



7th Floor - 4922 48th Street
PO Box 2130, Yellowknife NT X1A 2P6

Tel: 867-669-0506 Fax: 867-873-6610
www.mvlwb.com

July 28, 2021

File: MV2021L1-0006

Terence Hughes, Regulatory and Community Affairs Advisor
Paramount Resources Limited
Suite 2800, 421 - 7th Avenue SW
Calgary AB T2P 4K9

Sent by email

Dear Terence Hughes:

Re: Paramount Resources Limited – Issuance Package – Water Licence MV2021L1-0006 – Oil and Gas Activity – Fort Liard South, NT

The Mackenzie Valley Land and Water Board (Board) met on July 22, 2021 and considered the Application Package from Paramount Resources Limited (Paramount) for Water Licence (Licence) MV2021L1-0006 for the Fort Liard South Project (Project) in accordance with the *Waters Act*.

The Board has approved Water Licence MV2021L1-0006 (attached) for a term of seven years, effective July 28, 2021, and expiring July 27, 2028. The Licence is supported by the Board's Reasons for Decision. These documents are posted to the Board's Public Registry.¹

Preliminary Screening Exemption Confirmation

Based on the evidence provided, the Board has also confirmed that the Application is exempt from preliminary screening as per Schedule 1, Paragraph 2.1 of the Exemption List Regulations of the MVRMA which states:

A development, or part thereof, for which a permit, licence or authorization is requested that

- a) was part of a development that fulfilled the requirements of the environmental assessment process established by the Mackenzie Valley Resource Management Act; and
- b) has not been modified since the development referred to in paragraph (a) fulfilled the requirements of the environmental assessment process established by the Mackenzie Valley Resource Management Act.

¹ See MVLWB Online Registry www.mvlwb.com for [MV2021L1-0006](#)

Security Deposit

A security deposit is required prior to the commencement of Project activities, as per Part C, Condition 1, POST SECURITY DEPOSIT and Schedule \$100,000 of the Licence. The security deposit is **payable to the Government of the Northwest Territories (GNWT)** and should be submitted to the following individual, to whom questions regarding security should also be directed:

Nathen Richea, Director, Water Resources
GNWT-Environment and Natural Resources (ENR)
Box 1320
Yellowknife NT X1A 2L4

Water Use Fees

Water use fees in the amount of \$260 are required to be paid annually to the **Government of the Northwest Territories** by the date set out Part D, Condition 6, WATER USE FEE. Water use fees for the period of July 22, 2021 through to July 21, 2022, were received with the Application;² no additional fees are required for this period.

Management Plans – Revisions and Resubmission Required

The Board approved the following Plans on an interim basis, the plans must be revised to include all changes detailed in the Reasons for Decision and submitted by the dates outlined in the following table. The revised Plans will be considered approved upon written confirmation of conformity from Board staff. The Permittee may not commence Project activities until the Plans are approved.

Condition Number and Title	Title of Plan (Version)	Version and Date Revision Due
Part B, Condition 19, ENGAGEMENT PLAN – REVISED	Engagement Plan (V1) ³	V1.1; minimum of 45 days prior to commencement of project activities
Part H, Condition 3, SPILL CONTINGENCY PLAN – REVISED	Spill Contingency Plan (V1) ⁴	V1.1; minimum of 45 days prior to commencement of project activities

Management Plans – Not Approved

The Board did not approve the Waste Management Plan⁵ submitted with the Application Package as explained in the Reasons for Decision. The Board requires the Waste Management Plan, Version 2, be submitted, for decision, **60 days prior to commencement of project activities** as per Part F, Condition 3, Waste Management Plan – REVISED. The Licensee may not commence Project activities until the Plan is

² See MVLWB Online Registry for [MV2021L1-0006 - Paramount - Liard South - 2021 Water Use Fee - Mar 22 21.pdf \(mvlwb.ca\)](#).

³ See MVLWB Online Registry for [MV2021L1-0006 - Paramount - Liard South - Engagement Plan - June 4 21.pdf \(mvlwb.ca\)](#).

⁴ See MVLWB Online Registry for [MV2021L1-0006 - Paramount - Liard South - Spill Contingency Plan March, 2021 \(mvlwb.ca\)](#).

⁵ See MVLWB Online Registry for [MV2021L1-0006 - Paramount - Liard South - Waste Management Plan - Mar 12 21.pdf \(mvlwb.ca\)](#).

approved. The attached table lists the critical items to be addressed in the revised waste management plan.

Inspectors

The Inspectors referred to in the Licence can be contacted at the regional GNWT-ENR offices.⁶

Licence Processes and Additional Information

Sections 5 and 6 of the Board's *Guide to the Water Licensing Process*⁷ (Guide) contain detailed information on licence enforcement and potential post-issuance processes, such as amendments to conditions, and assignment to another company. Please be familiar with these sections of the Guide and reach out to Board staff with any questions about Board processes related to the Licence.

Full cooperation of Paramount is anticipated and appreciated. Please contact Sean Joseph at (867) 444 - 8463 with any questions or concerns regarding this letter.

Yours sincerely,



Mavis Cli-Michaud
Chair, Mackenzie Valley Land and Water Board

BCC'd to: Dehcho ORS Distribution List
Kyle Christiansen – Inspector, GNWT-ENR
Nathan Richea – Director, Water Resources, GNWT-ENR

Attached: Water Licence MV2021L-10006file number
Reasons for Decision
Table 1: Items to address in Waste Management Plan

⁶ See GNWT-ENR Regional Offices webpage (<https://www.enr.gov.nt.ca/en/regional-offices>) for regional contact information.

⁷ See MVWB Policies and Guidelines webpage for MVLWB [Guide to the Water Licensing Process](#).

Table 1: Items to address in Waste Management Plan

Items	Description
1	Address which specific waste treatment/disposal option included in Table 2 of the Plan is selected to manage each waste stream generated by the Liard south Project.
2	Address treatment/disposal options for camp grey water or black water, domestic wastes that cannot be burned or recycled, and hazardous wastes. If the final disposal facility for any waste remains in the Northwest Territories, confirmation of acceptance from the waste management provider is required.
3	Include details on how issues related to noncompliance would be address along with responsible parties for addressing same.
4	Include relevant design drawings and specification for any onsite, waste management facilities chosen as an option in Item 1 above.



7th Floor - 4922 48th Street
PO Box 2130, Yellowknife NT X1A 2P6

Tel: 867-669-0506 Fax: 867-873-6610
www.mvlwb.com

Paramount Resources Limited

Water Licence MV2021L1-0006

Pursuant to the *Waters Act* and the Waters Regulations,
the Mackenzie Valley Land and Water Board grants this Water Licence to:

Paramount Resources Limited

(Licensee)

of Suite 2800, 421 -7th Ave SW Calgary, Alberta, Canada T2P 4K9

(Mailing Address)

hereinafter called the Licensee, to proceed with the following undertaking, subject to the annexed definitions and conditions contained therein:

Location:	South of Fort Liard
Water Management Area:	3
Purpose:	Industrial; Closure and Reclamation; Oil and Gas
Type:	Type B
Quantity of Water not to be exceeded:	Up to 299 m ³ per day; Up to 26,000 m ³ per year
Effective Date:	July 28, 2021
Expiry Date:	July 27, 2028

A handwritten signature in blue ink, appearing to read "Mavis Chi-Michaud".

