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December 17, 2004

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

Attention: **Mary Tapsell, Manager of Environmental Impact Assessment**

Dear Madam

Re: **NEB Consult to Modify
Paramount Cameron Hills Extension EA03-005**

Paramount Resources Ltd. ("Paramount") is responding to the Mackenzie Valley Environmental Impact Review Board's ("MVEIRB") December 6, 2004 letter which solicits comments on the National Energy Board's ("NEB") proposed modifications.

Paramount is satisfied that adequate opportunity was provided by the NEB for Paramount to participate in the NEB consult to modify process; therefore, Paramount has no additional comments with respect to the NEB's proposed modifications.

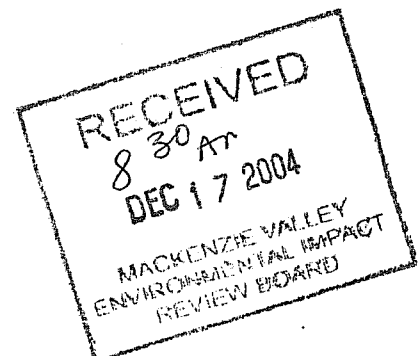
With respect to the recent correspondence dated December 13, 2004 from counsel for the KTFN to the Chief Conservation Officer at the National Energy Board, Paramount wishes to state its position that there is no basis for withdrawal or reconsideration of the proposed modifications in either the *Haida Nation* or the *Taku River* decisions of the Supreme Court of Canada. Those decisions clearly state that the Crown needs to consult potentially affected aboriginal groups, but that consultation does not amount to a veto if all of the aboriginal group's demands are not satisfied. The KTFN has had extensive opportunity to make submissions as to its concerns and the impacts that it believes that the project will have to the MVEIRB, as well as to the NEB, in the context of this Consult to Modify. There has already been adequate consultation of the KTFN in these proceedings. As a result, Paramount is strongly opposed to the withdrawal of the proposed NEB modifications or any further delay in this regulatory process. It must move forward so that Paramount can take advantage of this winter drilling season.

Yours truly,
PARAMOUNT RESOURCES LTD.

A handwritten signature in black ink, appearing to read "S Maaskant".

Shirley Maaskant
Regulatory & Community Affairs Coordinator

CC: David Livingstone, INAC
T.M. Baker, NEB





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Attention: Mary Tapsell, Manager of Environmental Impact Assessment

Dear Madam

**Re: Consult to Modify
Paramount Cameron Hills Extension EA03-005**

Paramount Resources Ltd. ("Paramount") is responding to the Mackenzie Valley Environmental Impact Review Board's ("MVEIRB") November 29, 2004 letter which solicits comments on the Responsible Ministers' proposed modifications. Paramount is submitting the response by repeating only those Recommended Measures that have Suggested modifications, followed by Paramount's response to that Suggested modification.

Recommended Measure 7

Suggested modification: Remove

Response: Paramount has no comment on this modification

Recommended Measure 11

Suggested modification: The Review Board recommends that the Department of Fisheries and Oceans conduct regular site visits to the Cameron Hills to inspect for, and determine if any impacts to fish or fish habitat have occurred. Reports of these inspections, if not related to an investigation, must be made publicly available via DFO and also be sent directly to Ka'a'Gee Tu First Nation, in a plain language version.

Response: Paramount supports the suggested modification.

Recommended Measure 12

Suggested modification: The Review Board recommends that RWED will, within the next six months, initiate the formation of a Deh Cho Boreal Caribou Working Group (DCBCWB). RWED shall lead

the DCBCWG in the development of a Boreal Caribou Management Plan for boreal caribou populations in the southern Deh Cho (south of the Mackenzie River and east of the Liard River) within 18 months. In developing the Boreal Caribou Management Plan, RWED shall ensure that the DCBCWG considers, among other things: habitat identification, range plan development, thresholds, monitoring systems, adaptive mitigation, research programs and cumulative effects models. RWED shall also coordinate the DCBCWG's activities with similar working groups in Alberta and British Columbia; and operate within the framework of recovery planning for Boreal Caribou in the NWT, and develop a Boreal Caribou Management Plan specifically for the Cameron Hills area. RWED shall provide applicable thresholds for the Project to the MVLWB over time based on the outcomes of future research and natural changes to the boreal caribou habitat.

Response: Paramount suggests the following modification:

The Review Board recommends that RWED will, within the next six months, initiate the formation of a ~~Deh Cho~~ Boreal Caribou Working Group (~~DCBCWG~~) **inviting participation by industrial members.** RWED shall lead the ~~DCBCWG~~ in the development of a Boreal Caribou Management Plan for boreal caribou populations in the ~~southern Deh Cho (south of the Mackenzie River and east of the Liard River)~~ **Northwest Territories** within 18 months. In developing the Boreal Caribou Management Plan, RWED shall ensure that the ~~DCBCWG~~ considers, among other things: habitat identification, **caribou location data, range data, population data,** range plan development, thresholds, monitoring systems, adaptive mitigation, research programs and cumulative effects models. RWED shall also coordinate the ~~DCBCWG~~'s activities with **all other RWED boreal caribou initiatives** and similar working groups in Alberta and British Columbia; and operate within the framework of recovery planning for Boreal Caribou in the NWT, and ~~develop a Boreal Caribou Management Plan specifically for the Cameron Hills area.~~ RWED shall provide applicable **caribou protection strategies** ~~thresholds~~ for the Project to the MVLWB over time based on the outcomes of future research and natural changes to the boreal caribou habitat.

