wetlands contiguous to the waterbody are considered part of the waterbody.

**“Watercourse”** means Watercourse as defined by section 2 of the Regulations.

**“Waters”** means any Waters as defined by section 2 of the Act.

**“Water Use”** means the use of Water as defined by section 2 of the *Northwest Territories Waters Act* and shall include freshwater from all sources.

**“Water Use Fee”** means a fee for the use of Water as defined by section 33 of the Act.

**Part B: General Conditions**

- B.1 The Water Use Fee shall be paid annually on or before November 14 of each year of this Licence.
- B.2 The Licensee, pursuant to subsection 17(1) of the Act and section 12 of the Regulations, shall post within thirty (30) days of licence issuance, and maintain, a security deposit in the amount of three hundred and fifty thousand dollars (\$350,000.00) in a form acceptable to the Minister.
- B.3 The Licensee shall post and maintain further security deposits as may be required by the Board based on the re-assessment of the reclamation security in accordance with Part B, item 5 of this Licence or based on such other information as may be available to the Board.
- B.4 The Board may increase or decrease the amount of security required to be maintained based on a re-assessment of the reclamation security in accordance with Part B, item 5 of this Licence or based on such other information as may be available to the Board.
- B.5 The Licensee shall, by June 30 of each year, submit to the Board, for approval, a re-assessment of the reclamation security amount which reflects any existing or planned liabilities.
- B.6 The security deposit shall be maintained until such time as it is fully or in part refunded by the Minister pursuant to section 17 of the Act.
- B.7 The Licensee shall file an annual report with the Board not later than March 31 which shall contain the information as set out in Schedule 1, item 1, included in this Licence for the one year period ending September 30 of the year being reported.
- B.8 The Licensee shall comply with the Schedules annexed to this Licence, and with any amendments to the Schedules as may be made from time to time, pursuant to the conditions of this Licence and as approved by the Board.
- B.9 The attached Schedules and any compliance dates specified in this Licence may be amended at the discretion of the Board.
- B.10 Meters, devices, or other such methods used for measuring the volumes of Water used and Waste discharged shall be installed, operated, and maintained by the Licensee to the satisfaction of an Inspector.
- B.11 The Licensee shall ensure a copy of this Licence is maintained at the site of operation at all times.

**Part C: Conditions Applying to Water Use**

- C.1 The Licensee shall obtain all Water for this operation from the Liard River, as described in application, or as otherwise approved by the Board.
- C.2 The daily quantity of water used for all purposes shall not exceed 299 cubic metres.
- C.3 The Water intake hose used on the Water pumps drawing water from surface waters shall be equipped with a screen with a mesh size sufficient to ensure no entrapment of fish.

**Part D: Conditions Applying to Waste Disposal**

- D.1 The Licensee shall, within four months of the issuance of this Licence, submit to the Board for approval a revised Waste Management Plan in accordance with the Board's "Guidelines for Developing a Waste Management Plan".
- D.2 If not approved by the Board, the updated Management Plan referred to in Part D, item 1 shall be revised and resubmitted for approval within 30 days of receiving notification of the Board's decision.
- D.3 All revised plans submitted to the Board shall include a brief summary of the changes made to the plan.
- D.4 The Licensee shall review the Waste Management Plan annually and modify the plan as necessary, or at the discretion of the Board, to reflect changes in operations, technology, chemicals, or fuels. Any proposed changes shall be submitted to the Board for approval.
- D.5 If during operations, an uncontrolled flow of liquids at surface is encountered, including that produced from an Artesian Aquifer, the Licensee shall notify an Inspector and then the Board immediately. The Licensee shall collect and sample water from the flowing source at the point of discharge from the well as directed by the Inspector.
- D.6 Any fluids generated to surface shall be contained and shall not be disposed of without the approval of the Inspector.
- D.7 Waste, including Wastewater, shall not be discharged or decanted to any Waterbody, Watercourse or to the ground surface within 100 metres of the normal high water mark of any Waterbody or Watercourse.
- D.8 Prior to the discharge or decant of Waters or Waste the Licensee shall:
  - a) Obtain a representative sample of the Water or Waste using the best methods available and describe in detail the prevailing conditions and how the sample was obtained;



