

FAX

*Department of Indian Affairs & Northern Development
Hay River Sub-district
South Mackenzie District*

TO:

ELAINE DEBASTIEN
Regulatory Officer
South Slave / Deh Cho
Mackenzie Valley Land & Water Board
Fax: (867)873-6610

Date: April 25, 2002

FROM:

Andrew Forbes
Resource Management Officer, DIAND
41 Capital Drive, #203
Hay River, NT X0E 1G2
Ph: (867)874-6995
Fax: (867)874-2460
alandd@cancom.net

Number of Pages, including cover = 12

REGARDING:

Land Use Permit MV2000P0055, Paramount's Gathering System, Cameron Hills

**Attached please find copies of my March 8 and April 2/02 environmental inspection reports.
Call if you have any questions.**

**Mackenzie Valley Land
& Water Board**

File _____

APR 25 2002

Application # MV2000P0055

Copied To BW PLM EDB Reg



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Hay River Subdistrict
South Mackenzie District, DIAND
41 Capital Drive, #203
Hay River, NT X0E 1G2
Ph: (867)874-6994, Fax: (867)874-2460
dianddf@cancom.net

Your file Votre référence

Our file Notre référence

April 24, 2002

Paramount Resources Ltd.
4700 Bankers Hall West
888 3rd Street SW
Calgary, AB T2P 5C5

Attn: Ms. Shirley Maaskant

RE: Land Use Permit MV2000P0055

Dear Ms. Maaskant:

Enclosed, find your copy of my April 2, 2002 environmental inspection report for the land use operation covered under permit number MV2000P0055. Although the previous formal inspection report is dated March 08/02 I have conducted interim field inspections of this operation on the following dates: March 11, 13, 15, 18 and 25. Notes to the file were recorded after each of these inspections and digital photographs that were taken were labeled and filed.

This land use operation appears satisfactory at this time however I plan to conduct several inspections during the summer giving special attention to the river and creek crossings, slopes, revegetation and the two locations where water was entering the trench.

At your convenience I would appreciate a sketch of the camp/battery site showing the location of the various components of the facility plus a similar sketch for each of the 6 well sites that are on line.

The cooperation that I received during this project from both Brian Anderson and Larry Boratyniec is very much appreciated. Also the two onsite environmental inspectors, Kent Halvorson and Darren Unrau, seemed very meticulous in their work and during my inspections they were always cooperative, informative and helpful.

If you have any questions or concerns regarding the above I can be reached at (867)874-6995.

Sincerely,


Andrew Forbes
Resource Management Officer

Canada



Date: April 02, 2002

ENVIRONMENTAL INSPECTION REPORT

Permittee:	Paramount Resources Ltd., 4700 Bankers Hall West, 888 3 rd Street SW, Calgary, AB, T2P 5C5		
		Permit Expiry Date	Previous Formal Inspection Report
Land Use Permit No.	MV2000P0055	January 17, 2007	March 8/02
Quarrying Permit No.	2002QP0012 and 19		
Contractor:	Subcontractor:		

Location(s) Inspected: This formal inspection report is based on my April 2nd inspection plus notes from field inspections conducted on the following dates: March 11, 13, 15, 18 and 25

Current Stage of Operation: Complete.

Program Modifications Approved: None required.

Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable

	CONDITIONS OF PERMIT Mackenzie Valley Land Use Regulations Section 26 (1)	Aspect of the Land Use Operation Inspected				Applicable Permit Conditions by Number
		ROW	Camp, Battery Site	River, Stream Cross- ings	Clay Pits	
a	Location & Area	A	A	A	A	1,2
b	Time	A	A	A	A	4,5,7,10,11,13
c	Type & Size of Equipment	A	A	A	A	14
d	Methods & Techniques	A		A		15,18
e	Facilities		A			19,20,21
f	Ponding, Flooding, Erosion, Slides & Subsidence	A		A	A	22,23,26 to 31
g	Chemical or Toxic Material	A	A			37
h	Wildlife & Fish Habitat	A		A		38,39,42 to 45
i	Refuse or Sewage	A	A			46 to 51
m	Fuel Storage	A	A	A	A	57 to 60
n	Debris & Brush Disposal	A	A		A	62,63
o	Restoration of the Lands	A	A		A	66,67,68
p	Display of Permit and Permit Conditions	A	A			75,76
q	Matters not inconsistent with the regulations	A		A		77,82,83,84,86

Explanatory Remarks

Refer to page 2 for comments.

