



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
MGM Energy
Suite 2800, 421 – 7TH AVE SW
CALGARY AB T2P 4K9

March 28, 2024

Dear John Hawkins:

Decision: Proof of Financial Responsibility for POA 2620-D-12-232520-D-12-4 / POA 2620-D-14-232620-D-15-23 / OA-2020-001-PAR

On March 15, 2024, the Office of the Regulator of Oil and Gas Operations (OROGO) received a request from Paramount Resources Ltd. (Paramount) to reduce the amount of proof of financial responsibility held by the Regulator for POA- 2620-D-12-232520-D-12-4 and POA 2620-D-14-232620-D-15-23, the Production Operations Authorizations in place for Paramount's West Liard field. This proof of financial responsibility is also applied to OA-2020-001-PAR, which covers the abandonment of five wells in the East Liard field.

Paramount's rationale for the reduction is that all Paramount wells in the Liard West and East Liard fields have now been fully abandoned, with only surface equipment and pipeline removal to complete in the summer of 2024.

Section 64(1) of the *Oil and Gas Operations Act* (OGOA) states that the amount of proof of financial responsibility must be satisfactory to the Regulator.

Sections 61-64 of OGOA describe the operator's responsibilities in the event of a spill or debris and what steps may be taken by the Regulator if the operator does not fulfill those responsibilities. These sections also describe the operator's liability, without proof of fault or negligence, for losses or damage resulting from, and costs and expenses associated with clean-up of, any spill or debris.

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Third parties may make a claim through the courts under section 63 up to the maximum amount specified in the *Oil and Gas Spills and Debris Regulations*. Proof of financial responsibility is the amount held by the Regulator to respond to such claims under section 64(3) without going through the court process. If the Regulator does not hold the maximum amount of proof of financial responsibility, claims may still be pursued through the courts for the remaining funds, up to the maximum amount.

Having reviewed the information contained in Paramount's request, I find that:

1. Paramount provided a scenario of the event most likely to occur with the highest consequence related to the proposed activities in its application;
2. Paramount provided sufficient information on the costs associated with addressing this scenario; and
3. Paramount has proposed an adequate amount of proof of financial responsibility (\$601,602).

Paramount may either submit a new Irrevocable Letter of Credit (ILOC) in the amount of \$601,602 (at which point the existing ILOC (BMTO376391OS) will be returned) or amend the existing ILOC to reflect the new amount. In either case, the ILOC should:

- Show as beneficiary "Government of the Northwest Territories, 4th floor, 5201 – 50th Avenue, PO Box 1320, Yellowknife, Northwest Territories, X1A 2L9, Canada";
- Be to the attention of "Executive Director, Office of the Regulator of Oil and Gas Operations";
- Allow for automatic renewal with at least 90 days' notice to the Regulator if the ILOC is to be cancelled, not renewed, or expire; and
- Allow for multiple partial drawings.

If you have any questions, please do not hesitate to contact OROGO at orogo@gov.nt.ca or by phone at 867-767-9097.

Sincerely,



Pauline de Jong
Regulator