- b) Conduct the analysis in accordance with Part D, items 10 and 11;
- c) *Locate all discharge areas to the satisfaction of the Inspector; and*
- d) Indicate in writing to the Inspector and the Board;
  - i. The results of the sampling and analysis;
  - ii. The location of decant;
  - iii. The volume of decant;
  - iv. The method of decant;
  - v. The direction of flow;
  - vi. The location of fresh Waterbodies where the decanted effluent may go, if applicable; and
  - vii. The ability of all discharge areas to absorb the decanted Waste under different conditions.

D.9 The Licensee may commence decanting upon receipt of the Inspector’s approval.

D.10 Discharge and decant Waters of Sewage directed to land shall meet the following effluent quality criteria:

Parameter	Maximum Criteria Limits
pH	6-9
Total Suspended Solids	300 mg/L
BOD <sub>5</sub>	360 mg/L
Faecal Coliforms	1 x 10 <sup>6</sup> CFU/100ml
Oil and Grease	5 mg/L and Non-visible

D.11 All analyses shall be conducted in accordance with methods prescribed in the current edition of “Standard Methods for the Examination of Water and Wastewater” or by such other methods as may be approved by the Analyst.

D.12 The Licensee shall ensure that any unauthorized Wastes do not enter any Waters.

**Part E: Conditions Applying to Watercourse Crossings**

E.1 The Licensee shall minimize the disturbance of riparian vegetation within the immediate boundary of any Watercourse crossing to the extent practicable.

E.2 The Licensee shall ensure that only clean snow is used for construction of snowfills for vehicle and equipment access on all Watercourse crossings and that no debris (with the exception of those items discussed in Part E, item 4) is placed in the Watercourse channel.

E.3 Ice and snow crossings should not impede the flow of any Watercourse. These crossings shall be v-notched or removed before spring break-up to facilitate natural flow.

- E.4 Any materials placed below the normal high Water mark used in the construction of Water crossings shall be free of any contaminants, debris, or fine materials.
- E.5 Any materials placed below the normal high Water mark used in the construction of Water crossings shall be removed before spring break-up.
- E.6 All areas affected by construction or removal activities shall be stabilized and landscaped to pre-construction profiles or as approved by an Inspector.

**Part F: Conditions Applying to Modifications**

- F.1 The Licensee may, without written approval from the Board, carry out Modifications to the Water Supply and Waste Disposal Facilities provided that such modifications are consistent with the terms of this License and the following requirements are met:
  - a) The Licensee has notified the Board in writing of such proposed Modifications at least 60 days prior to beginning the Modifications;
  - b) Such Modifications do not place the Licensee in contravention of either the License or the *Act*;
  - c) The Board has not, during the 60 days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than 60 days; and
  - d) The Board has not rejected the proposed Modifications.
- F.2 Modifications for which all of the conditions referred to in Part F, Item 1 has not been met, may be carried out only with written approval from the Board.
- F.3 The Licensee shall provide to the Board as-built plans and drawings of the Modifications referred to in this License within 90 days of completion of the Modifications.

**Part G: Conditions Applying to Spill Contingency Planning**

- G.1 The Licensee shall adhere to the approved Spill Contingency Plan 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.
- G.2 If, during the period of this Licence, an unauthorized discharge of Waste occurs, or if such a discharge is foreseeable, the Licensee shall:
  - a) employ the appropriate contingency plan;
  - b) report the incident immediately via the 24-hour NWT Spill Report Line where substances and quantities satisfy Schedule 2, item 1. Currently the number is (867) 920-8130; and
  - c) report in accordance with spill reporting protocols existing in the NWT.

