

April 27, 2001

To Interested Stakeholders

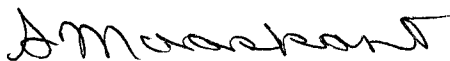
Dear Sir or Madam:

As a part of our ongoing commitment to inform all stakeholders of our progress on the Paramount Resources Ltd. Cameron Hills Project, we have enclosed a Project Update outlining the present status on the Project.

As always, if you require additional information, please do not hesitate to contact Shirley Maaskant at (403) 290-3618.

Yours truly,

PARAMOUNT RESOURCES LTD.



Shirley Maaskant
Regulatory & Community Affairs Coordinator

Encl:



Paramount
resources ltd.

UPDATE April 27, 2001 CAMERON HILLS PROJECTS

This past winter season, Paramount Resources Ltd. had proposed to conduct seismic, flow test and drill 2 or more wells on or near Paramount's Significant Discovery Licences in the Cameron Hills area. Depending on economics, Paramount would have also constructed the necessary facilities and pipeline infrastructure to tie-in the oil and gas wells. Paramount did not receive the necessary regulatory approvals to facilitate sections of this project, therefore, drilling and seismic did not proceed as planned and the facilities and pipeline infrastructure project was postponed. Six existing wells were accessed and five of those were flow tested. Public information sessions, environmental studies and landowner notifications were conducted. Paramount will continue to inform all stakeholders of our progress on the various aspects of the Projects.

PROJECT	STATUS
Seismic	
• Land Use Permit	Appl Accepted Dec 7/00, Approved Feb 5/01
• NEB Authorization	Application under review
• Oil Benefit Plan Update (Approval not required)	Submitted August 23/00
Drilling/Testing	
Winter Access in Alberta	Received
Drill & Flow Test 2 or More Wells	
• Land Use Permit - New Wells	Application accepted September 11/00 Referred to Environmental Assessment November 9, 2000
• Water Licence - New Wells	Application accepted September 11/00 Referred to Environmental Assessment November 9, 2000
• Land Use Permit Amendment - Existing Access	Submitted Nov 14/00, Approved Dec 15/00
• NEB Authorizations (Existing Wells)	7 Applications submitted and Approved
• Oil Benefit Plan Update (Approval not required)	Submitted August 23/00
• Benefit Plan (Gas)	Submitted Oct 5/00, Approved Feb 15/01
Gathering System, Battery & Pipeline	
• Commercial Discovery Declaration (Gas)	Submitted Aug 14/00, Approved Jan 11/01
• Oil Development Plan	Approved Jan 16/92
• Oil Development Plan Addendum for Gas	Submitted November 16/00
• Oil Benefit Plan Update (Approval not required)	Submitted August 23/00
• Benefit Plan (Development Plan Gas Addendum)	Submitted March 30/01
• Land Use Permit & Water Licence	Submitted Oct10/00, Withdrawn Nov 14/00 Re-submitted April 20/01
• COGOA Application (Gathering & Battery)	To be submitted
• Preliminary Scoping (NEB)	Submitted July 28/Withdrawn Sept 21/00
• Pipeline Application (NEB Act)	To be submitted

CONTRACTS - UPCOMING & AWARDED

Where possible, Paramount encourages northern/local contractors to bid for ALL projects

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SEISMIC - PROPOSED	AWARDED	ABORIGINAL COMPONENT
Seismic acquisition company		
• Heavy equipment contractor		
• Cat push		
• Camp & catering supplier	Postponed, waiting on testing results	
• Fuel supply depot		
• Surveyors		
• Line cutting & slashing crews		
• Recording crew helpers		
• Vibrator operators		
DRILLING		
Survey company	McElhanney Land Surveys Greg Boggs (780) 451-3420	
Drilling rig contractor		
Service rig contractor		
Heavy equipment contractor		
Camp & catering supplier		
Fuel supply depot		
Fork lift		
Wellsite shacks	In Environmental Assessment, deferred	
Water trucks		
Vacuum trucks		
Drilling tools		
Wellbore cement		
Drilling mud		
Coring		
Wellbore logging		
Tubulars		
Well testing equipment - surface		
Production Equipment		
FLOW TESTING EXISTING WELLS		
Service rig contractor	Bonus Rig 152	
Heavy equipment contractor	Dene Construction Carter	
Catering supplier	Travers	35% labor content
Fuel supply depot	Esso, High Level	
Wireline	Computalog	
Well testing equipment - surface	Solid	

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BATTERY & PIPELINE		
Surveying	Universal	None
Slashing	Dene Oilfield Rental & Dene Tha'	100%
Environmental Assessment	Western Oilfield Environmental/Golder Associates Margaret Mears (403) 266-3286	TK Study advisor
Pipeline contractor	TBA approx Dec 2000	
Radiographer	TBA approx Jan 2001	
Instrumentation contractor	TBA approx Jan 2001	
Mechanical contractor	TBA approx Jan 2001	
Electrical contractor	TBA approx Jan 2001	
Clearing contractor	Subcontract to Pipeline Contractor	Deferred to Winter
Process equipment	TBA approx Dec 2000	2001/02
Inlet separators, line heaters	TBA approx Dec 2000	
Dehydrator	TBA approx Dec 2000	
Generators	TBA approx Dec 2000	
Gas Compression	TBA approx Dec 2000	
Instrument Air	Stock	
Pipe	Stock	
Valves	Stock	
Tanks	TBA approx Dec 2000	
Water distillers for camp		
Garages & snow roofs		
Pumps		
Transfer pumps		
Precast pads	TBA approx Dec 2000	
Flare stacks	TBA approx Dec 2000	
Incinerators	TBA approx Dec 2000	
Pipeline shrink sleeves	Stock	
Living Quarters	Stock	

For more information regarding these contracts please contact:

Brian Kallweit, Manager, Geophysics (403) 290-3637
 Phil Christie, Manager, Drilling (403) 290-3617
 Neil Kelly, Manager, Engineering & Construction (403) 290-3678