

OPERATION SUMMARY INSPECTION REPORT

Well/Facility Name:	Bovie J-76	Operator:	Paramount Resources Ltd.
Location of Inspection:	North of Fort Liard	Access method:	Winter Road via NWT Hwy 7 near the Fort Liard turnoff
Site Contractor:	Concord Well Servicing (High Arctic Energy Services)	Status:	Suspended - Well Abandonment Operations being conducted
Approval Info	ACW-2018-009 OA-2018-004	WID:	1931
Date of Inspection	February 8 - 10, 2020	H2S Site:	No

Summary of Inspection

Conditions	Satisfactory (Y/N)	Comments
Rig Safety		
Accumulator function test	Y ¹	<p>February 9, 2020 - 15 32h: Rig Crew conducted accumulator and blowout preventer (Blind Rams, Pipe Rams and Annular) function tests. The pressure gauges in the accumulator trailer and the auxiliary controls located next to the rig were simultaneously observed by OROGO. While the function and recharge rates were operating within specifications, the accumulator pressure gauge on the auxiliary controls required replacement as it did not provide accurate pressure readings during the function test. (See Photo #1).</p> <p>Note: the BOP was not installed on the well head at the time of the 3 function test.</p> <p style="margin-left: 40px;">1. Required Action: The Rig Supervisor committed to having the faulty gauge replaced. To be verified on next inspection</p>
Equipment Certifications	Y	<p>February 8, 2020 – 1628h: On-site paper copies of certifications matched the documentation provided under the well approval (See Photo #2). OROGO verified serial numbers of critical equipment inspected matched the associated serial numbers as per submitted certifications.</p>
Approvals available	N ²	<p>February 8, 2020 – 1718h: The Operations Authorization and Well Approval were not posted in a common space at the Well Site Supervisors trailer. The Well Site Supervisor was not able to locate these authorizations in their digital files. OROGO provided copies of the Operations Authorization and Well Approval to the Well Site Supervisor.</p> <p style="margin-left: 40px;">2. Corrected on Site: Prior to the departure from the J-76 well site by OROGO on February 8, 2020 the Operations Authorization and Well Approval were posted in a common space at the well site supervisors trailer.</p>
Boiler Inspection	Y	<p>February 9, 2020 – 0914h: OROGO verified boiler certification - November 9, 2018 Serial #: 100855-S</p>
Guards and covers on moving equipment	N ³	<p>February 9, 2020 – 10:30h: During lift operations when slings of tubing pipe lengths were being transferred from the transport trailer to the pipe rack, OROGO observed and notified the rig crew that the stops at the end of the pipe rack were not raised which could allow tubing lengths to roll off the end of the rack with the potential for injury to workers slinging the pipes.</p> <p style="margin-left: 40px;">3. Corrected on Site: Lift operations were halted immediately and stops were lifted to ensure pipe lengths could not roll of the end of the rack.</p>
Pump lines and hoses	N ⁴	<p>February 10, 2020 – 0940h: It was identified that the fire rated kelly hoses between the BOP the auxiliary accumulator controls only extended 2m from the BOP. It is an industry standard and reflected in section 4 of AER Directive 036or all Kelly hoses attached to the BOP be fire rated within 7m of the well head (See Photo #3).</p> <p style="margin-left: 40px;">4. Corrected on Site: Fire rated kelly hoses attached to the BOP were rerouted to the auxiliary controls while OROGO was on site. OROGO confirmed that the fire retardant hoses extended more than 7m from the well head.</p>
General Housekeeping	Y	
Adequate lighting in each work space	Y	
Wind indicators visible	Y	
Fire extinguishers	Y	<p>February 8-10, 2020: Of those visually inspected, OROGO verified that fire extinguishers had been recently inspected to ensure they met in service requirements (See Photo #4).</p>