**Part H: Conditions Applying to Closure and Reclamation**

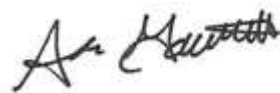
- H.1 The Licensee shall, six months prior to the closure of any specific component of the Project, submit to the Board for approval, a Component-specific Closure and Reclamation Plan in accordance with Schedule 3, item 1, included in this Licence.
- H.2 The Licensee shall, prior to closure of a drilling Sump, sample the Sump(s) and carry out closure activities in accordance with Schedule 3, item 2.
- H.3 The Licensee shall revise the plans referred to in Part H, items 1 if not approved. The revised plans shall be submitted to the Board for approval within six months of receiving notification of the Board's decision.
- H.4 Notwithstanding the time schedule referred to in the Closure and Reclamation Plan, the Licensee shall endeavour to carry out Progressive Reclamation of areas which are abandoned prior to closure of operations.
- H.5 The Licensee shall complete the reclamation work within the time schedule specified in the plan or as subsequently revised and approved by the Board.
- H.6 The Licensee shall review the Closure and Reclamation Plans annually, and modify the plans as necessary, or at the direction of the Board, to reflect changes in operation, technology, and results of reclamation and/or other studies. The proposed changes shall be submitted to the Board for approval.
- H.7 Upon implementation of the Closure and Reclamation Plan, the Licensee shall provide to the Board updates of all closure and reclamation activities in the Annual Report.
- H.8 Compliance with the Closure and Reclamation Plan specified in this Licence does not limit the legal liability of the Licensee, other than liability arising from provisions of the Act and its Regulations.
- H.9 The Licensee shall restore all Sumps used for Sewage disposal by treating them with lime, backfilling, and compaction. Similar Wastes from permanent camps shall be fully contained and pumped out to an approved Wastewater disposal facility.

**Mackenzie Valley Land and Water Board**



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**MVLWB Chair**  
**Mavis Cli-Michaud**



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**Witness**  
**Amanda Gauthier**

## **Schedule 1: General Conditions**

1. The Annual Report referred to in Part B, item 7 shall include, but not be limited to, the following:
  - a) An As-Built map identifying all current sites and infrastructure at the Fort Liard - East Project site with a summary of the operation to date including the name and location of all existing wells and the status and identification of all wells suspended, abandoned, cased or reclaimed;
  - b) The total quantities in cubic metres of fresh Water obtained;
  - c) The volume of each Waste generated by source, the disposal location, and for those Wastes disposed of in multiple locations, the volume disposed of in each location;
  - d) A description of any Sump closures and certification of Sump closure from a qualified Engineer and the Inspector;
  - e) Summary of Modifications or maintenance work carried out on pipelines, Right of Ways, the Permanent Camp, Water Supply or Waste Disposal Facilities, including all associated structures;
  - f) Identification of any new areas susceptible to erosion;
  - g) A description and performance evaluation of each preventative and mitigative measure implemented to address erosion control issues and an assessment of any re-vegetation programs;
  - h) Identification or update of all fuel storage locations and containment details;
  - i) A list of any spills and unauthorized discharges;
  - j) Any updates or revisions to the approved Spill Contingency Plan;
  - k) Any updates or revisions to the approved Waste Management Plan;
  - l) A summary of any closure and reclamation work completed during the year and an outline of any work anticipated for the next year; and
  - m) Any other details on Water Use or Waste disposal requested by the Board.

## Schedule 2: Conditions Applying to Spill Contingency Planning

- Spill amounts reportable to the NWT/NU 24-hour Spill Report Line (NWT/NU Spills Working Agreement, April 2008).