Mavis Chi-Michaud, Chair
Mackenzie Valley Land and Water Board

A handwritten signature in black ink, appearing to read "Amanda Gauthier".

Amanda Gauthier, Witness

Type B Water Licence MV2021L1-0006 - Draft Paramount Resources Ltd. – Liard South

Table of Contents

Part A: [Scope](#) and [Defined Terms](#)

[Part B](#): General Conditions

[Part C](#): Security

[Part D](#): Water Use

[Part E](#): Construction

[Part F](#): Waste and Water Management

[Part G](#): Aquatic Effects Monitoring

[Part H](#): Spill Contingency Planning

[Part I](#): Closure and Reclamation

Schedules

[Schedule 1](#): Annual Water Licence Report (Part B)

[Schedule 2](#): Security (Part C) – Not included

[Schedule 3](#): Closure and Reclamation (Part I)

Annex A: Surveillance Network Program - Not included

Part A: Reporting Requirements

Part B: Site Descriptions

Part C: Other Monitoring Requirements

Part D: Meteorological Monitoring Requirements

Annex B: Concordance Table of Items Requiring Submission – Not included

Annex C: Table of Revision History – Not included

Part A: Scope and Defined Terms

Scope:

		Condition Title
1.	This Licence entitles the Licensee to use Water and deposit Waste for an Industrial Undertaking at Paramount’s Liard South Project.	SCOPE
	The scope of this Licence includes the following:	
	a) Withdrawal of water for domestic, construction, and abandonment purposes;	
	b) Construction, operation, and maintenance of Watercourse crossing(s);	
	c) Construction, operation, and maintenance of all-weather and winter access roads, well sites, camps, borrow pits, remote sumps, and the Shiha Pipeline;	
	d) Progressive and associated Closure and Reclamation activities.	
2.	The scope of this Licence is as described in the Preliminary Screening for MV2002A0038 & MV2002L1-0004, dated September 27, 2002.	SCOPE – PRELIMINARY SCREENING
3.	This Licence is issued subject to the conditions contained herein with respect to the use of Water and the deposit of Waste in any Waters or in any place under any conditions where such Waste or any other Waste that results from the deposits of such Waste may enter any Waters. Any change made to the <i>Waters Act</i> and/or the Waters Regulations that affects licence conditions and defined terms will be deemed to have amended this Licence.	LEGISLATION SUBJECT TO CHANGE
4.	Compliance with this Licence does not relieve the Licensee from responsibility for compliance with the requirements of any applicable federal, territorial, or municipal legislation.	LEGISLATIVE COMPLIANCE

Defined Terms¹

Artesian Aquifer – a Water-bearing stratum which, when encountered during drilling operations, produces a pressurized flow of Groundwater that reaches an elevation above the Water table or above the ground surface.

Board – the Mackenzie Valley Land and Water Board established under subsection 99(1) of the *Mackenzie Valley Resource Management Act*.

Closure Cost Estimate - an estimate of the cost to close and reclaim the Project.

Closure Criteria - standards that measure the success of selected closure activities in meeting closure objectives. Closure criteria may have a temporal component (e.g., a standard may need to be met for a pre-defined number of years). Closure criteria can be site-specific or adopted from territorial/federal or other standards and can be narrative statements or numerical values.

Closure Objectives - statements that describe what the selected closure activities are aiming to achieve; they are guided by the closure principles. Closure objectives are typically specific to project components, are measurable and achievable, and allow for the development of closure criteria.

Closure and Reclamation – the process and activities that facilitate the return of areas affected by the Project to viable and, wherever practicable, self-sustaining ecosystems that are compatible with a healthy environment and human activities.

Closure and Reclamation Plan (CRP) – a document, developed in accordance with this Licence and the MVLWB/AANDC *Guidelines for the Closure and Reclamation of Advanced Mineral Exploration and Mine Sites in the Northwest Territories*, that clearly describes the Closure and Reclamation for the Project.

Construction – any activities undertaken during any phase of the Project to construct or build any structures, facilities or components of, or associated with, the development of the Project.

Discharge – a direct or indirect deposit or release of any Water or Waste to the Receiving Environment.

Drilling Waste – Waste material specifically produced from drilling activity.

Engagement Plan – a document, developed in accordance with the MVLWB *Engagement and Consultation Policy* and the *Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*, that clearly describes how, when, and which engagement activities will occur with an affected party during the life of the Project.

Greywater – all liquid Waste from showers, baths, sinks, kitchens, and domestic washing facilities, but does not include Toilet Waste.

Groundwater – as defined in section 1 of the Waters Regulations: all water in a zone of saturation below the land surface, regardless of its origin.

Inspector – an Inspector designated by the Minister under subsection 65(1) of the *Waters Act*.

Licensee – the holder of this Licence.

Minister – the Minister of the Government of the Northwest Territories (GNWT) – Environment and Natural Resources.

Ordinary High-Water Mark – the usual or average level to which a Watercourse rises at its highest point and remains for sufficient time so as to change the characteristics of the land. In flowing Watercourses (rivers, streams), this refers to an active channel/bank-full level, which is often the 1:2-year flood flow return level. In inland lakes, wetlands or marine environments, it refers to those parts of the Watercourse bed and banks that are frequently flooded by Water so as to leave a mark on the land and where the natural vegetation changes from predominantly aquatic vegetation to terrestrial vegetation (excepting Water tolerant species). For reservoirs, this refers to normal high operating levels (full supply level).

Progressive Reclamation – Closure and Reclamation activities conducted during the operating phase of the Project.

Project – the undertaking described in Part A, Conditions 1 and 2.

Receiving Environment – the natural environment that, directly or indirectly, receives any deposit of Waste from the Project.

RECLAIM - the Government of the Northwest Territories' model for estimating Closure and Reclamation costs.

Reclamation Research – literature reviews, laboratory or pilot-scale tests, engineering studies, and other methods of resolving uncertainties and answering questions pertaining to environmental risks for the purpose of providing data and information that will reduce uncertainties for closure options, selected closure activities, and/or closure criteria.

Remediation – the removal, reduction, or neutralization of substances, Wastes, or hazardous materials from a site in order to prevent or minimize any adverse effects on the environment and public safety, now or in the future.

Runoff – the overland flow of Water or Wastewater that occurs when precipitation, meltwater, or other Water is not absorbed by the land.

Seepage – any Water or Waste that drains, passes through, or escapes from any structure designed to contain, withhold, divert, or retain Water or Waste.

Sewage – all Toilet Wastes and Greywater.

Spill Contingency Plan (SCP) – a document developed for the Project in accordance with INAC's *Guidelines for Spill Contingency Planning*.

Sump – a human-made excavation or a natural depression designated for depositing Water and/or Waste.

Toilet Wastes – all human excreta and associated products, not including Greywater.

Traditional Knowledge – the cumulative, collective body of knowledge, experience and values built up by a group of people through generations of living in close contact with nature. It builds upon the historic experiences of a people and adapts to social, economic, environmental, spiritual, and political change.

