

**Mackenzie Valley Land and Water Board**

7th Floor - 4910 50th Avenue • P.O. Box 2130
YELLOWKNIFE, NT X1A 2P6
Phone (867) 669-0506 • FAX (867) 873-6610

January 17, 2002

File: MV2000P0055

Ms. Shirley Maaskant
Paramount Resources Ltd.
4700 Bankers Hall West
888 3rd Street SW
CALGARY AB T2P 5C5

FAX: (403) 262-7994

Dear Ms. Maaskant:

ISSUANCE OF A TYPE "A" LAND USE PERMIT

Attached is Land Use Permit MV2000P0055 granted by the Mackenzie Valley Land and Water Board (MVLWB) in accordance with the *Mackenzie Valley Resource Management Act (MVRMA)*. A copy of this permit has been filed in the Public Registry at the office of the MVLWB. The Board approved Land Use Permit MV2000P0055 for a period of five (5) years commencing January 18, 2002 and expiring January 17, 2007.

Please read all conditions carefully and note that as per Land Use Permit Condition fifty-four (54), a security deposit in the amount of \$100,000 shall be posted with the Minister and copied to the Board prior to the start of the operation pursuant to Section 71 of the *MVRMA* and Section 32 of the *Mackenzie Valley Land Use Regulations*.

Please be advised that this letter, with attached permit, all inspection reports, and correspondence related thereto, are part of the Public Registry and are intended to keep all interested parties informed of the manner in which the Permit requirements are being met. All Public Registry material will be considered when the Permit comes up for renewal or amendment.

The full cooperation of Paramount Resources Ltd. is anticipated and appreciated.

Yours sincerely,

Laura Johnston

for Melody J. McLeod
Chair

Attachments

Copied to: Ed Hornby, South Mackenzie District, DIAND, Yellowknife
Janpeter Lennie-Misgeld, Regulatory Officer, MVLWB
Distribution List

LAND USE PERMIT



Permit Class	Permit No	Amendment No
'A'	MV2000P0055	

Subject to the Mackenzie Valley Land Use Regulations and the terms and conditions in this Permit, authority is hereby granted to:

Paramount Resources Ltd.

Permittee

To proceed with the land use operation described in application of:

Signature Shirley Maaskant	Date April 20, 2001
Type of Land use Operation Pipeline and Gathering System	
Location Cameron Hills	

This permit may be assigned, extended, discontinued, suspended or cancelled pursuant to the Mackenzie Valley Land Use Regulations.

Dated at Yellowknife, NT this 17th day of January, 2002

AI
Signature Chair

Signature Witness

Laura Johnston

[Signature]

Commencement Date
January 18, 2002

Expiry Date
January 17, 2007

NOTE

IT IS A CONDITION OF THIS PERMIT THAT THE PERMITTEE COMPLY WITH ANY OTHER APPLICABLE ACT, REGULATION, ORDINANCE BY-LAW OR ORDER. DEFAULT HEREOF MAY RESULT IN SUSPENSION OR CANCELLATION OF THIS PERMIT.

**CONDITIONS ANNEXED TO AND FORMING PART
OF LAND USE PERMIT NUMBER MV2000P0055**

Part A: Scope of Permit

1. This permit entitles **Paramount Resources Ltd.** to conduct the following activities:
 - a) Construction, operation, maintenance and associated activities of a gathering system and pipeline located within the following grid area:
60° 00' to 60° 20' N; 117° 15' to 117° 50' W.
2. The Permit is issued subject to the conditions contained herein with respect to the use of land for the activities and area identified in Part A, Item 1 of this permit.
3. Compliance with the terms and conditions of this permit does not absolve the Permittee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation.

Part B: Definitions

"Act" means the *Mackenzie Valley Resource Management Act*;

"Board" means the Mackenzie Valley Land and Water Board established under Part 4 of the *Mackenzie Valley Resource Management Act*;

"Dogleg" means clearing a line, trail or right-of-way that is curved sufficiently so that no part of the clearing beyond the curve is visible when approached from either direction.

