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Facsimile

Mackenzie Valley Environmental Impact Review Board

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Marie Adams, DIAND <i>Mary Tapsell</i>	(867) 669-2701
Ken Weagle, Karl Lauten MVLWB	(867) 873-6610
Kelly Withers, DFO	(867) 669-4941
Iannick Lamirande, NRCan	(613) 995-5719
Terry M. Baker, NEB	(403) 292-5876

Date: January 19th, 2001
From: Joe Acorn, EAO
Pages: 8, including this cover
File: EA00-004 Paramount Cameron Hills Development
Subject: Amendments to Work Plan and Terms of Reference

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From Joe Acorn

MVEIRB
P.O. Box 938
Yellowknife, NT X1A 2N7
Phone (867) 873-9193
Fax (867) 920-4761

Mackenzie Valley Environmental Impact Review Board

Box 938
200 Scotia Centre, (5102-50th Avenue)
Yellowknife, NT X1A 2N7

Our File EA00-004

January 19, 2001

To: Distribution List

**Re: Paramount Resources Ltd.'s Cameron Hills Drilling Project
Amendments to the Final EA Work Plan and Terms of Reference**

Paramount Resources Ltd. has requested that the Review Board consider making amendments to the final Work Plan and Terms of Reference for the Cameron Hills Drilling Project (see the attached Jan.16th letter from Paramount). These amendments would be:

- 1) *Remove references to the completing and testing of the 7 existing wells from both the Work Plan and Terms of Reference.*

The amendments would consist of deleting the fourth bullet in Section 2 of the Work Plan and the second bullet in Section 2.1 of the Terms of Reference.

The Mackenzie Valley Land and Water Board (MVLWB) supports Paramount's position that this work can be completed using existing land use permits and, therefore, references to this work can be removed from the current land use application and environmental assessment (see the attached Jan.17th letter for the MVLWB).

- 2) *Paramount has requested that the 10 possible future wells be put back into the Work Plan and Terms of Reference.*

References to the 10 possible future wells that were in the development descriptions in the draft Work Plan and draft Terms of Reference were removed from the final Work Plan and final Terms of Reference. The final Terms of Reference also stated that these 10 possible future wells were being excluded from the environmental assessment process due to their unknown locations.

Review Board staff will be placing these amendment requests before the Review Board for their consideration on Wednesday January 24th.

Roland Semjanovs	Acting Executive Director	(867) 873-9029
Bridgette Larocque	Finance and Administration Officer	(867) 873-5257
Louie Azzolini	Environmental Assessment Officer	(867) 873-9189
Joe Acorn	Environmental Assessment Officer	(867) 873-9193
Roland Semjanovs	Communications Officer	(867) 873-9636
Fax		(867) 920-4761
URL	WWW.MVEIRB.NT.CA	

If anyone has any opinions or comments on these amendment requests, please forward them to myself by 2:00 p.m. Tuesday January 23rd. These opinions or comments will be placed before the Review Board for their consideration. If you have any questions, please call me at (867) 873-9193.

Sincerely,



Joe Acorn

Environmental Assessment Officer

Attachments: Jan. 5th letter from Paramount
Jan. 16th letter from Paramount
Jan. 17th letter from MVLWB

Roland Semjanovs	Acting Executive Director	(867) 873-9029
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4700 Bankers Hall West, 888 3rd Street SW Calgary, Alberta, Canada T2P 5C5 www.paramountres.com
tel 403 290 3600 fax 403 262 7994

January 5, 2001

Mackenzie Valley Land and Water Board
7th Floor, 4910 - 50 Avenue
Yellowknife, NT
X1A 2P6

Via Fax: 867-873-6610

Attention: Emma Pike, Regulatory Officer

Mackenzie Valley Environmental Impact Review Board
5102 - 50 Avenue
Yellowknife, NT
X1A 2N7

Via Fax: 867-920-4761

Attention: Roland Semjanovs, Acting Executive Director

Dear Madam/Sir:

Re: **Land Use Permit Application MV2000A0041**
Cameron Hills Drilling Project

On August 29, 2000, Paramount submitted the subject application to the Mackenzie Valley Land and Water Board (MVLWB) for review. In consultation with MVLWB staff, and in an effort to streamline Paramount's regulatory applications, we concluded that efficiency could be obtained by applying for one land use permit with a wide scope. To accommodate this new process, the subject land use permit application included access to Paramount's existing wells. On November 20, 2000 the MVLWB referred the subject land use permit application to the Mackenzie Valley Environmental Impact Review Board (MVEIRB) for Environmental Assessment.

It has recently become evident to Paramount that portions of the land use permit originally applied for on August 29th were not, and/or are no longer required. Therefore, we are herein requesting that the portions of the subject land use permit application which refer to access and existing surface leases, as itemized below, be removed from the application before your boards.

- Existing access routes, campsites, and wellsites presently covered under existing Land Use Permit N 1998A0942;
- Existing wellsites covered under Crown Surface Leases A-73, C-50, N-28, B-08, J-37, C-19, A-05, I-74, M-73, C-75, B-25, L-47

To support this request we submit the following reasons:

- 1) Within the Project area, Paramount presently holds thirteen Crown Significant Discovery Licences, nineteen (19) Crown Surface Leases with existing wellbores, and three (3) Crown Production Licences joined by a network of existing access routes. In addition, Paramount has an active Land Use Permit N1998A0942 which includes access to twelve (12) Paramount wellsites in the Project area. With this existing land use permit, we do not require the access applied for in the subject land use permit application.
- 2) A land use permit covering the Crown Surface Leases for existing wellsites is no longer required. Paramount is not planning any modifications to the existing surface leases and therefore no land use permit is required at this time.