Unauthorized Discharge – a Discharge of any Water or Waste not authorized under this Licence

Waste – as defined in section 1 of the *Waters Act*:

- a) a substance that, if added to water, would degrade or alter or form part of a process of degradation or alteration of the quality of the water to an extent that is detrimental to its use by people or by an animal, fish or plant, or
- b) water that contains a substance in such a quantity or concentration, or that has been so treated, processed or changed, by heat or other means, that it would, if added to other water, degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent described in paragraph (a),

and includes

- c) a substance or water that, for the purposes of the *Canada Water Act*, is deemed to be waste,
- d) a substance or class of substances prescribed by regulations made under subparagraph 63(1)(b)(i),
- e) water that contains a substance or class of substances in a quantity or concentration that is equal to or greater than a quantity or concentration prescribed in respect of that substance or class of substances by regulations made under subparagraph 63(1)(b)(ii), and
- f) water that has been subjected to a treatment, process or change prescribed by regulations made under subparagraph 63(1)(b)(iii).

Waste Management Plan (WMP) – a document, developed in accordance with the *MVLWB Guidelines for Developing a Waste Management Plan*, that describes the methods of Waste management for the Project from Waste generation to final disposal.

Wastewater – any Water that is generated by Project activities or originates on-site, and which contains Waste, and may include, but is not limited to, Runoff, Seepage, Sewage, Minewater, and Effluent.

Water – as defined in section 1 of the *Waters Act*: water under the administration and control of the Commissioner, whether in a liquid or frozen state, on or below the surface of land.

Watercourse – as defined in section 1 of the *Waters Regulations*: a natural watercourse, body of Water or Water supply, whether usually containing Water or not, and includes Groundwater, springs, swamps, and gulches.

Water Management Area – a geographical area of the Northwest Territories established by section 2 and Schedule A of the *Waters Regulations*.

Waters Regulations – the regulations proclaimed pursuant to section 63 of the *Waters Act*.

Water Supply Facilities – the area(s) and structures designed to collect and supply Water for the Project

Water Use – as defined in section 1 of the *Waters Act*: a direct or indirect use of any kind, including, but not limited to,

- a) a diversion or obstruction of waters,
- b) an alteration of the flow of waters, and
- c) an alteration of the bed or banks of a river, stream, lake or other body of water, whether or not the body of water is seasonal,

but does not include a use connected with shipping activities that are governed by the *Canada Shipping Act, 2001*.

Water Use Fee – the fee for use of Water as per the Waters Regulations pursuant to section 63 of the *Waters Act* and the MVLWB *Water Use Fee Policy*.

Condition	Condition Title
Part B: General Conditions	
1. The Licensee shall ensure a copy of this Licence is maintained on site at all times.	COPY OF LICENCE
2. The Licensee shall take every reasonable precaution to protect the environment.	PRECAUTION TO PROTECT ENVIRONMENT
3. In conducting its activities under this Licence, the Licensee shall make every reasonable effort to consider and incorporate any scientific information and Traditional Knowledge that is made available to the Licensee.	INCORPORATE SCIENTIFIC INFORMATION AND TRADITIONAL KNOWLEDGE
4. In each submission required by this Licence or by any directive from the Board, the Licensee shall identify all recommendations based on Traditional Knowledge received, describe how the recommendations were incorporated into the submission, and provide justification for any recommendation not adopted.	IDENTIFY TRADITIONAL KNOWLEDGE
5. All references to policies, guidelines, codes of practice, statutes, regulations, or other authorities shall be read as a reference to the most recent versions, unless otherwise noted.	REFERENCES
6. The Licensee shall ensure all submissions to the Board: <ul style="list-style-type: none"> a) Are in accordance with the <i>MVLWB Document Submission Standards</i>; b) Include a conformity statement or table which identifies where the requirements of this Licence, or other directives from the Board, are addressed; and c) Include any additional information requested by the Board. 	SUBMISSION FORMAT AND CONFORMITY
7. The Licensee shall ensure management plans are submitted to the Board in a format consistent with the <i>MVLWB Standard Outline for Management Plans</i> , unless otherwise specified.	MANAGEMENT PLAN FORMAT
8. The Licensee shall comply with all plans including revisions, approved pursuant to the conditions of this Licence.	COMPLY WITH SUBMISSIONS AND REVISIONS
9. The Licensee shall conduct an annual review of all plans and make any revisions necessary to reflect changes in operations, contact information, or other details. No later than March 31 each year, the Licensee shall send a notification letter to the Board, listing the documents that have been reviewed and do not require revisions.	ANNUAL REVIEW

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 10. The Licensee may propose changes at any time by submitting revised plans to the Board, for approval, a minimum of 90 days prior to the proposed implementation date for the changes. The Licensee shall not implement the changes until approved by the Board. | REVISIONS |
| 11. The Licensee shall revise any submission and submit it as per the Board’s directive. | REVISE AND SUBMIT |
| 12. If any date for any submission falls on a weekend or holiday, the Licensee may submit the item on the following business day. | SUBMISSION DATE |
| 13. The Licensee shall comply with the Schedules , which are annexed to and form part of this Licence, and any updates to the Schedules as may be made by the Board. | COMPLY WITH SCHEDULE(S) |
| 14. The Schedules, the Surveillance Network Program, and any compliance dates specified in this Licence may be updated at the discretion of the Board. | UPDATES TO COMPLIANCE DATE(S) |
| 15. The Licensee shall comply with all directives issued by the Board in respect of the implementation of the conditions of this Licence. | COMPLY WITH BOARD DIRECTIVES |
| 16. The Licensee shall install, operate, and maintain meters, devices, or other such methods for measuring the volumes of Water used to the satisfaction of an Inspector. | MEASURE WATER USE |
| 17. Beginning March 31, 2021, and no later than every March 31 thereafter, the Licensee shall submit an Annual Water Licence Report to the Board and an Inspector. The Report shall be in accordance with the requirements of Schedule 1, Condition 1. | ANNUAL WATER LICENCE REPORT |
| 18. The Licensee shall comply with the Engagement Plan , once approved. | ENGAGEMENT PLAN |
| 19. A minimum of 45 days prior to the commencement of activities, the Licensee shall submit a revised Engagement Plan that addresses comments and commitments made during the review, for confirmation of conformity by Board staff. | ENGAGEMENT PLAN – REVISED |
| 20. A minimum of ten days prior to the initial commencement of Project activities, the Licensee shall provide written notification to the Board and an Inspector. Notification shall include the commencement date, and the name and contact information for the individual responsible for overseeing the Project. Written notification shall be provided to the Board and an Inspector if any changes occur. | NOTIFICATION – COMMENCEMENT |

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| 21. A minimum of ten days prior to re-commencement of Project activities following a temporary shut-down period, the Licensee shall provide written notification to the Board and an Inspector. Notification shall include the commencement date, and the name and contact information for the individual responsible for overseeing the Project. Written notification shall be provided to the Board and an Inspector if any changes occur. | NOTIFICATION – RE-COMMENCEMENT |
| 22. The Licensee shall immediately provide written notification to the Board and an Inspector of any non-compliance with the conditions of this Licence. | NOTIFICATION – NON-COMPLIANCE WITH CONDITIONS |
| 23. The Licensee shall immediately provide written notification to the Board of any non-compliance with a Board directive issued in respect of the implementation of the conditions of this Licence. | NOTIFICATION – NON-COMPLIANCE WITH DIRECTIVES |
| 24. The Licensee shall ensure that a copy of any written authorization issued to the Licensee by an Inspector is provided to the Board. | COPY – WRITTEN AUTHORIZATION |
| 25. The Licensee shall submit a current Project schedule to the Board and an Inspector upon request. | SUBMIT CURRENT PROJECT SCHEDULE |