"Inspector" means an Inspector designated by the Minister under the *Mackenzie Valley Resource Management Act*;

"Sewage" means all toilet wastes and grey water;

"Sewage Disposal Facilities" means sump(s) and/or sewage collection tank(s) designed to hold sewage;

"Sump" means a man-made pit, trench hollow or cavity in the earth's surface used for the purpose of depositing waste material therein;

"EC" means Environment Canada

"GNWT" means Government of the Northwest Territories

"NEB" means National Energy Board

Part C: Conditions Applying to All Activities (the headings correspond to Subsection 26 of the Mackenzie Valley Land Use Regulations)

26(1)(a) LOCATION AND AREA

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| 1. | The Permittee shall not conduct this land use operation on any lands not designated in the accepted application. | PLANS |
| 2. | The Permittee shall locate all camps on gravel, sand or other durable land. | CAMP
LOCATION |
| 3. | The Permittee shall locate all lines, trails and rights-of-way to be constructed parallel to water bodies a minimum of one hundred (100) metres from the ordinary high water mark except at crossings, unless otherwise approved by the Board. | PARALLELING
STREAMS |

26(1)(b) TIME

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| 4. | The Permittee's Field Supervisor shall contact an Inspector at (867) 874-6995 and then the Board (867)669-0506 at least forty-eight (48) hours prior to the commencement of this land use operation. | CONTACT
INSPECTOR/
BOARD |
| 5. | The Permittee shall advise an Inspector at least ten (10) days prior to the completion of the land use operation, including:
(a) the plan for removal or storage of equipment and materials
(b) when final clean-up and restoration of the land used will be completed. | REPORTS
BEFORE
REMOVAL |
| 6. | The Permittee shall submit a progress report to the Board and Inspector every thirty (30) days during this land use operation. | PROGRESS
REPORT |
| 7. | The Permittee shall notify an Inspector at least ten (10) days prior to backfilling any sump. | BACKFILLING
NOTIFICATION |
| 8. | The Permittee shall not conduct any overland movement of equipment and vehicles, other than All Terrain Vehicles, after 0800 hours local time on April 1, unless otherwise authorized in writing by an Inspector. | SHUT-DOWN
DATE |
| 9. | The Board, for the purpose of this operation, designates April 1, as spring break-up. | SPRING
BREAK-UP |
| 10. | The Permittee shall remove all ice bridges prior to spring break-up or completion of the land use operation. | REMOVE ICE
BRIDGE |
| 11. | The Permittee shall remove all snow fills from stream crossings prior to spring break-up or completion of the land use operation unless otherwise approved in writing by an Inspector. | REMOVE SNOW
FILLS |
| 12. | The Board reserves the right to impose closure of any area to the Permittee in periods when dangers to natural resources are severe. | CLOSURE |

13. The Permittee shall prior to spring break-up, complete all temporary camp sump closures, snow fill and ice bridge removals, brush and timber disposal, erosion control activities and all other restoration ordered in writing by an Inspector, unless as otherwise approved in writing by an Inspector. RESTORATION

26(1)(c) TYPE AND SIZE OF EQUIPMENT

14. The Permittee shall not use any equipment except of the type, size, and number that is listed in the accepted application. ONLY APPROVED EQUIPMENT

26(1)(d) METHODS AND TECHNIQUES

15. The Permittee shall construct and maintain winter roads with a minimum of four (4) centimeters packed snow at all times during this land use operation. If this cannot be done, then the Permittee shall construct Ice Roads in a manner authorized by an Inspector. SNOW ROADS/ ICE ROADS
16. The Permittee shall not clear areas larger than identified in the accepted application. MINIMIZE AREA CLEARED
17. The Permittee shall not erect camps or store material on the surface ice of streams. STORAGE ON ICE
18. The Permittee shall not store material other than that required for immediate use on the ice surface of water bodies. STORAGE ON ICE

26(1)(e) TYPE, LOCATION, CAPACITY AND OPERATION OF ALL FACILITIES

19. The Permittee shall not locate any sump within one hundred (100) metres of the ordinary high water mark of any water body. SUMPS FROM WATER
20. The Permittee shall maintain freeboard of at least one (1.0) meter in all sumps. FREEBOARD OF SUMPS
21. The Permittee shall, using a backhoe:
 (a) restore all camp sumps by mixing the sump fluid with excavated material until solid enough that it can not flow. A cap of excavated material will then be placed over the sump. This cap shall extend a minimum of one and a half (1.5) meters above the contiguous surrounding ground surface and overlap the edges of the sump by a minimum of two (2) meters. SUMP RESTORATION BY MIXING