The above modifications are suggested, based on Paramount's concerns that scientifically defensible thresholds for boreal caribou have not yet been determined. Further, Paramount feels that any initiative related to this wide-ranging species should be focused on the overall protection of boreal caribou within the NWT which is expected to be accomplished through the development and implementation of the Boreal Caribou Management Plan.

Recommended Measure 13

Suggested Modification:

The MVLWB shall include conditions in its authorizations for this project that will ensure boreal caribou do not experience significant disturbance as a result of Project activities. As part of this, the MVLWB should define a geographic area for the project area based on an ecologic classification system developed by the GNWT. The MVLWB should also consider the applicability of targets for habitat disturbance. Such conditions shall be reviewed annually and adjusted as necessary based on the best available scientific information, other advice and project area information including Paramount reports and plans (see below).

Paramount shall submit an annual report to the MVLWB detailing disturbance to boreal caribou habitat resulting from past Project activities and the state of regrowth of disturbances. The annual report shall be similar to proponent reports done in other jurisdictions such as British Columbia or Alberta. Paramount shall also include its plans that may affect boreal caribou habitat for the upcoming year.

Response: Paramount suggests the following modification:

The MVLWB shall include conditions in its authorizations for this project that will ~~ensure boreal caribou do not experience significant disturbance as a result of~~ **minimize the potential for disturbance to boreal caribou resulting from Project activities in accordance with the Northwest Territory Boreal Caribou Management Plan.** As part of this, the MVLWB should define a geographic area for the project based on an ecological classification system, developed by the GNWT. The MVLWB should also consider the applicability of targets for habitat disturbance. Such conditions shall be reviewed annually and adjusted as necessary, based on the best available scientific information, other advice and project area information including Paramount reports and plans (see below).

Paramount shall submit ~~an annual~~ a report to the MVLWB detailing ~~disturbances to boreal caribou habitat resulting from past Project activities and the state of regrowth of disturbances~~ **the results of their study related to vegetation regeneration on seismic lines, within six months of completion of the report.** ~~The annual report shall be similar to proponent reports done in other jurisdictions such as British Columbia or Alberta. Paramount shall also include its plans that may affect boreal caribou habitat for the upcoming year.~~

The above modifications are suggested based on Paramount's concern over the uncertainties related to predicting significance as it relates to disturbance to caribou. Researchers are currently trying to determine what is actually causing the decline in some caribou populations, and until more is known, Paramount feels that the first sentence is premature. Paramount has committed to undertaking a study that will examine the regeneration of vegetation on seismic lines to help develop trend data. This report would be provided to RWED. Paramount feels that yearly vegetation measurements would not be appropriate, considering the slow plant growth rates evidenced by previous monitoring programs completed by Paramount in the Cameron Hills.

Recommended Measure 15

Suggested modification: Remove

Response: Paramount supports the suggested modification

Recommended Measure 16

Suggested modification: Remove

Response: Paramount supports the suggested modification

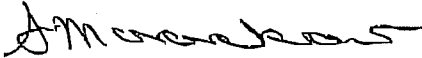
In general, Paramount supports the Responsible Minister's modifications with the clarifications indicated. Paramount believes that these modifications are appropriate and represent a reasonable balancing of the interests in question, which is the role of both the MVEIRB and the Responsible Minister.

With respect to the recent correspondence dated December 13, 2004 from counsel for the KTFN to the Minister of Indian Affairs and Northern Development, Paramount wishes to state its position that there is no basis for withdrawal or reconsideration of the proposed modifications in either the *Haida Nation* or the *Taku River* decisions of the Supreme Court of Canada. Those decisions clearly state that the Crown needs to consult potentially affected aboriginal groups, but that consultation does not amount to a veto if all of the aboriginal group's demands are not satisfied. The KTFN has had extensive opportunity to

make submissions as to its concerns and the impacts that it believes that the project will have to the MVEIRB, as well as to INAC, in the context of this Consult to Modify. There has already been adequate consultation of the KTFN in this regulatory process. As a result, Paramount is strongly opposed to the withdrawal of the proposed INAC modifications or any further delay in this proceeding. It must move forward so that Paramount can take advantage of this winter drilling season.

Paramount wishes to thank the MVEIRB for the opportunity to provide these comments.

Yours truly,
PARAMOUNT RESOURCES LTD.



Shirley Maaskant
Regulatory & Community Affairs Coordinator

CC: David Livingstone, INAC
T.M. Baker, NEB