Part C: Security

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 1. The Licensee shall post and maintain a security deposit with the Minister in accordance with Schedule 2. The Licensee shall not commence Project activities until the security deposit has been accepted by the Minister. | POST SECURITY DEPOSIT |
| 2. Upon request of the Board, the Licensee shall submit an updated Closure Cost Estimate using the current version of RECLAIM or another method acceptable to the Board. | UPDATE CLOSURE COST ESTIMATE |
| 3. The amount of the security deposit required by Part C, Condition 1 may be adjusted by the Board: <ul style="list-style-type: none"> a) Based on an updated Closure Cost Estimate as per Part C, Condition 2; or b) Based on such other information as may become available to the Board. | ADJUSTED SECURITY AMOUNT |
| 4. If the amount of the security deposit is adjusted by the Board as per Part C, Condition 3, the Licensee shall post the adjusted amount with the Minister within the timeframe set by the Board. The Licensee shall not commence any new activities associated with a security adjustment until the additional security deposit has been accepted by the Minister. | POST ADJUSTED SECURITY AMOUNT |

5. Unless otherwise approved by the Board, the Licensee may not submit security adjustment requests except with any of the following submissions:
 - a) Closure and Reclamation Plans;
 - b) Closure and Reclamation Completion Reports; or
 - c) Performance Assessment Reports.

**SECURITY
ADJUSTMENT
REQUESTS**

Part D: Water Use

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| <ol style="list-style-type: none"> 1. The Licensee shall only obtain fresh or raw Water for the Project from the Mea Gho Cho Lake / Borrow Pit. The Licensee may withdraw up to 299 m³/day and 26,000 m³/year of Water from this source. | WATER SOURCE AND
MAXIMUM VOLUME |
| <ol style="list-style-type: none"> 2. In any single ice-covered season, the Licensee shall not withdraw greater than 10% of the available Water volume of any Watercourse, as calculated using the appropriate maximum expected ice thickness. | MAXIMUM UNDER-
ICE WATER
WITHDRAWAL
VOLUME |
| <ol style="list-style-type: none"> 3. The Licensee shall only withdraw Water using the Water Supply Facilities, unless otherwise authorized temporarily in writing by an Inspector. | WATER
WITHDRAWAL –
FACILITIES |
| <ol style="list-style-type: none"> 4. Prior to withdrawing Water from an approved Water source, the Licensee shall post sign(s) to identify the intake for the Water Supply Facilities. All sign(s) shall be located and maintained to the satisfaction of an Inspector. | POST WATER INTAKE
SIGN(S) |
| <ol style="list-style-type: none"> 5. The Licensee shall construct and maintain the Water intake(s) with a screen designed to prevent impingement or entrapment of fish. | WATER INTAKE
SCREEN |
| <ol style="list-style-type: none"> 6. Each year, prior to the November 14 and in advance of any Water use, the Licensee shall pay the Water Use Fee in accordance with the MVLWB <i>Water Use Fee Policy</i>. | WATER USE FEE |

Part E: Construction

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| <ol style="list-style-type: none"> 1. The Licensee shall ensure that all structures intended to contain, withhold, divert, or retain Water or Waste are designed, constructed, and maintained to minimize the escape of Waste to the Receiving Environment. | OBJECTIVE –
CONSTRUCTION |
| <ol style="list-style-type: none"> 2. The Licensee shall only use material that is clean and free of contaminants and is from a source that has been authorized in writing by an Inspector. | CONSTRUCTION
MATERIAL –
SOURCE(S) |
| <ol style="list-style-type: none"> 3. The Licensee shall maintain records of Construction materials for all structures and make them available at the request of the Board or an Inspector. | CONSTRUCTION
RECORDS |

Part F: Waste and Water Management

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 1. The Licensee shall manage Waste and Water with the objective of minimizing the impacts of the Project on the quantity and quality of Water in the Receiving Environment through the use of appropriate mitigation measures, monitoring, and follow-up actions. | OBJECTIVE – WASTE
AND WATER
MANAGEMENT |
| 2. The Licensee shall comply with the Waste Management Plan, once approved. | WASTE
MANAGEMENT PLAN |
| 3. A minimum of 60 days prior to commencement of activities, the Licensee shall submit to the Board, for approval, a revised Waste Management Plan. The Licensee shall not commence Project activities prior to Board approval of the Plan. | WASTE
MANAGEMENT PLAN
– REVISED |
| 4. The Licensee shall minimize erosion by implementing suitable erosion control measures that shall be located and maintained to the satisfaction of an Inspector. | EROSION CONTROL |
| 5. The Licensee shall deposit all Waste as described in the approved Waste Management Plan . | WASTE DISPOSAL |
| 6. The Licensee shall not discharge Waste, including Wastewater, to any Watercourse, or to the ground surface within 100 metres of the Ordinary High-Water Mark of any Watercourse. | DISCHARGE
LOCATION –
ORDINARY HIGH-
WATER MARK |
| 7. If an Artesian Aquifer is encountered and producing Water at the ground surface, the Licensee shall: <ul style="list-style-type: none"> a) Implement the Spill Contingency Plan; b) Within 48 hours, notify the Board and an Inspector, in writing, including the flow rate in cubic metres; c) Deposit Artesian Aquifer Water to a snow-bermed or self-contained area, unless otherwise authorized by an Inspector; d) Seal the borehole to permanently prevent any further outflow of water and to the satisfaction of an Inspector; and e) Within 24 hours following cessation of the flow of Artesian Aquifer Water, submit a detailed report of the event to the Board and an Inspector, including the total amount of Water in cubic metres that has been released, and the total amount of Water in cubic metres stored in the snow-bermed, or otherwise approved, storage area. | REPORT ARTESIAN
AQUIFER |

Part G: Aquatic Effects Monitoring

Intentionally left blank

Part H: Spill Contingency Planning

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 1. The Licensee shall ensure that Unauthorized Discharges associated with the Project do not enter any Waters. | OBJECTIVE – PREVENT WASTE INTO WATER |
| 2. The Licensee shall comply with the Spill Contingency Plan , once approved. | SPILL CONTINGENCY PLAN |
| 3. A minimum of 45 days prior to the commencement of activities, the Licensee shall submit a revised Spill Contingency Plan that addresses comments and commitments made during the review, for confirmation of conformity by Board staff. | SPILL CONTINGENCY PLAN – REVISED |
| 4. If a spill or an Unauthorized Discharge occurs or is foreseeable, the Licensee shall:

a) Implement the approved Spill Contingency Plan referred to in Part H, Condition 2;
b) Report it immediately using the NU-NT Spill Report Form by one of the following methods: <ul style="list-style-type: none">• Telephone: (867) 920-8130• Fax: (867) 873-6924• E-mail: spills@gov.nt.ca• Online: Spill Reporting and Tracking Database
c) Notify the Board and an Inspector immediately; and
d) Within 30 days of initially reporting the incident, or within a timeframe authorized by an Inspector, submit a detailed report to the Board and an Inspector, including descriptions of causes, response actions, and any changes to procedures to prevent similar occurrences in the future. Written notification shall be provided to the Board and an Inspector if any changes occur. | REPORT SPILLS |
| 5. The Licensee shall ensure that spill prevention infrastructure and spill response equipment is in place prior to commencement of the Project. | SPILL PREVENTION AND RESPONSE EQUIPMENT |
| 6. The Licensee shall restore all areas affected by spills and Unauthorized Discharges to the satisfaction of an Inspector. | CLEAN UP SPILLS |
| 7. The Licensee shall not establish any fuel storage facilities or refueling stations, or store chemicals or Wastes within 100 metres of the Ordinary High-Water Mark of any Watercourse. | MATERIAL STORAGE – ORDINARY HIGH-WATER MARK |

