



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

May 18, 2021

Dear John Hawkins:

**Review: 2020 Annual Safety Report (Multiple Operations Authorizations)**

On March 31, 2021 Paramount Resources Ltd. (Paramount) submitted their 2020 Annual Safety Report that included information regarding operations conducted under the following:

- Production Operations Authorizations (POA):
  - Fort Liard East Field (2620-D-14-23 / 2620-D-15-23)
  - Fort Liard (2620-D-12-23 / 2520-D-12-4)
  - Central Mackenzie Valley - Colville
- Operations Authorization (OA)
  - OA-2018-004-PAR

The Annual Safety Report, required by section 87 of the *Oil and Gas Drilling and Production Regulations* (OGDPR), must include a summary of lost or restricted workday injuries, minor injuries and safety-related incidents and near-misses and a discussion of efforts undertaken to improve safety.

The report does not adequately describe the safety incidents and near misses reported in the 2020 calendar year, nor does the report discuss efforts undertaken to improve safety. The report references only the following incidents and near-miss:

- INC-2020-002-PAR-2018-004 - Equipment failure causing injury to worker
- INC-2020-003-PAR-OA-2018-004 – Uncontrolled gas release from well bore
- NM-2020-002-PAR-OA-2018-004 – Worker grazed by high pressure hose

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However, the following incidents and near-miss were not referenced:

- INC-2020-001-PAR-OA-2018-004 - Seal failure on annual preventer; and
- NM-2020-001-PAR-OA-2018-004 - Diesel sprayed worker during fuel transfer.

The report states that there were no formal/documented OROGO inspections completed in 2020 at Paramount Resources or MGM sites. OROGO conducted two inspections during well abandonment operations:

- February 8-10, 2020 at the Bovie J-76 (WID 1931) well site;
- March 3-5, 2020 at the Celibeta No. 2 H-78 (WID 158) well site.

Paramount's 2020 Annual Safety Reports, submitted on March 31, 2021, identified that the flare stack lights at the K-29 and F-25 well site facilities are not operational and require replacement. Malfunctions of any critical piece of safety equipment, such as flare stack lights, are considered incidents under section 75 of the OGDPR and must be reported to OROGO as soon as possible, along with a proposed repair and maintenance schedule, and summarized in the annual safety report.

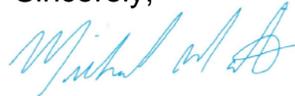
OROGO requires Paramount to update and resubmit their 2020 Annual Safety Reports. This submission must:

- Reference and adequately describe all reported incidents and near-misses;
- Reference all regulatory safety inspections;
- Discuss efforts undertaken to improve safety; and
- Identify malfunctions of, and a maintenance schedule for critical safety equipment (e.g. flare stack lighting).

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Please send the required submission to [orogo@gov.nt.ca](mailto:orogo@gov.nt.ca) on or before 4:00 pm on June 3, 2021. If you are unable to respond within this timeframe or have any questions, please contact Michael Martin - Chief Safety Officer at (867) 767-9097 or by email at [orogo@gov.nt.ca](mailto:orogo@gov.nt.ca).

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael M. A.", is positioned above the printed name.

Michael Martin  
Chief Safety Officer

cc. Darren Erdely, Director, Health Safety and Environment  
Blake Reid, Operations Executive Vice President  
George Ferguson, Senior Safety Representative, Health Safety and Environment