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October 18, 2000

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Your file - Votre référence

Our file - Notre référence

Mackenzie Valley Land and Water Board
Box 2130
YELLOWKNIFE, NT X1A 2P6

**Mackenzie Valley Land
& Water Board**

File

OCT 19 2000

ATTENTION: Janpeter Lennie-Misgeld

Application # MV2000A0041

Dear Mr. Lennie-Misgeld:

Copied To KLIPM/Reg

Re: LUP App. MV2000A0041-Paramount Resources - Cameron Hills

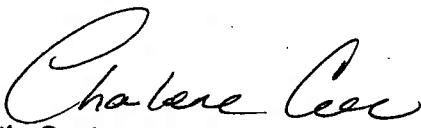
On behalf of DIAND, the above mentioned land use permit application for Paramount Resources Ltd. has been reviewed. Attached for your consideration are our inspectors' recommended land use operating conditions and narrative for this proposed operation.

Comments received from Land Administration indicate that applicant holds Federal Crown Land Leases on all existing well sites listed on page 4 of the project description, with the exception of I-16. As applicant indicates their right under Sec. 18 a(ii) of the MVLUR, the right to search for Oil and Gas would fall under any regulatory approvals granted by the NEB.

As a water licence was also applied for under this proposed project, Water Resources will be addressing any water related concerns through the water licence.

Should you have any questions or concerns please contact Ms. Charlene Coe at 669-2762.

Yours truly,


For **Craig Broome**
Acting District Manager
South Mackenzie District

cc: RMO, Hay River
Land Administration
Water Resources

COE/

Canada



From: Sandra Bradbury
To: Charlene Coe
Date: 9/28/00 9:32AM
Subject: Paramount MV2000A0041

Your file - Votre référence

There are no concerns on this application Paramount have existing well site leases for all listed on page 4 of thier Project description, except well site I-16 .

In any case they indicate their eligibility under section 18 a(ii) where they have a right to drill. The MVL & WB should contact the NEB to see if they have issued a right for them to drill in these areas.



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MV2000A0041

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Page

From: Brian Collins
To: Charlene Coe
Date: 9/21/00 4:03PM
Subject: Re: Land Use Permit App MV2000A0041

Your file - Votre référence

Our file - Notre référence

Sorry, Char. Got sidetracked.

We have not yet received the water licence application package, but Meighan was speaking with Emma Pike today and it appears that the application is en route.

We do not have, nor do we expect to receive, the land use application package.

Brian

>>> Charlene Coe 09/21/00 03:48pm >>>
Brian could you please verify as to whether or not you rec'd the land use application for Paramount Resources from the MVLWB. Application is for 9 new wells (access roads, 6 camps, borrow pit and sumps) in the Cameron Hills area. They also applied for a water licence (MV2000LI-0009). Please let me know if you received the full package (water licence as well as land use permit application). If you have, then there is no need to send you another. Thanks

char

Canada

FAX

*Department of Indian Affairs & Northern Development
Hay River Subdistrict
South Mackenzie District*

TO:

FROM:

Char

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

Date: *October 18, 2000*

Number of Pages, including cover = *7*

REGARDING:

Land Use Permit Application MV2000A0041, Paramount Resources, Cameron Hills

Attached are my comments and recommended land use permit conditions.

LAND USE PERMIT APPLICATION
HAY RIVER SUB-DISTRICT COMMENTS & RECOMMENDATIONS

TO:

**Regulatory Officer
South Slave / Deh Cho
Mackenzie Valley Land & Water
Board
7th Floor - 4910 50th Ave.
Yellowknife, NT, X1A 2P6
Ph: (867)669-0506
Fax: (867)873-6610**

FROM:

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

Land Use Application #: MV2000A0041

Date: October 17/00

Applicant: Paramount Resources

Location: Cameron Hills

Type of Operation: Oil and Gas Exploration (winter access; 9 new wellsites; completing & testing 7 existing wells; flow testing; 2 remote sumps; 1 quarry site; 6 campsites)

Pre-inspection conducted: Yes: No:

Comments resulting from pre-inspection:

Oct 13: Accompanied Paramount representative, Mickey Kelley, via helicopter for a flight of the area of proposed activity. Two members of the MVLWB, (Peter Lennie-Missgeld & Emma Pike), were on board. Mr. Kelley pointed out the locations of the proposed wellsites for this application plus flew along the proposed pipeline access that may be applied for later. I am very familiar with the Cameron Hills area and the flight did not identify any environmental concerns that I was not already aware of.

Explanation for not conducting a pre-inspection:

Recommendations:

I recommend that the land use permit be issued as applied for and that the following permit conditions be included in the permit.