Part I: Closure and Reclamation

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| 1. Within 45 days prior to commencement of project activities of this Licence, the Licensee shall submit to the Board, for approval, a Closure and Reclamation Plan . | CLOSURE AND RECLAMATION PLAN |
| 2. Every three years following the previous approval, or as directed by the Board, the Licensee shall submit to the Board, for approval, a revised Closure and Reclamation Plan . | CLOSURE AND RECLAMATION PLAN – REVISED |
| 3. Three years prior to the expiry date of this Licence, or a minimum of two years prior to the end of operations, whichever occurs first, the Licensee shall submit to the Board, for approval, a final Closure and Reclamation Plan . | CLOSURE AND RECLAMATION PLAN – FINAL |
| 4. The Licensee shall endeavor to carry out approved Progressive Reclamation as soon as is reasonably practicable. | PROGRESSIVE RECLAMATION |
| 5. The Licensee shall not conduct Progressive Reclamation except as approved by the Board. | PROGRESSIVE RECLAMATION – CARRY OUT AS APPROVED |
| 6. Beginning May 2022 and no later than every May 1 thereafter, the Licensee shall provide written notification to the Board and an Inspector of any approved Progressive Reclamation that will be conducted in the upcoming year. Notification shall include the name and contact information for the individual responsible for overseeing the Progressive Reclamation. Written notification shall be provided to the Board and an Inspector if any changes occur. | PROGRESSIVE RECLAMATION – NOTIFICATION |
| 7. Within 90 days of completing Closure and Reclamation of the Project, or as otherwise directed by the Board, the Licensee shall submit to the Board for approval, a Post-Closure and Reclamation Monitoring and Maintenance Plan . The Plan shall be in accordance with the requirements of Schedule 3, Condition 1(i)(iv). | POST-CLOSURE AND RECLAMATION MONITORING AND MAINTENANCE PLAN |
| 8. Within 3 months of completing Closure and Reclamation of any specific component of the Project, the Licensee shall submit to the Board for approval, a Performance Assessment Report . The Report shall be in accordance with the <i>MVLWB/AANDC Guidelines for the Closure and Reclamation of Advanced Mineral Exploration and Mine Sites in the Northwest Territories</i> . The Licensee shall submit subsequent Reports as directed by the Board. | PERFORMANCE ASSESSMENT REPORT – COMPONENT-SPECIFIC |

Part J: Watercourse Crossings

- | | | |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| 1. | The Licensee shall minimize the disturbance of riparian vegetation within the immediate boundary of any Watercourse crossing to the extent practicable. | MINIMIZE
DISTURBANCE OF
RIPARIAN
VEGETATION |
| 2. | Ice and snow crossings should not impede the flow of any Watercourse. These crossings shall be v-notched or removed before spring break-up to facilitate natural flow. | DO NOT IMPEDE
WATERCOURSE |
| 3. | Any materials placed below the normal high Water mark used in the construction of Water crossings shall be free of any contaminants, debris, or fine materials. | FREE OF
CONTAMINANTS |
| 4. | Any materials placed below the normal high Water mark used in the construction of Water crossings shall be removed before spring break-up. | REMOVE BEFORE
SPRING BREAK-UP |

Signed on behalf of the Mackenzie Valley land and Water Board

Mavis Cli-Michaud, Chair

Amanda Gauthier, Witness

Schedule 1: Annual Water Licence Report

Condition

1. The **Annual Water Licence Report** referred to in Part B, Condition 17 of this Licence shall include, but not be limited to, the following information about activities conducted during the previous calendar year:
 - a) An As-Built map identifying all current sites and infrastructure at the Fort Liard – South Project sites with a summary of the operation to date including the name and location of all existing wells and the status and identification of all wells;
 - b) A brief summary of Project activities;
 - c) An updated Project schedule;
 - d) The monthly and annual quantities in cubic metres of fresh Water obtained from all sources, as required in Part B, Condition 16 of this Licence;
 - e) A summary of the calibration and status of the meters and devices referred to in Part B, Condition 16 of this Licence;
 - f) A summary of engagement activities conducted in accordance with the approved **Engagement Plan**, referred to in Part B, Condition 18 of this Licence;
 - g) A summary of how Traditional Knowledge was incorporated into decision making;
 - h) A summary of Construction activities conducted in accordance with Part E of this Licence;
 - i) A summary of major maintenance activities conducted in accordance with this Licence;
 - j) A summary of activities conducted in accordance with the approved **Waste Management Plan**, referred to in Part F, Condition 2 of this Licence, including:
 - i. A summary of approved updates or changes to the process or facilities required for the management of Waste; and
 - ii. Monthly and annual quantities/volumes by location of Sewage and associated Waste and other materials managed under the plan;
 - k) A description of any erosion susceptible areas encountered and a summary of activities to prevent or mitigate erosion; and
 - l) A report of the performance of erosion mitigations applied in previous years;
 - m) A summary of activities conducted in accordance with the approved **Spill Contingency Plan**, referred to in Part H, Condition 2 of this Licence, including:
 - i. A list and description for all Unauthorized Discharges, including the date, NWT spill number, volume, location, summary of the circumstances and follow-up actions taken, and status (i.e. open or closed), in accordance with the reporting requirements in Part H, Condition 4 of this Licence; and
 - ii. An outline of any spill training carried out.

- n) A summary of activities conducted in accordance with the **Closure and Reclamation Plan**, referred to in Part I, Condition 1 of this Licence, including:
 - i. Details of any Progressive Reclamation undertaken;
 - ii. A discussion on whether planning and implementation remains on schedule, and a summary of any new scheduling setbacks;
 - iii. A summary of Reclamation Research completed;
 - iv. A summary of engagement conducted regarding Closure and Reclamation;
 - v. A list of any factors that would increase or decrease the Closure Cost Estimate the next time the Estimate is updated; and
 - vi. Any other relevant Information.
- o) A list of any non-compliance(s) with the conditions of this Licence or any directive from the Board pursuant to the conditions of this Licence;
- p) A summary of actions taken to address concerns, non-conformances, or deficiencies in any reports filed by an Inspector;
- q) A table detailing all commitments related to Water use and the deposit of Waste during the Environmental Screenign, with descriptions of how each commitment is being or has been met; and
- r) Any other details requested by the Board by October 31 of the year being reported.