Representative on site (print name)

Inspector's Name (print)

Inspector's Signature

Andrew Forbes

Environmental Inspection Report Page 2

Land Use Permit MV2000P0055

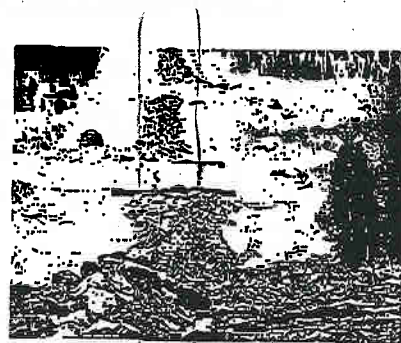
April 2, 2002

Explanatory Remarks Continued:

Note:

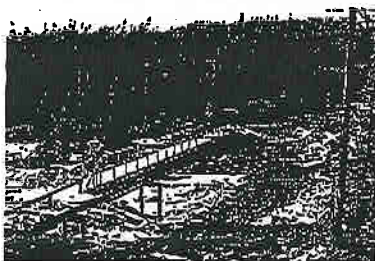
Although the previous formal inspection report is dated March 08/02 I have conducted interim field inspections of this operation on the following dates: March 11, 13, 15, 18 and 25. Notes to the file were recorded after each of these inspections and digital photographs that were taken were labeled and filed.

The 6, 4 and 8 inch pipe has all been laid, pressure tested and backfilled and is now in operation transporting gas south. Backfilling of the trench appears satisfactory and the roach is in place complete with adequate breaks at drainages. The roach has been kept well back from the creek crossings and a silt fence has been placed at the creek located approximately 1.5 kilometers south of the battery site. Several more fences will be constructed at other creeks later in the spring following breakup. Slashing has been completed along the right-of-way and all of the equipment, pieces of pipe, etc., have been removed.



Creek crossing with silt fences, located south of the battery site.

The 3 bridges located at crossings GSC-17, 21 and 24 have been finished complete with rip-rap and the contouring, compaction and seeding of the approaches. The snow bridges at these sites have been completely removed and there were no significant signs of dirt or debris in the creek beds.



GSC-24 Snow/Ice bridge removal

All of the other snow/ice bridges located at the numerous minor drainages, have been removed or v-notched and appear satisfactory.

Reclamation work on the three clay borrow pits has been completed and includes contouring, spreading the overburden, seeding and rollback. Also safety berms have been constructed on both the pit near the drilling camp and the one south of C-50.

Reclamation work has been satisfactorily completed on the following slopes:

- on both sides of GSC-24
- on both sides of GSC-21
- ridge south of the battery site
- north of GSC-17
- immediately SE of GSC-20
- approx. 1.5 kilometers NW of GSC-20

Reclamation work consisted of contouring, seeding, diversion ditches and roll back. Where seeding was done the following Canada # 1 seed mixture was used:



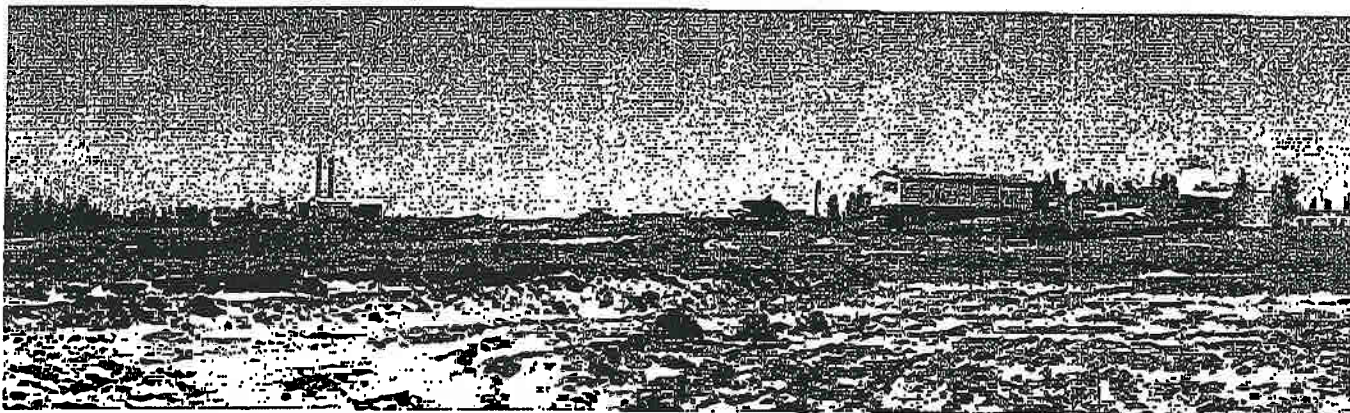
Example of rollback north of GSC-21

- 15% Regreen Wheatgrass
- 25% Awned Wheatgrass
- 50% Fall Rye
- 10% Slender Wheatgrass

Although the application of 10 kg per ha was recommended I feel that it may not be adequate to meet the 70% ground cover requirement of permit condition number 65.