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Other	Y	February 8, 2020: OROGO verified that calibration records for the gas meter (Serial # 14470) at the pressure tank connected to the flare stack indicated it had last been calibrated on January 17, 2020, (See Photo #5)
Personnel Safety		
Valid safety tickets: FA-CPR/H2S/WHMIS/TDG	Y	February 8, 2020: OROGO verified certificates of the Well site Supervisor, Rig Manager and Driller were valid (See Photo #6).
Safety meetings and documentation	Y	February 9 & 10, 2020 – 0700h: OROGO attended the morning safety meeting on both days. Safety discussions included all on-site personnel, known hazards identified, reviewed and documented.
SCBAs available and visible	Y	February 8, 2020: SCBA's available at the lease entrance, dog house and Flaring contractor's trailer. SCBA cases have a tamper proof seal with an equipment verification tag attached (See Photo #7)
First Aid equipment and EMS	Y	
Gas detection equipment	Y	February 8-10, 2020: All staff were wearing 4 head personal gas monitors.
Communication plans	Y	
Hazard identification and signage	Y	February 8-10, 2020: Well site J-76 had signage posted that listed Paramount Resources Limited's requirements for check in and PPE. (See Photo # 8)
ERP, Safety Plan available upon request	Y	These plans were available in the dog house as well as the Well Site Supervisor's Trailer.
Other	N/A	
Blowout Prevention Equipment		
BOP Certifications	Y	February 9, 2020 - 07 42h: OROGO verified the paper copies of the on-site certifications for the Double Gate, Annular and the Spool matched those submitted under the Well Approval. (See Photo #9) February 9, 2020 – 08 55h: OROGO verified the serial numbers stamped on the Double Gate, Annular and Spool to ensure they matched the certifications provided.
BOP Pressure rating	Y	
Kill sheet in dog house	Y	
Stabbing valves and cross overs	Y	
BOP crew drills	N/A	No crew drills were conducted during the inspection
All flows lines, choke lines secured	Y	See Photo # 10
Environment		
Rig matting	Y	
Drip trays	Y	
Materials handling and storage	N ³	February 9, 2020 - 1322h: During refueling operations from the bulk fuel storage earlier that day, one of the Rig Crew was sprayed with diesel. There was no injury or pollution event associated with this event. As per the <i>Oil and Gas Drilling and Production Regulations</i> the event is considered a "near-miss". It was reported to onsite OROGO Officers fulfilling the regulatory reporting requirement. February 9, 2020 - 1828h: During the refueling of the accumulator from the slip tank of the Rig Supervisor's truck the fuel filter on the slip tank began to leak and went unobserved by the rig crew member conducting the fueling operation. OROGO identified the leak to the Rig Crew member and the pump was shut down. All spilled fuel was contained in the snow accumulated in the bed of the truck and a drip tray was placed under the truck. There was no visible release of fuel to the environment. 5. Corrected on site: Operating procedures were changed on site to reduce the risk of fuel spills. The Rig Crew was retrained in proper fuel handling procedures. All bulk fuel will be delivered to the bulk tank on site with no direct fueling of equipment. On site refueling of equipment will be via fuel transfer from bulk tank to slip tank and then from slip tank to equipment.
Spill response equipment	Y	See Photo #11

Other

Y

OPERATION SUMMARY INSPECTION REPORT (Continued)

Additional Comments

Additional Site Hazards:

OROGO requests Paramount Resources Ltd. remind all staff and contractor using the Bovie Winter Road to call all km posts and direction of travel. It was noted on two separate occasions that traffic was not calling km and direction of travel.

Comments and Summary:

OROGO would like to acknowledge the timely corrective actions taken by Paramount Resources Ltd and their contractors to ensure compliance.

All non-compliances listed in this inspection report were corrected during the inspection with the exception of the replacement of faulty pressure gauge (See above: Rig Safety - Comment 1). The repair will be verified during the next inspection.

All other operations at the time of the inspection were being conducted in a safe and environmentally protective manner.

Documents Requested/ Collected:

- Tailgate Meeting Records – Verified;
- Well Site Supervisor’s Detection and Control of Flammable and Toxic Atmospheres Certificate – Verified;
- Standard First Aid and CPR – Verified;
- Well Site Supervisor’s Well Service Blow Out Prevention Certification– Verified;
- Well Site Supervisor’s H2S Alive Certification – Verified;
- Operations Authorization – Provided to Paramount on site;
- Well Approval – Provided to Paramount on site;
- BOP Certifications;
 - Double Gate – Verified;
 - Annular – Verified;
 - Spool – Verified;
- Driller’s H2S Alive Certification – Verified;
- Driller’s Well Blow out Service Prevention Certification – Verified;
- Driller’s Standard First Aid and CPR – Verified;
- Boiler, Pressure Vessel or Refrigeration Certificate of Inspection – Verified;
- Service Rig Inspection Checklist – Verified; and
- Emergency Response Plan - Verified

Inspection conducted under the authority of the Oil & Gas Operations Act (OGOA) and associated regulations.

Michael Martin (S-004) / Brian Heppelle (S-001)

Inspected By



Signature of OROGO Safety Officer

2020-02-26

Date Signed

Photographs



Photo # 1: Pressure Gauge requiring replacement (Far right Gauge).