26(1)(f) CONTROL OR PREVENTION OF PONDING OF WATER, FLOODING, EROSION, SLIDES AND SUBSIDENCE OF LAND

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| 22. | The Permittee shall slope the sides of excavations and embankments except in solid rock to a horizontal/vertical ratio of two (2) horizontal to one (1) vertical to minimize land area disturbance or as required by applicable job safety requirements. | EXCAVATIONS
AND
EMBANKMENTS |
| 23. | The Permittee shall minimize approach grades on all winter lake and/or stream crossings. | MINIMIZE
APPROACH |
| 24. | The Permittee shall maintain a minimum vegetated buffer of 100 meters from the normal high water level and 25 meters above the top of the bank of any river or stream to any proposed gravel excavation site, unless otherwise approved in writing by the Board. | GRAVEL
EXCAVATION
BUFFER |
| 25. | The Permittee shall ensure no gravel excavation occurs below the water table and high water mark of the Cameron River. | GRAVEL
EXCAVATION |
| 26. | The land use operation shall not cause obstruction to any natural drainage. | NATURAL
DRAINAGE |
| 27. | The Permittee shall not cut any stream bank except as stated in the accepted application. | STREAM
BANKS |
| 28. | The Permittee shall not use any material other than water in the construction of ice bridges. | ICE BRIDGE
MATERIAL |
| 29. | The Permittee shall not allow any ice bridge to hinder the flow of water. | ICE BRIDGE |
| 30. | The Permittee shall not use the bed of streams for access routes except for the purpose of crossing the streams. | STREAM BEDS
- ACCESS |
| 31. | The Permittee shall construct berms and/or ditches across the right-of-way at intervals of not less than thirty (30) metres on slopes exceeding fifteen per cent (15%) and as required on slopes less than fifteen per cent (15%) prior to the commencement of the first spring break-up after construction of the right-of-way. | EROSION
CONTROL
RIGHTS-OF-
WAY |
| 32. | The Permittee shall install erosion control structures as the land use operation progresses unless otherwise authorized by an Inspector. | PROGRESSIVE
EROSION
CONTROL |
| 33. | The Permittee conduct site preparations to prevent rutting of the ground surface as directed by an Inspector. | PREVENTION
OF RUTTING |
| 34. | The Permittee shall suspend overland travel of equipment or vehicles if significant rutting occurs or as otherwise approved by an Inspector. | SUSPEND
OVERLAND
TRAVEL |
| 35. | The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging. | VEHICLE
MOVEMENT
FREEZE-UP |

**26(1)(g) USE, STORAGE, HANDLING AND ULTIMATE DISPOSAL
OF ANY CHEMICAL OR TOXIC MATERIAL**

36. The Permittee shall not use chemicals in connection with the land use operation that were not identified in the accepted application. APPROVAL OF CHEMICALS

37. The Permittee shall report all spills immediately to the 24 hour Spill Report Line (867) 920-8130, which is in accordance with instructions contained in "Spill Report" form N.W.T. 1752/0593. REPORT CHEMICAL AND PETROLEUM SPILLS

26(1)(h) WILDLIFE AND FISHERIES HABITAT

38. The Permittee shall minimize damage to wildlife and fish habitat in conducting this land use operation. HABITAT DAMAGE

39. The Permittee shall construct and maintain all structures placed in streams frequented by fish, in such a manner that will not obstruct passage of fish. FREE FISH MOVEMENT

40. The Permittee shall not obstruct the movement of fish while conducting this land use operation. FREE FISH MOVEMENT

41. The Permittee shall develop and implement a wildlife monitoring program in consultation with EC and the GNWT and will submit the proposed wildlife monitoring program to the Board for approval within 30 days of project commencement. WILDLIFE MONITORING PROGRAM

42. The Permittee shall, to the greatest extent possible, leave breaks in windrows over existing game trails and crossings to facilitate wildlife movements. WINDROW BREAKS

43. The Permittee shall not destroy or damage beaver dams. BEAVER DAMS

44. The Permittee shall not destroy or damage beaver lodges. BEAVER LODGES

45. The Permittee shall not destroy or damage muskrat lodges. MUSKRAT LODGES

26(1)(i) STORAGE, HANDLING AND DISPOSAL OF REFUSE OR SEWAGE

46. The Permittee shall dispose of all sewage and grey water as proposed in the accepted application. SEWAGE DISPOSAL

47. The Permittee shall remove all non-combustible garbage, including plastics from the land use area to a disposal site as specified in the accepted application. REMOVE GARBAGE

48. The Permittee shall incinerate all combustible garbage and debris, except plastics. INCINERATION

49. The Permittee shall use a forced-air fuel-fired incinerator to burn all combustible garbage except plastics. INCINERATORS

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| 50. | The Permittee shall keep all garbage and debris in a covered metal container until disposed of. | GARBAGE
CONTAINER |
| 51. | The Permittee shall remove all scrap metal, discarded machinery, parts, barrels and kegs, buildings and building material to an approved disposal facility. | REMOVE
WASTE
MATERIAL |