Schedule 2: Conditions Applying to Security

Condition

1. The amount of security referred to in Part C, Condition 1, shall total \$100,000.

Schedule 3: Conditions Applying to Closure and Reclamation

Condition

1. The **Closure and Reclamation Plan** referred to in Part I, Condition 1 of this Licence shall include, but not be limited to the following information:
 - a) A plain language summary of the Plan;
 - b) A description of the overall goals for Closure and Reclamation of the Project, including expected future land use;
 - c) A description of the Closure and Reclamation planning team;
 - d) A description of engagement related to Closure and Reclamation planning, including a summary of completed and planned engagement, and links to the **Engagement Plan** referred to in Part B, Condition 18 for the Project;
 - e) A list of any other regulatory authorizations required for Closure and Reclamation of the Project;
 - f) A description of the pre-existing and current Project environment, including, but not limited to:
 - i. climatic conditions;
 - ii. physical conditions;
 - iii. chemical conditions;
 - iv. biological conditions;
 - v. any physical or chemical assessments of soil, water, and permafrost; and
 - vi. traditional uses.
 - g) A description of the Project, including, but not limited to:
 - i. site history;
 - ii. Project development;
 - iii. current status of the Project;
 - iv. maps delineating all disturbed areas, borrow material locations, site facilities, hydrological features, and elevation contours; and
 - v. photographs.
 - h) A description of each Project component, including, but not limited to:
 - i. areas affected by spills or Unauthorized Discharges; and
 - ii. other areas affected by Project activities.
 - i) For the Project site, a description of Closure and Reclamation plans, including, but not limited to:
 - i. Closure Objectives and Criteria;
 - ii. preferred Closure and Reclamation option and method for each Project component identified in condition (h) above;
 - iii. design drawings, signed and stamped by a Professional Engineer, for any Engineered structures;
 - iv. Water management and restoration of natural drainage;
 - v. predicted environmental effects during and after Closure and Reclamation activities;
 - vi. post-closure monitoring, maintenance, and reporting;
 - vii. uncertainties and contingencies;
 - viii. climate change considerations; and
 - ix. Closure and Reclamation Research plans.
 - j) A description of any planned Progressive Reclamation;
 - k) A plan for Temporary Closure, including, but not limited to the following information:

- i. Temporary Closure goals and objectives;
 - ii. a description of activities and methods;
 - iii. a description of monitoring, maintenance, and reporting;
 - iv. contingencies; and
 - v. an implementation schedule.
- l) An implementation schedule that includes Progressive Reclamation and final Closure and Reclamation activities; and
- m) A Closure Cost Estimate.
 - a) An implementation schedule; and
 - b) A revised/updated Closure Cost Estimate.

Annex B: Concordance Table of Items Requiring Submission

Licence Condition	Report Title/Require Action	Timeline for Submission
B.9	Annual review and revision of plans	March 31 each year
B.17 (Schedule 1, condition 1)	Annual Water Licence Report	March 31 each year
D.6	Payment of Water Use Fee	Each year prior to November 14
D.19	Engagement Plan – submission of revised plan	45 days prior to commencement of project activities
H3	Spill Contingency Plan	Minimum of 45 days prior to commencement of activities
F.3	Waste Management Plan	Minimum of 60 days prior to commencement of activities
H.4	Report spill or Unauthorized Discharge	Immediately
H.4	Detailed report on spill or Unauthorized Discharge	Within 30 days of initial reporting
I.1	Closure and Reclamation Plan	45 days prior to commencement of Project activities
I.2	Revised Closure and Reclamation Plan	Three years following previous approval
I.3	Final Closure and Reclamation Plan	Three years prior to the expiry date of this Licence, or a minimum of two years prior to the end of operations, whichever occurs first, the Licensee shall submit to the Board, for approval
I.6	Notification of approved Progressive Reclamation conducted	May 1, 2021, and every May 1 thereafter
I.7	Post-Closure and Reclamation Monitoring and Maintenance Plan	Within 90 days of completing Closure and Reclamation of the Project
I.8	Performance Assessment Report	Within 3 months of completing Closure and Reclamation of any specific component of the Project



7th Floor - 4922 48th Street,
P.O. Box 2130, Yellowknife NT X1A 2P6

Tel: 867-669-0506 Fax: 867-873-6610
www.mvlwb.com

Reasons for Decision

Issued pursuant to paragraph 40(2)(c) of the Mackenzie Valley Land Use Regulations (MVLUR) and Sections 72.25 and 121 of the *Mackenzie Valley Resource Management Act* (MVRMA) and sections 36 and 54 of the *Waters Act*

Water Licence and Land Use Permit Applications	
Preliminary Screener	MVLWB
File Number	MV2021A0006 and PMV2021L1-0006
Company	Paramount Resources Limited
Project	Industrial Undertaking, Oil and Gas Development, Fort Liard South, NWT
Date of Decision	July 22, 2021

Table of Contents

1.0	List of Abbreviations	4
2.0	Summary of Application(s)	5
2.1	Distribution List	5
3.0	Regulatory Process.....	5
3.1	Environmental Screening: NEB File 3400-S056-1	5
3.2	Details of the Regulatory Process	6
4.0	Legislative Requirements	6
4.1	General.....	7
4.2	MVRMA Part 3: Duty to Consult	7
4.2.1	<i>The Board Role in Consultation</i>	8
4.3	MVRMA Part 3 and 4 and Waters Act: Land and Water Regulation and MVLWB.....	9
4.3.1	<i>Public Notice</i>	9
4.3.2	<i>Water Use Fees</i>	9
4.3.3	<i>Existing Licences</i>	9
4.3.4	<i>Compensation to Existing Water Uses</i>	9
4.3.5	<i>Water Quality Standards</i>	10
4.3.6	<i>Effluent Quality Standards</i>	10
4.3.7	<i>Financial Responsibility</i>	10
4.3.8	<i>Minimization of Adverse Effects</i>	10
4.3.9	<i>Time Limit</i>	10
4.4	MVRMA Part 5: Environmental Review	10
4.4.1	<i>Environmental Assessment</i>	10
4.4.2	<i>Preliminary Screening</i>	11
5.0	Decision – Water Licence M2021L1-0006	11
5.1	Term of Licence	12
5.2	Part A: Scope and Definitions	12
5.3	Part B: General Conditions and Schedule 1	13
5.4	Part C: Conditions Applying to Security Requirements and Schedule 2	14
5.5	Part D: Conditions Applying to Water Use.....	14
5.6	Part E: Conditions Applying to Construction.....	15
5.7	Part F: Conditions Applying to Waste and Water Management	15
5.8	Part G: Conditions Applying to Aquatic Effects Monitoring Program.....	16
5.9	Part H: Conditions Applying to Contingency Planning.....	16
5.10	Part I: Conditions Applying to Closure and Reclamation and Schedule 3.....	17
5.11	Part J: Conditions Applying Water Course Crossing.....	18
5.12	Annex B: Table of Submissions	18
6.0	Decision – Land Use Permit MV2021A0006	18
6.1	Term of Permit	18
6.2	Part A: Scope of Permit	19
6.3	Part B: Definitions	19
6.4	Part C: Conditions Applying to All Activities	19
	26(1)(a) Location and Area	19
	26(1)(b) Time	19
	26(1)(c) Type and Size of Equipment.....	19

26(1)(d) Methods and Techniques	19
26(1)(e) Type, Location, Operation of All Facilities	19
26(1)(f) Control or Prevention of Ponding of Water, Flooding, Erosion, Slides, and Subsidence of Land.....	20
26(1)(g) Use, Storage, Handling, and Ultimate Disposal of Any Chemical or Toxic Material.....	20
26(1)(h) Wildlife and Fish Habitat.....	20
26(1)(i) Storage, Handling, and Disposal of Refuse or Sewage;	20
26(1)(j) Protection of Historical, Archaeological, and Burial Sites;	20
26(1)(k) Objects and Places of Recreational, Scenic, and Ecological Value.....	20
26(1)(l) Security Deposit	20
26(1)(m) Fuel Storage	21
26(1)(n) Methods and Techniques for Debris and Brush Disposal.....	21
26(1)(o) Restoration of the Lands.....	21
26(1)(p) Display of Permits and Permit Numbers	21
26(1)(q) Biological and Physical Protection of the Land.....	21
7.0 Conclusion	22