PERMIT CONDITIONS RECOMMENDED

31 (1) (a) - Location and Area

1.1 The Permittee shall not conduct this land use operation on any lands not designated in the accepted application, unless otherwise authorized in writing by the Engineer.

PLANS

1.7 The Permittee shall remove from Territorial Lands, all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building material prior to the expiry date of the land use permit.

REMOVE
WASTE
MATERIAL

The Permittee shall, accompanied by a Land Use Inspector, conduct a joint inspection of the selected wellsites, campsites, remote sumps and quarry sites prior to any clearing or use of the sites taking place.

INSPECT LOCATIONS:

31 (1) (b) - Time

- | | | |
|------|---|--------------------------|
| 2.1 | The Permittee's Field Supervisor shall contact or meet with a Land Use Inspector at the Hay River office of the Department of Indian Affairs and Northern Development, Phone Number (874-6993), at least 48 hours prior to the commencement of this land use operation. | CONTACT INSPECTOR |
| 2.2 | The Permittee shall advise a Land Use Inspector at least 10 days prior to the completion of the land use operation of (a) his plan for removal or storage of equipment and materials, and (b) when final clean-up and restoration of the lands used will be completed. | REPORTS BEFORE REMOVAL |
| 2.3 | The Permittee shall contact the Land Use Inspector, weekly by phone, with a progress report during this land use operation. | PROGRESS REPORT |
| 2.4 | The Permittee shall notify a Land Use Inspector at least 5 days prior to backfilling any sump. | BACKFILLING NOTIFICATION |
| 2.6 | The Permittee shall not conduct any over-land movement of equipment and vehicles after 0800 hours local time on April 1 unless otherwise authorized in writing by a Land Use Inspector. | SHUTDOWN DATE |
| 2.9 | The Engineer for the purpose of this operation designates April 1, as spring break-up. | SPRING BREAK-UP |
| 2.16 | The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of this permit. | CLEAN-UP * |
| | The Permittee shall, prior to spring break-up, complete all clean-up, sump closures, snow fill removals, ice bridge removals, brush and timber disposal, erosion control activities and all other restoration required by conditions of this Land Use Permit or ordered in writing by a Land Use Inspector. | RESTORATION * |

31 (1) (c) - Equipment

- | | | |
|-----|---|----------------|
| 3.3 | The Permittee shall use a forced-air fuel-fired incinerator to incinerate all combustible garbage and debris. | INCINERATORS * |
|-----|---|----------------|

3.5 The Permittee shall keep all garbage and debris in a covered metal container until disposed of.

GARBAGE
CONTAINERS

31 (1) (d) - Methods and Techniques

The Permittee shall strip the overburden from borrow pit & remote sump sites prior to excavation of material. The overburden is to be stockpiled or windrowed outside of the work area in a manner that will facilitate future spreading of the material back over the sites at the end of the operation.

DISPOSAL
OF
OVERBURDEN

The Permittee shall place the overburden over the disturbed portions of the borrow pits & remote sumps at the end of the operation or when directed to do so by the Land Use Inspector.

PLACE
OVERBURDEN

4.9 The Permittee shall slope the sides of excavations and embankments, except in solid rock, to a horizontal/vertical ratio of 2:1 unless otherwise authorized in writing by the Land Use Inspector.

EXCAVATIONS
AND
EMBANKMENTS

31 (1) (e) - Type, Location, Capacity and Operation of Facilities

5.2 The Permittee shall maintain all drill wastes at least 1.2 metres below the lowest elevation of contiguous surrounding ground surface at all times.

SUMPS
FREEBOARD

The Permittee shall, using a backhoe, restore all sumps by mixing the sump fluid with excavated material until it is solid enough to support the weight of the backhoe. A cap of excavated material will then be placed over the sump. This cap shall extend a minimum of two (2) metres above the contiguous surrounding ground surface and overlap the edges of the sump by a minimum of two (2) meters.

SUMP
RESTORATION

31 (1) (f) - Control or Prevention of Flooding, Erosion and Subsidence of Land

6.2 The Permittee shall remove any obstruction to natural drainage caused by any part of this land use operation.

NATURAL
DRAINAGE

6.3 The Permittee shall not cut any stream bank unless authorized in writing by a Land Use Inspector.

STREAM
BANKS

6.4 The Permittee shall not use any material other than water in the construction of ice bridges

ICE
BRIDGE
MATERIAL

The Permittee shall not use any material other than snow in the construction of snow fills.