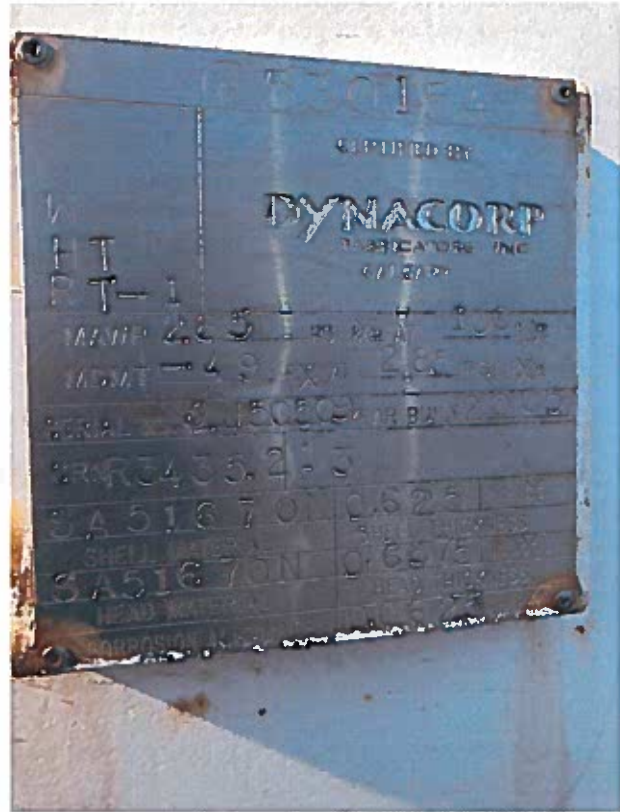


Photo # 2: Pressure tank placard that had matching serial number to submitted and on-site certifications



Photo # 3: Fire rated kelly hoses within 7m from the BOP.



Photo # 4: Fire extinguisher on site with valid inspection certification

Photographs (Continued)

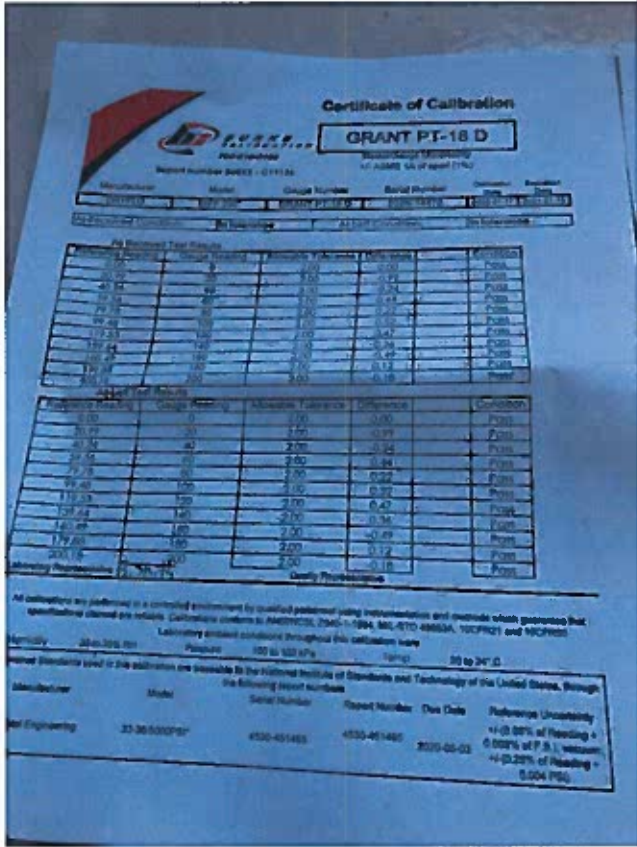


Photo # 5: Gas meter calibration certificate at Pressure tank/flare stack.

Photo # 6: Example of valid certificates that were verified by OROGO



Photo # 7: Tamper proof seal on SCBA's

Photo # 8: Signage at lease entrance to J-76

Photographs (Continued)

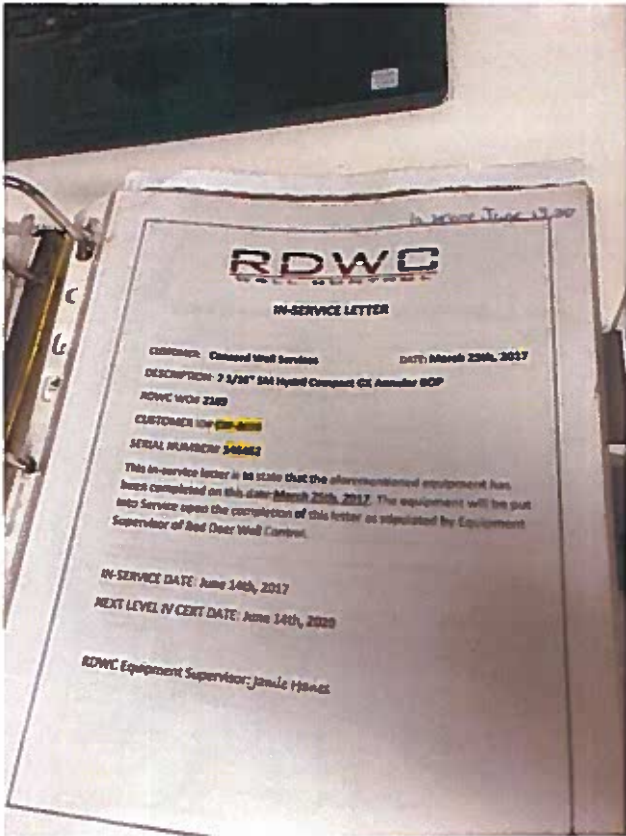


Photo # 9: Copy of the Annular Level IV Certification dated March 25, 2017



Photo # 10: Flow line and choke lines secured.



Photo # 11: Example of spill equipment on site

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Photo # : N/A