Appendices and Annexes

Appendix A: Reclamation Security for the Project	23
1.0 Introduction	23
1.1 Paramount’s Evidence Submitted to the Board.....	23
1.2 GNWT-ENR – Evidence Submitted to the Board.....	24
2.0 Decision on Security.....	25

These Reasons for Decision set out the Mackenzie Valley Land and Water Board’s (the MVLWB/Board) regulatory process and decisions on Applications made by Paramount Resources Limited (Paramount) to the Board on March 11, 2021, for Water Licence (Licence) MV2021L1-0006 and Land Use Permit (Permit) MV2021A0006 for an Industrial Undertaking involving an Oil and Gas Project, south of Fort Liard, NT.

A summary of the Applications is provided in Section 2, followed by the regulatory process in Section 3. Section 4 describes the legislative requirements applicable to this regulatory process, leading to the Board’s decisions with supporting rationale in Sections 5 and 6.

1.0 List of Abbreviations

Anniversary Date	Effective date of Licence as seen on the Licence cover page
Applicant	Paramount Resources Ltd.
Applications	Paramount’s submissions in support of Water Licence MV2021L1-0006 and Land Use Permit MV2021A0006
DFN	Dehcho First Nations
DFO	Department of Fisheries and Oceans
EA/EIR	Environmental Assessment/Environmental Impact Review
GNWT	Government of the Northwest Territories
GNWT-ENR	Government of the Northwest Territories – Environment and Natural Resources
IR	Information Request
Inspector	Government of the Northwest Territories – Environment and Natural Resources – Water Resource Officer (Inspector)
Licence	Water Licence MV2021L1-0006
MVEIRB	Mackenzie Valley Environmental Impact Review Board
MVLUR	Mackenzie Valley Land Use Regulations
MVLWB or Board	Mackenzie Valley Land and Water Board
MVRMA	<i>Mackenzie Valley Resource Management Act</i>
Minister	Minister of Environment and Natural Resources for the Government of the Northwest Territories Minister of Lands for the Government of the Northwest Territories
NSMA	North Slave Métis Association
NWTMN	Northwest Territory Métis Nation
Party	As per the Board’s <i>Rules of Procedures</i>
Permit	Land Use Permit MV2021A0006
Project	Fort Liard South
Review Board	Mackenzie Valley Review Board
SKFN	Sambaa K’e First Nation
Standard Template	Board’s <i>Standard Land Use Permit Conditions Template</i>

2.0 Summary of Application(s)

On March 11, 2021, Paramount Resources Limited. (Paramount) submitted Applications for a new Licence MV2021L1-0006¹ and new Permit MV2021A0006.² The applications were deemed incomplete on March 22, 2021³, and on June 3, 2021, Paramount submitted revised information for the Applications.⁴ On June 14, 2021, Board staff deemed the Applications complete and distributed the Applications for review.

The scope of the Applications includes the activities under Licence MV2016L1-0002 and Permit MV2016A0010, excluding barge landing sites, gathering lines, central battery, reactivation of existing well sites and related facilities. No new land disturbance or development under the new authorizations are proposed. All surface disturbances and activities applied for under the Applications are linked to the existing authorizations, MV2016L1-0002 and MV2016A0010, and constructed wells for which monitoring, abandonment, reclamation, and remediation are anticipated.

In summary, the activities expected to occur under the Applications include withdrawal of water for domestic, construction, and abandonment purposes; construction, operation, and maintenance of watercourse crossing(s); construction, operation, and maintenance of all-weather and winter access roads, well sites, camps, borrow pits, remote sumps, and the Shiha Pipeline; and progressive reclamation and associated activities. Water use for the project is expected to be approximately 26,000 m³/year, which is a reduction from the 50,000 m³/year allowed under the existing authorizations. Maximum daily consumption will be limited to 299 m³/day. The authorizations will respectively replace Permit MV2016A0010 and Licence MV2016L1-0002.

2.1 Distribution List

This document uses the term “distribution list” for the list of parties with whom materials from this regulatory process were circulated. As this Project is in the Dehcho, the appropriate core organizational reviewers, governments, First Nations, and Indigenous organizations were included in the list. The list was periodically updated, and (when requested) individuals with specific interests in the Project were also added to the distribution list.

3.0 Regulatory Process

3.1 Environmental Screening: NEB File 3400-S056-1

The Liard South project area has been the subject of Environmental Assessment processes and preliminary screening prior to licensing and permitting of activities. In 1998 an Environmental Impact Assessment (EIA) focusing on two exploratory wells (F-36 and I-03); using existing cut lines for access and locating work camps/staging area was conducted.

¹ See Water Licence [MV2021L1-0006](#) Application.

² See Land Use Permit [MV2021A0006](#) Application.

³ See [Incomplete letter](#), March 22, 2021.

⁴ See Response Letter, June 3, 2021. [Response Letter](#).

Additionally, an Environmental Impact Assessment (EIA) was conducted in 1998 focusing on four exploratory wells (A-01, K-46, C-02 and P-57). The EIA included winter access roads, all on existing cut lines; siting of four temporary work camps and using borrow pits. In 1999 an Environmental Impact Assessment (EIA) focusing on ten exploratory wells (O-35, G-35, E-37, M-25, I-46, G-47, I-23, L-24, C-58, C-02 and I-02); the barge landing, nine camp sites; 34.6 km access plus 3.3 km winter road; a water well; surface water withdrawal and borrow pits. A Heritage Resources Impact Assessment was conducted by Paramount for Fort Liard Drilling Project and the NWT Portion of the Shiha Pipeline Project under NWT Archaeologist's Permit 99-890 in 2000. Several of the components that were assessed under the EIA's were never permitted, licensed, or built.

3.2 Details of the Regulatory Process

On March 11, 2021, Paramount Resources submitted Applications for a new Licence MV2021L1-0006 and new Permit MV2021A0006 for the Fort Liard South Project. The Applications were deemed incomplete on March 22, 2021, as per subsection 22(1) of the MVLUR.⁵ On June 4, 2021, additional information was received, and the Applications were subsequently deemed complete, and the review commenced. Draft Licence and Permit Conditions were included as part of the review. A Public notice of the Application was published in News North.⁶

Prior to the due date for submissions, July 5, 2021, comments and recommendations regarding the Applications were received by the Board from the following parties⁷: Acho Dene Koe First Nation, GNWT - Lands), and MVLWB Staff. The Government of the Northwest Territories – Department of Environment and Natural Resources (GNWT-ENR) provided a submission one day late, on July 6, 2021, which the Board accepted.

Prior to the due date for response, July 12, 2021, Paramount responded to all the parties' comments and provided comments.

On July 22, 2021, the Board met to make decisions regarding the Applications.