26(1)(j) PROTECTION OF HISTORICAL, ARCHAEOLOGICAL AND BURIAL SITES

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| 52. | The Permittee shall immediately cease any activity which disturbs an archaeological, historical, and/or burial site and contact the Mackenzie Valley Land and Water Board at (867) 669-0506 should an archaeological site of specimen be encountered or disturbed by any land use activity. | CONTACTS |
| 53. | The Permittee shall submit to the Board for approval within 30 days of project commencement, a heritage resource discovery process report which will incorporate concerns of aboriginal communities and will also include the hiring of local environmental monitors to identify potential heritage discoveries. | HERITAGE
DISCOVERIES
AND
MONITORING |

26(1)(k) OBJECTS AND PLACES OF RECREATIONAL, SCENIC AND ECOLOGICAL VALUE

26(1)(l) SECURITY DEPOSIT

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| 54. | The Permittee shall deposit with the Minister a security deposit in the amount of \$ 100, 000 pursuant to Section 32 of the Mackenzie Valley Land Use Regulations. | SECURITY
DEPOSIT |
| 55. | The Permittee shall be liable for any cost of damages over and above the amount of the security deposit. | LIABILITY FOR
DAMAGES |

26(1)(m) FUEL STORAGE

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| 56. | The Permittee shall report in writing to an Inspector the location and quantity of all fuel caches within ten (10) days after their establishment. | REPORT FUEL
LOCATION |
| 57. | The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies. | FUEL
CONTAINMENT |
| 58. | The Permittee shall not place any fuel storage containers within one hundred (100) metres of the normal high water mark of any water body. | FUEL BY
STREAM |
| 59. | The Permittee shall construct an impermeable dyke around each stationary container which contains hydrocarbons, (including associated water) or group of stationary containers where any one container has a capacity exceeding 4000 liters, as approved by the board. | DYKE
FUEL
CONTAINERS |

60. The volume of the dyked area shall be ten per cent (10%) greater than the capacity of the largest fuel container placed therein. CAPACITY
61. A competent steel double-walled tank will be deemed to satisfy requirements of an impermeable dyke. DOUBLE-WALLED TANK

26(1)(n) METHODS AND TECHNIQUES FOR DEBRIS AND BRUSH DISPOSAL

62. The Permittee shall dispose of all debris cleared from rights-of-way, quarry/borrow sites and staging areas by:
 (a) windrowing the debris and brush to the side of the line or clearing and on the rights-of-way ; and
 (b) making breaks in the windrow of at least seven (7) metres wide at intervals of not more than three hundred and thirty (330) metres. BRUSH DISPOSAL
63. The Permittee shall dispose of all debris and brush from the airstrip, camps, and central battery by burning. BURN BRUSH
64. The Permittee shall progressively complete disposal of all brush. PROGRESSIVE DISPOSAL

26(1)(o) RESTORATION OF THE LANDS

65. The Permittee shall establish re-vegetation on all areas stripped to mineral soil during this land use operation, to a minimum of seventy per cent (70%) ground cover, within one (1) year of the completion of the operation or as otherwise approved by an Inspector. RE-VEGETATE STRIPPED AREA
66. When seeding is done the Permittee will use Certified Canada #1 seed and the appropriate seed certificates will be made available to an Inspector. SEEDING
67. Where organic soil has been stripped from quarry/burrow sites, the central battery, temporary camps and staging areas it shall be saved by windrowing or stockpiling it on the up slope side of the clearing. SAVE ORGANIC SOIL
68. Where organic soil has been stripped from quarry/borrow sites, temporary camps and staging areas it shall be placed over the disturbed areas prior to the conclusion of project activities. REPLACE ORGANIC SOIL
69. The Permittee shall develop a re-vegetation plan for areas that require remedial action in consultation with the GNWT and these plans will be submitted to the MVLWB, NEB, and GNWT. RE-VEGETATION PLAN

70. The Permittee shall develop and implement, a re-vegetation monitoring program to assess;
 a) vegetation recovery in both seeded and un-seeded areas of disturbance.
 b) composition of indigenous and non-indigenous species in seeded areas compared to unseeded areas.
 c) the proposed monitoring program will be submitted to the Board for approval within one hundred twenty (120) days of project commencement.

RE-
VEGETATION
MONITORING
PROGRAM

71. The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of this Permit.

CLEAN-UP

72. Stripping of overburden must be approved in writing by an Inspector prior to commencement of the quarrying operation.

