

National Energy
BoardOffice national
de l'énergieFile 2520-D-4-4
30 January 2002

Mr. Tom Hong - Project Manager
Paramount Resources Ltd.
4700 Bankers Hall West
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Calgary, Alberta
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Dear Mr. Hong:

Paramount Resources Ltd. (Paramount) Application to Construct the Cameron Hills Oil and Gas Development Project dated 1 August 2001 pursuant to Paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act* (COGOA)

The National Energy Board (the NEB) has considered the Paramount application with respect to the construction of the Cameron Hills Oil and Gas Development Project. The NEB has issued the attached Order EPO-01-2002 which, pursuant to paragraph 5(1)(b) of the COGOA, approves the construction of the Cameron Hills Oil and Gas Development Project facilities and gathering system. This approval is subject to the conditions outlined in the Order including compliance to the *Oil and Gas Occupational Safety and Health Regulations* and the *Canada Labour Code Part II*.

Prior to the commencement of any production operations, a Production Operations Authorization must be obtained in accordance with Section 9 of the *Canada Oil and Gas Production and Conservation Regulations* and a Declaration is required in accordance with section 5.11 of the COGOA. In addition, Paramount is reminded that the Chief Conservation Officer's approval is required prior to incorporating any changes to its existing Emergency Response Plan.

If you have any questions, please do not hesitate to contact Gary Woo at 299-3143.

Yours truly,

T. M. Baker
Chief Conservation Officer

Attachment

c.c. Mr. Alan S. Hollingworth, Q.C., Gowling Lafleur Henderson LLP, facsimile (403) 263-9193

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National Energy
BoardOffice national
de l'énergie**APPROVAL TO CONSTRUCT****ORDER NUMBER EPO-01-2002**

IN THE MATTER OF the *Canada Oil and Gas Operations Act* (the Act) and the regulations promulgated thereunder; and

IN THE MATTER OF an application pursuant to paragraph 5(1)(b) of the Act, by the Paramount Resources Ltd. (Paramount), filed with the National Energy Board (the NEB or the Board) under File 2520-D-4-4.

BEFORE the Chief Conservation Officer on 30 January 2002.

WHEREAS the NEB has received an application filed by the Paramount dated 1 August 2001 requesting approval to construct the Cameron Hills Oil and Gas Development Project facilities and gathering system in order to produce oil and natural gas from the Cameron Hills Field;

AND WHEREAS pursuant to subsection 126(3) of the *Mackenzie Valley Resource Management Act* (MVRMA) an environmental assessment of the Paramount Cameron Hills Gathering System and Pipeline Development (the Development Proposal) was conducted by the Mackenzie Valley Environmental Impact Review Board (MVEIRB) and, on 3 December 2001 pursuant to subsection 128(2) of the MVRMA, issued the *Report of Environmental Assessment on the Paramount Resources Ltd. Cameron Hills Gathering System and Pipeline Development* (the Report);

AND WHEREAS the Cameron Hills Oil and Gas Development Project is contemplated in the environmental assessment of the Cameron Hills Gathering System and Pipeline Development;

AND WHEREAS the MVEIRB decided, according to subparagraph 128(1)(b)(ii) of the MVRMA, to recommend that an approval of the Development Proposal be subject to certain measures;

AND WHEREAS in accordance with paragraph 131(1)(b) of the MVRMA, after consulting the MVEIRB, the Board, in its letter dated 9 January 2002 adopted the recommendation of the MVEIRB that approval of the Development Proposal be subject to the imposition of measures modified as per the MVEIRB letter dated 8 January 2002;

AND WHEREAS pursuant to subsection 5.1(4) of the Act on 9 January 2002 the Board has, by Order DP-01-2002, approved the application dated 21 November 2001 from Paramount and partner Marathon Canada Limited respecting an Amendment to the Cameron Hills Development Plan for the Cameron Hills Field;

AND WHEREAS the applied-for facilities and pipelines are contemplated by the Amendment to the Development Plan;

AND WHEREAS on 25 January 2002, the Governor in Council has consented to the Board's approval of Part I of the Amendment to the Development Plan and issued Order in Council P.C. 2002-64;

AND WHEREAS the Mackenzie Valley Land and Water Board (MVLWB) on 17 January 2002 issued Land Use Permit MV2000P0055 and Water Licence MV2000L1-0014 for the Development Proposal;

AND WHEREAS pursuant to section 4.1 of the Act, the Board has delegated certain powers to the Chief Conservation Officer, including the power to issue an authorization under paragraph 5(1)(b) of the Act;

AND WHEREAS the Chief Conservation Officer is of the view that it would be in the public interest to grant Paramount's request;

NOW THEREFORE the Chief Conservation Officer, pursuant to paragraph 5(1)(b) of the Act and subject to the terms and conditions outlined below, issues this approval to Paramount in respect of its application;

IT IS ORDERED, pursuant to paragraph 5(1)(b) of the Act, that the Paramount application is approved, and that:

- 1) The Cameron Hills Oil and Gas Development Project facilities and gathering system shall be the property of Paramount and its partner(s), and shall be operated by Paramount;
- 2) Paramount shall cause the Cameron Hills Oil and Gas Development Project facilities and gathering system to be designed, manufactured, located, constructed, and installed in accordance with those specifications, drawings and other design data set forth in the application and the construction scenario outlined information request response number 2.5 unless varied in accordance with condition (3) below;
- 3) Paramount shall cause no variation in the specifications, drawings, other design data, and requirements described in the application to be made without the prior approval of the Chief Conservation Officer;
- 4) Paramount shall implement or cause to be implemented all of the policies, practices, and procedures to mitigate impacts on the environment included in or referred to in its Application for Amendment to the Development Plan, Application for the Construction of the Cameron Hills Oil and Gas Development Project, and subsequent submissions;
- 5) Paramount shall file with the NEB for approval, at least 14 days prior to the commencement of clearing or other construction activities unless otherwise directed by the Chief Conservation Officer, an updated Environmental Protection Plan for the construction and operation of the project, including an updated Environmental Assessment Commitments Table. The Environmental Protection Plan, among other

environmental matters, shall include

- (a) consistent with MVEIRB measure #2, criteria for rutting that have been developed in consultation with the GNWT,
 - (b) consistent with MVEIRB measure #4, a commitment to periodically submit a report comparing the presence and relative abundance of indigenous and non-indigenous species in seeded and unseeded development areas, and
 - (c) consistent with MVEIRB measure #14 as modified on 8 January 2002, mitigative measures resulting from discussions with affected aboriginal communities;
- 6) Paramount shall file with the NEB, at least 7 days prior to the commencement of clearing or other construction activities unless otherwise directed by the Chief Conservation Officer, the qualifications and experience of the Environmental Inspector(s) assigned to the project;
- 7) Paramount shall ensure that a local person hired as an environmental monitor has responsibility for identifying aboriginal heritage resources during the project clearing, ground breaking and trenching activities;
- 8) Paramount shall maintain a file in each construction office containing
 - (a) the Environmental Impact Assessment for the Cameron Hills Gathering System and Facilities Project,
 - (b) the updated Environmental Protection Plan,
 - (c) the updated Environmental Assessment Commitments Table,
 - (d) the Emergency Response Plan, and
 - (e) copies of all applicable permits or authorizations containing environmental conditions;
- 9) Paramount shall file with the NEB, at least 14 days prior to the commencement of reclamation activities unless otherwise directed by the Chief Conservation Officer, its proposed seed mixtures and re-vegetation plan and confirmation that it will be implemented. The plan shall be developed, where appropriate, in consultation with the MVLWB, and Government of the Northwest Territories;
- 10) Paramount shall file with the NEB, at least 14 days prior to the commencement of operation unless otherwise directed by the Chief Conservation Officer, a wildlife monitoring program and confirmation that it will be implemented. The program shall be developed, where appropriate, in consultation with the Government of the Northwest Territories and Environment Canada;

- 11) Within 30 days of the date that the approved facilities are placed in service, Paramount shall file with the NEB a confirmation, by an officer of the company, that the environmental conditions 4 to 10 inclusive were completed in compliance. In the case of non-compliance with any of these conditions, the company shall provide the reasons for non-compliance and any appropriate followup actions;
- 12) Paramount shall file with the NEB
 - (a) prior to construction or as otherwise directed by the Chief Conservation Officer, a baseline environmental noise assessment survey indicating the ambient noise levels in the vicinity of the processing facility and the substation sites,
 - (b) no later than 30 days after commencement of operations, an environmental noise assessment survey indicating the noise levels resulting from equipment operating at the processing facility and substation sites, and
 - (c) a subsequent environmental noise assessment survey in the event of changes to operations or increases in the throughput levels used as a base for the noise survey in (b);
- 13) Paramount shall
 - (a) sample and analyse the gas during drillstem and extended flow testing, and
 - (b) submit to the NEB, Government of the Northwest Territories, and the MVLWB, revised air modelling analysis consistent with the provisions of the Alberta Energy and Utilities Board Guide 60 if the analysis from (a) indicates a composition exceeding 50 moles of H₂S per kilomole of gas;
- 14) Paramount shall file with the NEB, as appropriate
 - (a) within six months after the commencement of operation a report identifying and describing each permafrost location encountered, including depth, extent, terrain, vegetation and mitigation implemented, and
 - (b) on an annual basis for a period of five years following construction, a report containing the results of monitoring at each of the permafrost location that includes slope stability, trench subsidence, evidence of floating pipe, vegetation re-establishment and heat effects to vegetation composition;
- 15) Paramount shall file with the NEB, within six months after the commencement of operation a report on the results of the archaeological/heritage monitoring, including the treatment of any archaeological/heritage site encountered during construction and any consultation with regulatory authorities and any affected First Nation;

- 16) Paramount shall file with the NEB within six months following the completion of construction and on an annual basis for five years following construction, a report
- (a) analyzing in detail the effectiveness of roll-back of slash in limiting unauthorized access along Paramount's right-of-ways,
 - (b) including a plan to be developed in consultation with the appropriate provincial or territorial authorities, containing additional measures to be employed to further limit access along Paramount's right-of-ways where problems have been observed, and
 - (c) describing the results of Paramount's assessment of the establishment of vegetation cover on areas disturbed during construction;
- 17) Paramount shall comply with the requirements of the *Oil and Gas Occupational Safety and Health Regulations* and the *Canada Labour Code Part II* for all construction activity;
- 18) Paramount shall have the "Construction Safety Manual" available on site during construction; and,
- 19) This Order shall expire on 31 December 2002 unless, prior to the expiry date, the Chief Conservation Officer otherwise directs or construction of the Cameron Hills Oil and Gas Development Project facilities and gathering system has commenced.

NATIONAL ENERGY BOARD



T. M. Baker
Chief Conservation Officer