

2022 Annual Safety Report

For

Liard West 2620-D-12-23 & 2520-D-12-4
Within
The Northwest Territories

March 31st, 2023



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1. INTRODUCTION

Annual Safety Report

The Annual Safety Report is required pursuant to Part II Section 87 of the Oil and Gas Drilling and Production Regulations:

The Operator shall ensure that, not later than March 31 of each year, an annual safety report relating to the proceeding year is submitted to the Board and includes:

- (a) a summary of lost or restricted workday injuries, minor injuries and safety-related incidents and near-misses that have occurred during the preceding year; and*
- (b) a discussion of efforts undertaken to improve safety.*

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This area is not producing, and the production operations have been suspended. Affected parties' consultations, suspended well & facility inspections and environmental monitoring, vegetation management and site maintenance was conducted in 2022.

2. OVERVIEW OF DRILLING/SERVICING AND CONSTRUCTION ACTIVITIES FOR LIARD WEST 2620-D-12-23 & 2520-D-12-4

2.1. ROAD CONSTRUCTION

There were no road construction activities conducted during the 2022 reporting period.

2.2. DRILLING ACTIVITIES

There were no drilling activities in this area during the 2022 reporting period.

2.3. SERVICE RIG ACTIVITIES

There were no drilling activities in this area during the 2022 reporting period.

2.4. CONSTRUCTION ACTIVITIES

There were no construction activities in this area during the 2022 reporting period.

3. OVERVIEW OF INSPECTION ACTIVITIES FOR LIARD WEST 2620-D-12-23 & 2520-D-12-4

3.1. SUSPENDED WELL & FACILITY INSPECTIONS

Suspended well inspections and gas migration tests were completed for all wells except for the O-80 well during the 2022 reporting period. A gas migration test will be conducted at O-80 in the summer of 2023.

3.2. OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS (OROGO) INSPECTIONS

A joint Paramount and OROGO suspended well & facility inspection was conducted in July in this area, during the 2022 reporting period. The K-29 site was satisfactory and the M-25, F-25 & O-80 sites had missing wind indicators and wellhead signs that did not meet OROGO requirements. Vegetation control was conducted, and wind indicators installed at the locations in August 2022. The well signs and other items noted in the inspection will be corrected in the summer of 2023.

A near miss was identified in the generator building at M-25 where clear fluid was noticed on the floor. After the joint inspection was completed, a spill kit was brought to site and absorbent pads were used to clean up the fluid and placed in containment on site. Due to the lack of helicopter availability the container with the pads could not be removed from site and will be removed in the summer of 2023. It was determined that a seep from a gasket caused the fluid to be released into containment and onto the building floor. Similar generators at the other sites were inspected and there were no indications of any leaks. The fluid is for integrity protection and the volume at the other sites was minimal. The units will be reinspected in the summer of 2023.

4. SUMMARY

4.1. SUMMARY OF LOST OR RESTRICTED WORKDAY INJURIES

There were no lost or restricted workday injuries in this area during the 2022 reporting period.

4.2. MINOR INJURIES AND SAFETY RELATED INCIDENTS

There were no minor injuries or safety related incidents in this area during the 2022 reporting period.

4.3. TOTAL PERSON-HOURS

Total person-hours worked, both employee and contractor, in 2022 was 256 person-hours.

4.4. Discussion of efforts undertaken to improve safety

Element 12 of Paramount's Operations Excellence Management System (POEMS) focuses on operational excellence and continuous improvement. Several initiatives were conducted throughout 2022 in an effort to improve safety in the following elements:

- 1) Assessment of POEMS Element 2: Risk Management
- 2) Assessment of POEMS Element 4: Process Safety
- 3) Assessment of POEMS Element 7: Design, Construction and Management of Change
- 4) Assessment of POEMS Element 9: Goods, Materials & Contractor Management

Findings of the assessments have been compiled and action items identified to improve on Paramount's overall operational management system (including any items related to safety).

Paramount also conducted an internal safety culture survey. Improvement actions were identified, communicated and are in various stages of implementation. Areas of improvement focus are Leadership, Documentation and Communication.

Continued focus on additional areas for improvement under POEMS Element 3: Occupational Safety & Environmental Stewardship.