Significant underground water problems near the GSC-24 and 20 crossings were mentioned in my March 8/02 inspection report. Measures taken at the GSC-24 location include the use of a foam plug, diversion ditch and gravel. At the GSC-20 location the water appears to surface from the south side of the roach approximately 30 meters downslope of the waters point of entry to the trench. A surface diversion ditch has been constructed to divert the water southward into the adjacent vegetation. Both solutions appear satisfactory but should be closely monitored to ensure their effectiveness.

Camp / Battery Site and Facilities

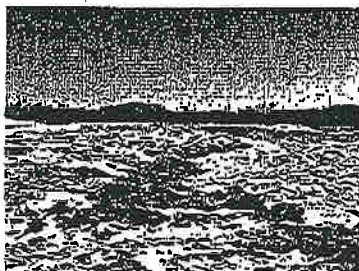


Battery facilities, permanent trailer, fuel tanks, sewage cell.

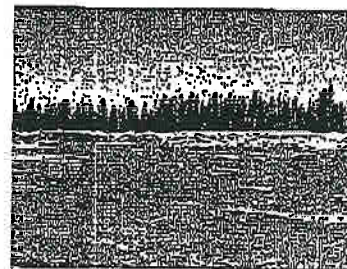
At the H-03 campsite all of the portable camp trailers and associated equipment have been removed. The site appears satisfactory with the sumps backfilled and the general area leveled and cleaned up.

The permanent trailer is in place complete with a buried septic tank which has an underground pipe to the sewage cell. The sewage cell is located approx 30 meters south of the trailer and is completely surrounded by a clay berm that has a snow fence mounted on top of it. This cell is for liquids that are pumped from the septic tank as required. A fuel fired incinerator and a metal garbage bin are located adjacent to the south end of

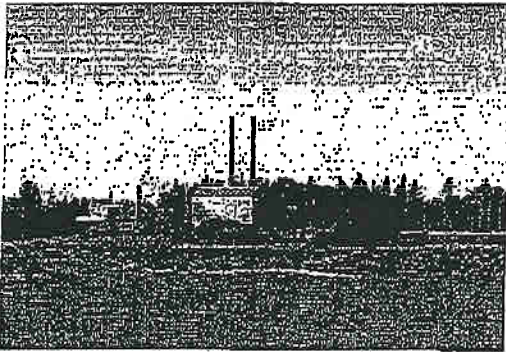
the trailer. Fuel storage facilities consisting of two envrotanks, numerous 45 gallon drums and a helicopter pad has been established approximately 50 meters directly east of the trailer. One tank is a two-in-one tank mounted on a stand and contains both diesel and gasoline. The other tank contains aviation fuel for the piston helicopter used by Paramount and the drums contain jet B helicopter fuel. Brush disposal for both the campsite and the battery site appears satisfactory having been burned and the remnant material spread over the south portion of the sites.



Brush disposal



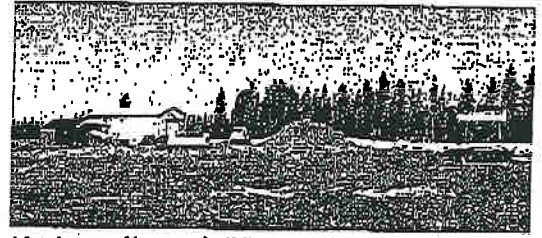
Site used by portable camp



Battery facilities.

The battery facility seems complete and is now in operation. Cleanup of the site itself appears to be satisfactory and includes brush disposal, contouring,

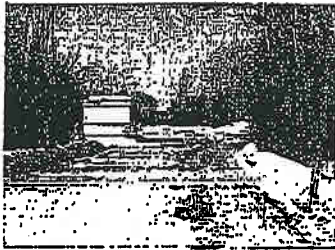
back filling the trench and equipment removal. A metal garbage bin has been placed near the metal control / garage building and a 1,000 gallon gasoline tank mounted on a stand,



Metal control/garage building plus 1000 gal gasoline tank.

has been left on site enclosed within a portable berm. I took rough measurements of the combined clearing (camp and battery site) with a range finder and the approximate dimensions were 300 meters north/south by 560 meters east/west or about 16.8 hectares.