SNOW
FILLS

6.11 The Permittee shall construct berms & /or ditches across the right-of-way at intervals of not more than thirty (30) metres on slopes exceeding five per cent (5%) prior to the commencement of spring break-up or the expiry date of this Permit, whichever occurs first.

EROSION
CONTROL
RIGHTS-OF-
WAY

The Permittee shall construct diversion ditches around the upslope side of sites which have been cleared to mineral soil.

DYKES/
DIVERSION

6.18 The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs.

SUSPEND
OVERLAND *
TRAVEL

The Permittee shall establish vegetation on all areas stripped to mineral soil during this land use operation to a minimum of seventy (70) per cent ground cover unless otherwise authorized in writing by a Land Use Inspector. This vegetation shall consist of a forestry mix grass seed and will be accompanied by the appropriate fertilizer.

REVEGETATE *
STRIPPED
AREA

31 (1) (g) - Use, Storage, Handling and Disposal of Chemical or Toxic Material

7.1 The Permittee shall not use chemicals in connection with the land use operation without the prior approval of the Engineer.

APPROVAL
OF
CHEMICALS

7.3 The Permittee shall deposit all sewage into a sump.

SEWAGE
DISPOSAL

7.6 The Permittee shall deposit all drill waste into a sump.

DRILL
WASTE

The Permittee shall supply to the Land Use Inspector prior to rig removal a list of mud components used during the drilling operation.

MUD
COMPONENTS

7.10 The Permittee shall remove all noncombustible garbage and debris from the land use area.

REMOVE
GARBAGE

7.12 The Permittee shall dispose of all combustible waste petroleum products by incineration or removal.

WASTE
PETROLEUM
DISPOSAL

7.14 The Permittee shall dispose of all fluids used to wash machinery and equipment in a sump unless otherwise authorized in writing by a Land Use Inspector.

RIG
WASH
DISPOSAL

7.15 The Permittee shall report all spills immediately in accordance with instructions contained in "Spill Report" form N.W.T. 1752-0593. Twenty four (24) hour spill report line (403)920-8130.

REPORT
CHEMICAL
AND
PETROLEUM
SPILLS

31 (1) (h) - Wildlife and Fisheries Habitat

- 8.1 The Permittee shall not unnecessarily damage wildlife habitat in conducting this land use operation. HABITAT DAMAGE
- 8.3 The Permittee shall not obstruct the movement of fish while conducting this land use operation. FREE FISH MOVEMENT

31 (l) (k) - Petroleum Fuel Storage

- 11.2 The Permittee shall not place any petroleum fuel storage containers within twelve (12) metres of the normal high water mark of any stream. FUEL BY STREAM
- 11.4 The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies. FUEL CONTAINMENT
- 11.6 The Permittee shall construct a dyke around each stationary fuel container or group of stationary fuel containers where any one container has a capacity exceeding 4,000 litres. DYKE FUEL CONTAINERS
- 11.8 The volume of the dyked area shall be 10% greater than the capacity of the largest fuel container placed therein. CAPACITY
- 11.9 The Permittee shall ensure that the dyke and the area enclosed by the dyke shall be impermeable to petroleum products at all times. IMPERMEABLE DYKE

31 (1) (l) - Debris and Brush Disposal

- The Permittee shall dispose of all debris and brush along access roads by:
 (a) windrowing the debris and brush to the side of the line, 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) meters. ACCESS BRUSH DISPOSAL
- 12.2 The Permittee shall make the windrow of brush and debris lie flat and compact by:
 (a) bucking the material into suitable lengths and lopping the branches from the stem, and/or
 (b) crushing with heavy machinery in order to compact the material. BRUSH DISPOSAL
- The Permittee shall dispose of all brush and debris from the wellsites, campsites, remote sumps & borrow pit sites by windrowing it to the side of the clearing. The windrow shall be made to lie flat by crushing it with heavy equipment. The windrow shall be placed separate from standing timber by a minimum of three (3) meters. WELLSITE BRUSH DISPOSAL

12.11 The Permittee shall spread all cut debris and brush over the wellsites, campsites, remote sumps & borrow pit sites prior to completion of the operation or expiry of the land use permit if access on these sites is not required in the foreseeable future.

SPREAD
BRUSH

31 (1) (m) - Matters Not Inconsistent with the Regulations

13.7 The Permittee shall provide in writing to the Engineer, 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;
(c) all the indirect methods for contacting the above person(s).

IDENTIFY
AGENT

13.9 The Permittee shall, while preparing the access road, make every effort to avoid covering or destroying traps or snares that may be found along these routes.

TRAPS
PROTECTION

13.10 The Permittee shall restore any trails used by trappers or hunters along access routes 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