The Crown Surface Leases give Paramount the right to flow test existing wells. Paramount intends to access our existing wellsites during January to April 2001 to conduct short-term (approximately 5 to 10 day) flow-tests on wells and/or zones that have not yet been adequately tested. This testing program is required to determine the types of fluids the wells can produce, the pressure and flow-rates of the fluids and/or gas, and other characteristics of the subsurface reservoir. The information from this testing will assist in determining the economic value of these wells and what type, if any, production facilities will be required. These same procedures have been performed on many other wells in the Cameron Hills project area and, as in the past, will be regulated through applications to the National Energy Board (NEB). These applications are well specific and must include wellbore specifications, flow-testing specifications and parameters, equipment specifications and geological and reservoir justification for requiring flow-test data. The NEB determines if flow testing is justified, if the proposed operation follows existing regulations, and if a preliminary environmental screening has been completed. If these criteria are met, it is our understanding that they will then issue an authorization accordingly.

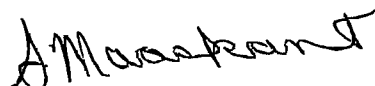
On December 19, 2000 an Environmental Assessment Draft Terms of Reference for the Paramount Resources Ltd. Cameron Hills Drilling Project was published. Contained in this document under Section 2.2, Accessory Developments and Activities, the last bullet states "may require access to any of their other existing wells". Paramount respectfully requests that this item be removed from the scope of the project.

In conclusion, Paramount is requesting that the items as specified above be removed from the land use permit application and consequently, the Environmental Assessment. In addition, reference to existing wellsites should be removed from the project description within the Terms of Reference for the Environmental Assessment of the subject application. Your earliest

attention to this request would be greatly appreciated as the operating timeline in the Cameron Hills is extremely short and the acquisition of reservoir information is critical to Paramount's future in the area. Please do not hesitate to contact Shirley Maaskant at (403) 290-3618 if you require additional information to process this request. Thank you for your continued assistance.

Yours truly,

PARAMOUNT RESOURCES LTD.



Shirley Maaskant
Regulatory & Community Affairs Coordinator

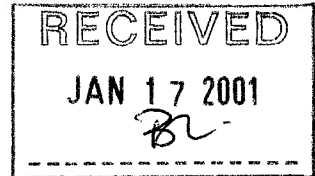
CC: NEB, Terry Baker, Chief Conservation Officer



4700 Bankers Hall West, 888 3rd Street SW Calgary, Alberta, Canada T2P 5C5 www.paramountres.com
tel 403 290 3600 fax 403 262 7994

January 16, 2001

Mackenzie Valley Environmental Impact Review Board
5102 - 50 Avenue
Yellowknife, NT
X1A 2N7



Via Fax: 867-920-4761

Attention: Joe Acorn, Environmental Assessment Officer

Dear Sir:

**Re: Land Use Permit Application MV2000A0041
Cameron Hills Drilling Project**

This letter is a follow-up to our January 5 letter to you and our recent telephone conversations. Paramount is requesting that the Mackenzie Valley Environmental Impact Review Board (MVEIRB) remove references to Paramount completing and testing the 7 existing wells from the Cameron Hills EA Work Plan and Terms of Reference. Specifically, the fourth bullet in Section 2 of the Work Plan and the second bullet in Section 2.1 of the Terms of Reference.

In addition, Paramount is requesting that the MVEIRB include the possible 10 future wells in the Cameron Hills EA Work Plan and Terms of Reference.

Please do not hesitate to contact Shirley Maaskant at (403) 290-3618 if you require additional information to process this request. Thank you for your continued assistance.

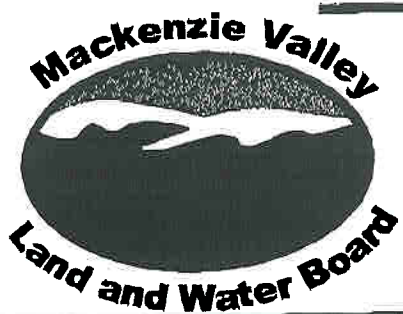
Yours truly,

PARAMOUNT RESOURCES LTD.

A handwritten signature in cursive script, appearing to read "S. Maaskant".

Shirley Maaskant
Regulatory & Community Affairs Coordinator

CC: NEB, Terry Baker, Chief Conservation Officer



Mackenzie Valley Land and Water Board
7th Floor - 4910 50th Avenue
P.O. Box 2130
YELLOWKNIFE NT X1A 2P6
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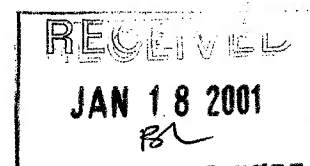
January 17, 2001

File: MV2000A0041
MV2000L1-0009

Mr. Roland Semjanovs
Acting Executive Director
Mackenzie Valley Environmental Impact Review Board
Box 938
YELLOWKNIFE NT X1A 2N7

Fax (867) 920-4761

Paramount Resources Ltd.
MV2000A0041
MV2000L1-0009
Oil and Gas Exploration, Cameron Hills Area NT



On January 5, 2001, Paramount Resources submitted a letter to the ~~Mackenzie Valley Land and Water Board~~ and to the Mackenzie Valley Environmental Impact Review Board to withdraw seven (7) existing wells from the above proposed development. These wells are covered under existing Land Use Permits and therefore are not required to be included as part of the above Land Use Permit application.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Melody J. McLeod".

Melody J. McLeod
Interim Chair

Copied to: Terry Baker, Chief Conservation Officer, NEB, Calgary
Dan Elliott, South Mackenzie District, DIAND, Yellowknife
Shirley Maaskant, Paramount Resources Ltd., Calgary
Janpeter Lennie-Misgeld, MVLWB