Paramount currently shares, with PanCanadian, a manned checkpoint or "man gate" on their winter access road approximately 3 kilometers from the Mackenzie Highway. The staff at this checkpoint stop inbound and outbound traffic to record the names of people and/or companies using the road. They also record the vehicle licence plate numbers and the time of entry and departure. It is my opinion that this manned checkpoint adequately meets the essence of Paramount's commitment to a "staffed or locked gate" required under permit condition number 88 as well as under permit condition 87 of Land Use Permit MV2000A0041.



Paramount's Man Gate

During the course of this land use operation all of Paramounts' staff have been very cooperative, informative and helpful during my inspections.



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et du Nord Canada

Your file Votre référence

Our file Notre référence

Hay River Subdistrict
South Mackenzie District, DIAND
41 Capital Drive, #203
Hay River, NT X0E 1G2
Ph: (867)874-6994, Fax: (867)874-2460
dianddf@cancom.net

March 9, 2002

Paramount Resources Ltd.
4700 Bankers Hall West
888 3rd Street SW
Calgary, AB T2P 5C5

Attn: Ms. Shirley Maaskant

RE: Land Use Permit MV2000P0055

Dear Ms. Maaskant:

Enclosed, find your copy of my March 8, 2002 environmental inspection report for the land use operation covered under permit number MV2000P0055. This formal inspection report is based on notes from field inspections that I conducted on February 18, 20, 22, 25, 27, March 1, 4, 6 and 8. Since this operation is moving swiftly to fit within your short time frame I have been onsite every Monday, Wednesday and Friday. During my inspections I have taken copious digital photographs, as well as some video footage, of most aspects of your operation. If you ever have need for some of the photographs that I have taken please let me know.

The land use operation appears satisfactory at this time however during the first two weeks of the operation safety was a concern, particularly with the rock trucks which were involved in three accidents, all of which could have been very serious. It appears that this problem has been dealt with.

Please note that I have found Larry Boratynec and the two environmental inspector's to be very cooperative, informative and helpful during my inspections.

If you have any questions or concerns regarding the above I can be reached at (867)874-6995.

Sincerely


Andrew Forbes
Resource Management Officer

Canada



Indian and Northern Affairs Canada
Affaires Indiennes et du Nord Canada

Date: March 8, 2002

ENVIRONMENTAL INSPECTION REPORT

Permittee: Paramount Resources Ltd., 4700 Bankers Hall West, 888 3rd Street SW, Calgary, AB, T2P 5C5			
		Permit Expiry Date	Previous Inspection
Land Use Permit No.	MV2000P0055	January 17, 2007	
Quarrying Permit No.	2002QP0012 and 19		
Contractor:		Subcontractor:	

Location(s) Inspected: This formal inspection report is based on notes from field inspections conducted on the following dates: February 18, 20, 22, 25, 27, March 1, 4, 6 and 8.

Current Stage of Operation: Refer to page 2.

Program Modifications Approved: Refer to the two attached "Program Modification Approvals".

Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable

	CONDITIONS OF PERMIT Mackenzie Valley Land Use Regulations Section 26 (1)	Aspect of the Land Use Operation Inspected				Applicable Permit Conditions by Number
		ROW	Camp Site	Battery Site	Clay Pits	
a	Location & Area	A	A	A	A	1, 2
b	Time	A	A	A	A	4
c	Type & Size of Equipment	A	A	A	A	14
d	Methods & Techniques	A				15, 18
e	Facilities		A			19, 20
f	Ponding, Flooding, Erosion, Slides & Subsidence	A				26, 28, 30
g	Chemical or Toxic Material	A	A	A	A	37
h	Wildlife & Fish Habitat	A	A	A	A	38, 39
i	Refuse or Sewage		A			46, 47, 50
j	Historical & Archaeological Sites & Burial Grounds					
k	Recreational, Scenic & Ecological Value					
m	Fuel Storage	A	A	A	A	57, 58, 59, 60
n	Debris & Brush Disposal	A	A	A	A	63, 64
q	Matters not inconsistent with the regulations	A				77, 82

Explanatory Remarks

Refer to page 2 for comments.