<b>TDG Class</b>	<b>Substance for NWT 24 Hour Spill Line</b>	<b>Immediately Reportable Quantities</b>
1 2.3 2.4 6.2 7 None	Explosives Compressed gas (toxic) Compressed gas (corrosive) Infectious substances Radioactive Unknown substance	Any amount
2.1 2.2	Compressed gas (flammable) Compressed gas (non-corrosive, non-flammable)	Any amount of gas from containers with a capacity greater than 100 L
3.1 3.2 3.3	Flammable liquids	> 100 L
4.1 4.2 4.3	Flammable solids Spontaneously combustible solids Water reactant	> 25 kg
5.1 9.1	Oxidizing substances Miscellaneous products or substances excluding PCB mixtures	> 50 L or 50 kg
5.2 9.2	Organic peroxides Environmentally hazardous	> 1 L or 1 kg
6.1 8 9.3	Poisonous substances Corrosive substances Dangerous wastes	> 5 L or 5 kg
9.1	PCB mixtures of 5 or more ppm	> 0.5 L or 0.5 kg
None	Other contaminants (e.g. crude oil, drilling fluid, produced water, waste or spent chemicals, used or waste oil, vehicle fluids, waste water, etc.)	> 100 L or 100 kg
None	Sour natural gas (i.e. contains H <sub>2</sub> S) Sweet natural gas	Uncontrolled release or sustained flow of 10 minutes or more

In addition, all releases of harmful substances, regardless of quantity, are to be reported to the NWT spill line if the release is near or into a water body, is near or into a designated sensitive environment or sensitive wildlife habitat, poses imminent threat to human health or safety, poses imminent threat to a listed species at risk or its critical habitat, or is uncontrollable.

### **Schedule 3: Conditions Applying to Closure and Reclamation**

1. The Closure and Reclamation Plans referred to in Part H, items 1 shall include, but not be limited to, the following:
  - a) Project description;
  - b) Closure and end land use goals, objectives, and criteria;
  - c) Community engagement associated to closure and reclamation planning;
  - d) Identification of the project environment including natural runoff Waters from the development site, the natural physiography, chemistry, biology and traditional environments and consideration of the impacts of any changes in these environments;
  - e) Requirements for closure and reclamation including but not limited to:
    - i) The restoration of natural drainage and the restoration of stream banks at the operation site(s);
    - ii) The potential for groundwater contamination and any associated remediation plans;
    - iii) The plans for re-vegetation of disturbed sites;
    - iv) Identification of any facilities or areas which may have been affected by development such that potential pollution problems exist and any associated remediation plans;
  - f) A phased approach and implementation schedule for closure and reclamation;
  - g) Maps delineating all disturbed areas, borrow material locations, and site facilities; and
  - h) A proposal identifying measures by which reclamation costs will be financed by the Licensee upon closure.
  
2. Sumps shall be closed according to the following:
  - a) The finalized edition of *Directive 50: Drilling Waste Management* (Directive 50) adopted or published by the Energy Resources Conservation Board of Alberta current at the time of construction and/or operation of any particular drilling Sumps.

## Annex A Schedule

Supplemental information to be submitted by Licensee as required through Licence Conditions

<b>Licence Condition</b>	<b>Report Title/Require Action</b>	<b>Timeline for Submission</b>
<b>B.1</b>	Water Use Fee	November 14 each year
<b>B.7</b> (Schedule 1, item 1)	Annual Report	March 31 each year
<b>D.1</b>	Waste Management Plan	March 14, 2014
<b>D.4</b>	Waste Management Plan Review	Annually
<b>D.8</b>	Decant analysis and reporting	As soon as possible
<b>F.1</b>	Notification of Modifications	60 days prior to beginning work
<b>F.3</b>	As-built plans and drawings of Modifications	Within 90 days of completion
<b>H.1</b> (Schedule 3, item 1)	Component-specific Closure and Reclamation Plans	6 months prior to component closures
<b>H.6</b>	Closure and Reclamation Plan Review	Annually
<b>H.7</b>	Closure and Reclamation Updates	In Annual Report