STRIPPING OF
OVERBURDEN

73. Re-vegetation and restoration will be progressive throughout construction and during operation of the constructed facility.

PROGRESSIVE
RESTORATION

26(1)(p) DISPLAY OF PERMITS AND PERMIT NUMBERS

74. The Permittee shall display a copy of this Permit in each campsite established to carry out this land use operation.

DISPLAY
PERMIT

75. The Permittee shall keep on hand, at all times during this land use operation, a copy of the Land Use Permit.

COPY OF
PERMIT

76. The Permittee shall display the Land Use Permit number on all vehicles and equipment.

DISPLAY
PERMIT
NUMBER

26(1)(q) MATTERS NOT INCONSISTENT WITH THE REGULATIONS

77. The Permittee shall not remove any material from below the ordinary high water mark of any water body except as stated in the accepted application.

WORK IN
WATER
BODIES

78. The Permittee shall submit to the Board for approval;
 a) a baseline environmental noise survey to identify ambient noise levels in the areas of the processing facility and substation sites prior to construction or as otherwise approved by the Board.
 b) within 60 days of project commencement, a noise survey indicating noise levels resulting from project operations in the areas of the processing facility and substation sites including conclusions and, if required, mitigation measures
 c) Additional noise surveys to identify changes in noise levels due to project modifications or changes to operations.

NOISE
SURVEYS

79. The Permittee shall address impacts identified in the Traditional Knowledge Study, conducted by Paramount Resources Ltd., and encountered during project operations by including and implementing appropriate mitigative measures throughout the lifespan of the project.

TRADITIONAL
LAND USE

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| 80. | The Permittee shall ensure that affected aboriginal communities;
(a) are provided a copy of the Traditional Knowledge Study, conducted by Paramount Resources Ltd.
(b) have an opportunity to comment on the Traditional Knowledge Study and proposed mitigation measures. | TRADITIONAL
LAND USE
STUDY |
| 81. | The Permittee shall submit to the Board and the GNWT:
a) Within six months of project commencement - Report documenting and describing each permafrost location encountered, including, depth, extent, terrain, vegetation re-establishment and heat effects to soils and vegetation.
b) Annually by October 1st - Report documenting results of permafrost monitoring which will include, depth, extent, terrain, vegetation re-establishment, thaw settlement, trench subsidence, evidence of floating pipe, vegetation re-establishment, and heat effects to soils and vegetation. | PERMAFROST
MONITORING
AND
REPORTING |
| 82. | The Permittee shall provide in writing to the Board and Inspector, at least forty-eight (48) hours prior to commencement of this land use operation, the following information:
(a) person, or persons, in charge of the field operation to whom notices, orders, and reports may be served;
(b) alternates; and
(c) all methods for contacting the above person(s). | IDENTIFY
AGENT |
| 83. | The Permittee shall, while preparing access roads and right-of-ways, make every effort to avoid covering or destroying traps or snares that may be found along these routes. | TRAPS
PROTECTION |
| 84. | The Permittee shall restore any trails used by trappers or hunters along access routes and right-of-ways by slashing any and all trees that may fall across these paths or trails and by removing any other obstructions such as snow piles or debris that may be pushed across the trails. | TRAILS
RESTORATION |
| 85. | The Permittee shall submit to the Board an update of the contingency plan, for chemical and petroleum spills, if there are any changes in the operation during the life of the permit. | CONTINGENCY
PLAN |
| 86. | The Permittee shall not conduct activities on this land use permit within 300 metres of a cabin used for traditional activities including trapping, hunting or fishing. | AVOID CABINS |
| 87. | The Permittee shall conduct the operation, perform the mitigations and remedial measures, and hold consultations with government agencies and aboriginal communities as outlined in Attachment 1 to the Mackenzie Valley Environmental Impact Review Board's Report of Environmental Assessment on the Paramount Resources Ltd. Cameron Hills Gathering System and Pipeline Development | AGREED
PRACTICES |

88. The Permittee shall adhere to all commitments as outlined in Attachment 2 to the Mackenzie Valley Environmental Impact Review Board's Report of Environmental Assessment on the Paramount Resources Ltd. Cameron Hills Gathering System and Pipeline Development. AGREED COMMITMENTS
89. The Permittee shall adhere to Alberta Energy and Utilities Board (AEUB) Guide 60 Flaring Guidelines. FLARING GUIDELINES
90. The Permittee shall ensure that all persons working under the authority of the Land Use Permit are aware of and will adhere to the conditions as stated in the Land Use Permit. NOTIFICATION TO ALL EMPLOYEES/ CONTRACTORS