Representative on site (print name)

Inspector's Name (print)

Inspector's Signature

Andrew Forbes

ENVIRONMENTAL INSPECTION REPORT - CAMERON RIVER 001 014 2400 I-255 P.009/012 F-713

Environmental Inspection Report Page 2

Current Stage of Operation as of March 8/02

The camp and battery sites have been cleared, contoured and the brush and debris totally disposed of by burning. Temporary camp trailers are in place and being used c/w fuel storage facilities and sewage sumps. Piles have been driven and the septic system has been planned. A communications tower has been erected. Piles have been driven on the battery site and several tanks have been put in place and a metal shed has been erected.

The 12 inch pipeline right-of-way has been cleared and the pipe is in the ground and covered.

The 6 and 4 inch gathering system right-of-way has been cleared and the pipe is in the ground and covered.

The 8 inch gathering system right-of-way has been cleared, the pipe strung and the welding was within 1 km of the battery site. Starting at wellsite A-73 the pipe has been placed in the trench as far south as N-28 and back filling was approx. 1 km behind.

The directional drilling has been completed at GSC-22 and the pipe pulled through under the creek bed. The bell holes are open at both ends because the pipe has not yet been attached to the main line. When I arrived on site a backhoe had just been pulled from the trench where it had been stuck. Apparently one track slipped into the trench and the machine fell partially in. Fortunately the pipe had not yet been placed in this portion of the trench which was located approx. 20 meters west of the west bell hole.

The main bridge across the Cameron River at GSC-17 has been built and the approaches contoured, compacted and rip-rapped.

The quad bridge at GSC-24 has been built and the approaches contoured, compacted and rip-rapped.

The quad bridge at GSC-21 is under construction and nearly complete. A large snow bridge has been constructed at this site and is being used as a working platform.

Piles have been driven at well sites C-50, A-73, A-05 and J-37.

Two clay borrow pits have been opened, used and reclamation is nearly complete.

Foam plugs have been installed in the trench near the creek located south of the battery site as well as on the slopes near GSC-20 and GSC-24 plus several other slope locations.

Explanatory Remarks Continued:

Significant underground water problems have surfaced at the base of the slope on the north side of the GSC-24 creek crossing and at the base of the slope east of GSC-20. Paramount's environmental inspectors are presently working on solutions for these two sites.

During the first two weeks of the operation safety was a concern, particularly with the rock trucks which were involved in three accidents, all of which could have been very serious. It appears that this problem has been dealt with.

There have been numerous small fuel spills, all minor in nature. Paramount's environmental inspectors have promptly reported these spills to the spill line and overseen the cleanup of each.

Brush disposal along the right-of-way has been done mainly with hydro-axes and appears satisfactory. Some roll back of brush that was not hydro-axed will be required during reclamation.

Larry Boratynec and the two environmental inspector's have been very cooperative, informative and helpful during my inspections.



Indian and Northern
Affairs Canada

Affaires Indiennes
et du Nord Canada

Date: Feb. 25/02

PROGRAM MODIFICATION APPROVAL

Permittee:	Paramount Resources Ltd., 4700 Bankers Hall West, 888 3 rd Street SW, Calgary, AB, T2P 5C5
Land Use Permit No.	MV2002 P0055
Quarrying Permit No(s).	

The following Program Modification(s) has been approved in the field by the Land Use Inspector:

- (1) Addition of 2 quarry locations for clay material to be used for the A-73 and C-50 Cameron River + Herbal Creek crossings. The sites will each be a maximum of 150 m X 150 m in size. Locations are:
- C-50 site 60° 08.813' N, 117° 38.725 W.
A-73 site 60° 12.225' N, 117° 43.618 W.
- (2) Authorization is hereby given to widen corners on the access road wherever safety is a concern.

Representative on site (print name)

Kent Harrison
[Signature]

Inspector's Name (print)

Andrew Forbes

Inspector's Signature

[Signature]



Date: Feb. 27/02

PROGRAM MODIFICATION APPROVAL

Permittee:	Paramount Resources Ltd., 4700 Bankers Hall West, 888 3 rd Street SW, Calgary, AB, T2P 5C5
Land Use Permit No.	MV2000P0055
Quarrying Permit No(s).	2002QP0012

The following Program Modification(s) has been approved in the field by the Land Use Inspector:

Authority is hereby granted to test pit for gravel, using a backhoe, approx. 300 m NW of GSC-17. This^{is} granular prospect #7, plate (Figure) 9 of J.D. Mollard & Associates Ltd rough granular materials estimator.

All test pits are to be filled and contoured upon completion of testing.

Representative on site (print name)

Inspector's Name (print)

Inspector's Signature

	Andrew Forbes	
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