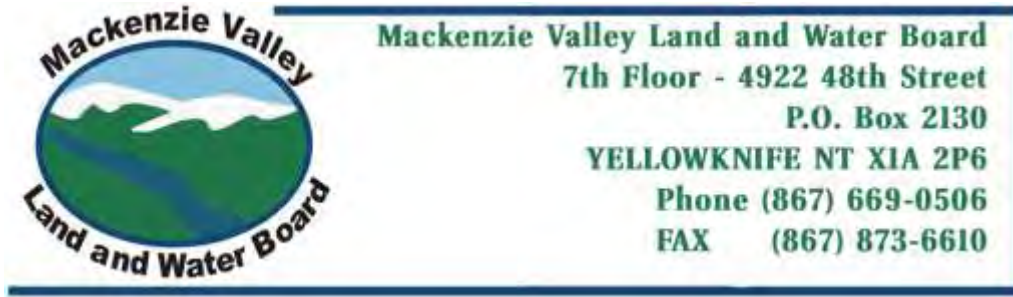
### Mackenzie Valley Land and Water Board

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**MVLWB Chair**  
**Mavis Cli-Michaud**

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**Witness**  
**Amanda Gauthier**



### Reasons for Decision

Issued pursuant to section 72.25 of the *Mackenzie Valley Resource Management Act* and Section 54 of the *Waters Act*

Water Licence – Amendment Application	
Preliminary Screener	MVLWB
Reference/File Number	MV2013L1-0003
Company	Paramount Resources Ltd.
Project	Operation and Maintenance of Natural Gas Facilities – Fort Liard East
Date of Decision	October 18, 2018

These Reasons for Decision set out the Mackenzie Valley Land and Water Board’s (the Board or MVLWB) decision on an amendment application made by Paramount Resources Ltd. (Paramount) to the Board on June 20, 2018 for Water Licence (Licence) MV2013L1-0003.

#### 1.0 Background

Licence MV2013L1-0003 encompasses the oil and gas operation and maintenance activities of the Fort Liard East field, located east of Fort Liard, as contemplated under Environment Assessment EA00-003.

Activities include operation and maintenance of: well sites (N-65, O-15, C-76, F-66, J-76, B-41 and C-02), access roads, quarry sites, pipeline rights-of-way, camps, sumps, and related facilities. Other related activities, such as well suspension, abandonment, reclamation, and remediation of existing well sites, were included under Licence MV2013L1-0003.

Previous Licences that covered these well sites and associated activities include Licences MV2000L1-0006, MV2000L1-0008, MV2006L1-0006, and MV2006L1-0007.

Table 1 below outlines the water use allotments of the previous Licences that were consolidated into the current MV2013L1-0003 Licence.

**Table 1: Water Use Allotments allowed on the previous Licences**

Water Licence	Water Use Allotment
<a href="#">MV2006L1-0006</a>	300 m <sup>3</sup> /day
<a href="#">MV2006L1-0007</a>	300 m <sup>3</sup> /day

In the [MV2013L1-0003 application](#), received June 3, 2013, Paramount stated that the volume of water would not exceed 300 m<sup>3</sup>/day, but that proposed activities would likely be less than 100 m<sup>3</sup>/day. Licence MV2013L1-0003 was issued on November 14, 2013 with a water use allotment of 100 m<sup>3</sup>/day.



### Amendment Application

On June 20, 2018, Paramount requested an amendment of the term of Licence MV2013L1-0003 to allow for the continuation of on-going activities at the site. The amendment Application also included an increase to the amount of water used from the Liard River: currently approved at 100m<sup>3</sup> per day, to 299m<sup>3</sup> per day. No changes to the scope were proposed. Licence MV2013L1-0003 currently expires November 13, 2018.

### Additional Information

On August 30, 2018, the Board requested additional information from Paramount, based on the initial reviewer comments received, specifically GNWT-ENR comment-4, on why an increase to the water allotment was required at this time, given that the activities as currently scoped have not changed.

Paramount responded on September 19, 2018 that the request was related to suspension and abandonment activities that would most likely to be occurring in the near future due to the changes brought forward by Office of the Regulator of Oil and Gas Operations (OROGO), specifically their abandonment and suspension guidelines.

### Information Request

On September 20, 2018, an Information Request was sent to the GNWT-ENR on September 20, 2018, asking if the response Paramount provided, addressed their comment/recommendation raised during the initial review.

On September 26, 2018, the GNWT-ENR submitted a letter stating that Paramount's response satisfied their request and noted that Paramount would require a Type 'A' Licence should they exceed the 300 m<sup>3</sup>/day water use. This letter was forwarded to Paramount for a response by October 3, 2018. By October 3, 2018, Paramount did not provide a response, as none was required.

## **2.0 Public Review**

A summary of the initial review of the amendment Application can be found in the August 22, 2018 staff report presented on August 30, 2018.

## **3.0 Decision**

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

- 1) The comments, recommendations, and concerns that arose during the regulatory processes;
- 2) The evidence and submissions from Reviewers and Paramount received by the Board;
- 3) The Staff Reports prepared for the Board; and
- 4) The purpose, scope, and intent of the Board's statutory responsibilities under the MVRMA and the *Waters Act*.

Having due regard to the facts, circumstances, and the merits of the submissions made to it, the Board has determined that Licence MV2013L1-0003 should be amended, subject to the scope, definitions, conditions, and term contained therein. The only changes made pertain to Part C, condition 2 of Licence MV2013L1-0003. The Board's reasons for this decision are set out below.

### 3.1 Part C: Conditions Applying to Water Use

The scope of Licence MV2013L1-0003 states the following:

*This Licence entitles Paramount Resources Ltd. to use Water and dispose of Waste for industrial undertakings for the continuation of operation and maintenance activities associated with Natural Gas Facilities for well sites N-65, O-15, C-76, F-66, J-76, B-41 and C-02 located at Latitude 60° 10' to 60° 40' N to Longitude 122° 45' to 123° 30' W in the Northwest Territories.*

*Activities include:*

- *Maintenance and operation of access roads, well sites, quarry sites, pipeline rights-of-way, camps, sumps, and related facilities.*
- *Other related activities such as well suspension, abandonment, reclamation, and remediation, of existing well sites.*

Part C of the Licence contains conditions related to water use for the Operation and Maintenance of Natural Gas Facilities – Fort Liard East project.

Paramount has requested an increase to the water use, from the currently approved amount of 100m<sup>3</sup> per day, to 299m<sup>3</sup> per day, with the water source continuing to be the Liard River. The request was related to suspension and abandonment activities that would most likely to be occurring in the near future due to the changes brought forward by OROGO, specifically their abandonment and suspension guidelines.

The Board has amended Part C, condition 2 to allow up to 299m<sup>3</sup> of water to be withdrawn per day.

### 4.0 Conclusion

Subject to the scopes, definitions, conditions, and terms set out in the Licence, 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 Operation and Maintenance of Natural Gas Facilities for the Fort Liard East project for the Amendment Application can be completed by Paramount Resources Ltd. while providing for the conservation, development, and utilization of land and water resources in a manner that will provide the optimum benefit for all Canadians and in particular for residents of the Mackenzie Valley.

Water Licence MV2013L1-0003 contains 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 and deposit of waste affected by the Licence.

Mackenzie Valley Land and Water Board



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Mavis Cli-Michaud, Chair

October 18, 2018

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Date

# Water Use Fees Calculator:

Northwest Territories Waters Regulations s. 9(1)(a), (b), and (c)

## AGRICULTURAL UNDERTAKING

Enter the volume of authorized water use (m<sup>3</sup>/year)

Calculated Annual Water Use Fee (\$)

## INDUSTRIAL, MINING and MILLING or MISCELLANEOUS UNDERTAKING

Enter the volume of authorized water use (m<sup>3</sup>/day)

Enter the volume of authorized water use (m<sup>3</sup>/year)

Enter the annual licence term if less than 365 days (days/year)

The annual term of your Licence is (days/year)

Calculated Annual Water Use Fee (\$)

## POWER UNDERTAKING

Identify the class of Power Undertaking (0, 1, 2, 3, 4, 5, 6)

For class 6 Power Undertakings enter the authorized output (kW)

Calculated Annual Water Use Fee (\$)