4.0 Legislative Requirements

In conducting the review process for the Applications as described in Sections 2 and 3 above, the Board has ensured that all applicable legal and procedural requirements have been satisfied, as required by section 62 of the MVRMA and as outlined below. The Board has considered the people and users of the land and water in the Mackenzie Valley, and any Traditional Knowledge and scientific information that were made available to the Board during this regulatory proceeding, as per section 60.1 of the MVRMA. The consideration of information provided to the Board is discussed in detail below in Sections 4.0, 5.0, and 6.0.

⁵ See MVLWB Letter – Application [Incomplete letter](#), dated March 22, 2021.

⁶ [MV2021L1-0006 MV2021A0006 Newspaper Advertisement](#)

⁷ See Review Comment Summary Table – Draft Licence MV2021L1-0006, dated June 14_21.

4.1 General

The use of land, water, and the deposit of waste proposed is of a nature contemplated by the MVRMA and the *Waters Act*. As this Project is located on a Non-Federal Area, the MVRMA and *Waters Act* applies.

4.2 MVRMA Part 3: Duty to Consult

In exercising its authority under the MVRMA, the Board must ensure that the concerns of people have been taken into account as per paragraph 114(c) of the MVRMA. It must also consider the importance of conservation to the well-being and way of life of Indigenous peoples of Canada, as per paragraph 60.1(a) of the MVRMA, specifically those to whom section 35 of the *Constitution Act*, 1982 applies and who use an area of the Mackenzie Valley. Accordingly, the Board works with applicants, affected parties (including Indigenous organizations and governments), and other parties (such as other boards and regulators) to ensure that potential impacts of proposed projects are understood and carefully considered before decisions are made with respect to the issuance of Permits and Licences.

To ensure that all potentially affected parties were aware of this process the application and supporting documents were distributed to all potentially affected parties identified in Table 1 below.

Table 1: Organizations on the Distribution List for Applications for Licence MV2021L1-0006 and Permit MV2021A0006.

Acho Dene Koe First Nation	GNWT - MACA (Municipal and Community Affairs)
Canadian Northern Economic Development Agency - NWT Region	GNWT - PPCA (Policy, Planning, Communications and Analysis (w/in ITI))
Planning, Communications and Analysis (w/in ITI))	GNWT - PWNHC (Prince of Wales Northern Heritage Centre (w/in ECE))
CIRNAC - Inspector	Hamlet of Fort Liard
CIRNAC-CARD	Hamlet of Fort Providence
Deh Cho Land Use Planning Committee	Hamlet of Fort Resolution
Deh Gah Got'ie Dene Council	Ka'a'gee Tu First Nation
Dehcho First Nations	Katlodeeche First Nation
Dene Nation	Liard First Nation (Yukon)
Dene Tha' First Nation	Łı́ı́ł' ııKúé First Nation (Ft Simpson)
Deninu K'ue First Nation	Mackenzie Valley Environmental Impact Review Board
Digaa Enterprises Ltd.	MVLWB
Environment and Climate Change Canada	Naha Dehe Dene Band
Fisheries and Oceans Canada	North Slave Metis Alliance
Fort Providence Metis Council #57	Northwest Territory Metis Nation
Fort Providence Resource Management Board	NWT- OROGO
Fort Simpson Metis Local 52	Pehdzeh Ki First Nation (Wrigley)
Forward Mining	Ross River Dena Council

GLWB	Sambaa Ke First Nation (Trout Lake)
GNWT - ENR (Environment and Natural Resources)	Snap Lake Environmental Monitoring Agency (SLEMA)
GNWT - ENR - Deh Cho	Tlicho Lands Protection Department
Region	Tlicho Lands Protection Department
GNWT - ENR - EAM	Town of Hay River
(Environmental Assessment and Monitoring)	Transport Canada
GNWT - ENR - Forestry	Ttsets'ek'ehdeli First Nation (JMR)
GNWT - ENR - North Slave Region	Wek' eezhii Renewable Resources Board
GNWT - ENR - South Slave Region - Fort Smith	West Point First Nation
GNWT - ENR - Wildlife	WLWB
GNWT - Executive and Indigenous Affairs	Wood PLC
GNWT - HSS (Health and Social Services)	
GNWT - INF (Infrastructure)	
GNWT - ITI (Industry, Tourism and Investment)	
GNWT - Lands	
GNWT - Lands - Dehcho Region	
GNWT - Lands - Hay River Region	
GNWT - Lands - North Slave Region	

4.2.1 The Board Role in Consultation

The Board's requirements for engagement are set out in its *Engagement and Consultation Policy* (the Policy).⁸ The Policy was developed to ensure that the Board's obligations for achieving meaningful consultation (as set out by land claims and applicable legislation) with all affected parties, including Indigenous groups in the Mackenzie Valley, are met and consultation results clearly articulated. The Policy has three broad objectives, as described below.

The core objectives of the Policy are:

- 1) To require proponents to initiate dialogue and engagement planning with affected parties, particularly affected Aboriginal organizations/governments, in advance of an application with the goals of:
 - explaining the project;
 - identifying concerns and potential environmental impacts (including any potential for impacts to Aboriginal and treaty rights);
 - addressing concerns raised; and
 - ensuring appropriate levels and types of engagement are carried out over the life of an authorization or project.
- 2) To apply consultative approaches throughout a proceeding, which assist affected parties to meaningfully contribute to the assessment of impacts on the environment and the establishment

⁸ See www.mvlwb.com → Resources → Policies and Guidelines: [MVLWB Engagement and Consultation Policy](#) (June 1, 2013).

of appropriate mitigations in order for the Boards to meet statutory responsibilities pursuant to the MVRMA and the Waters Act and their regulations.

- 3) To assist in ensuring, and if required rule on, the adequacy of Crown consultation before making a final decision or recommendation, taking into account information gathered during proponent engagement and through its consultative processes.

4.3 MVRMA Part 3 and 4 and Waters Act: Land and Water Regulation and MVLWB

The Board has jurisdiction to issue this Licence and Permit as per section 102 of the MVRMA

General

The Board has considered the people and users of the Mackenzie Valley, and any traditional knowledge and scientific information that was made available to it during this regulatory proceeding, as per section 60.1 of the MVRMA.

4.3.1 Public Notice

Notice and copies of the Applications was given to fulfill sections 63 and 64 of the MVRMA. The Board is satisfied that a reasonable amount of time was given to communities, First Nations, and the public to participate in this regulatory process by making submissions to the Board.

4.3.2 Water Use Fees

Paramount is required to pay water use fees as per subsection 8(1) of the Waters Regulations, prior to the start of operations. Water use fees must be paid hereafter for the duration of the Licence on or before its annual Anniversary date.

4.3.3 Existing Licences

With respect to subsection 26(5)(a) of the *Waters Act*, no other Licensees contacted the Board during the statutory period, and there are no applicants with precedence in the watershed as per subsection 72.26(1) of the MVRMA/59(1) of the *Waters Act*. The Board is satisfied that the granting of this Licence will not adversely affect, in a significant way, any existing Licensee if compliance with the Licence occurs.

4.3.4 Compensation to Existing Water Uses

Paragraph 26(5)(b) of the *Waters Act* prohibits the issuance of the Licence unless the Board is satisfied that appropriate compensation has been or will be paid by the applicant to persons who would be adversely affected by the use of waters, or deposit of waste proposed by the applicant, at the time when the applicant filed its Applications with the Board.

The Board received no claims for compensation either during the prescribed period or afterwards. Provided compliance with the Licence conditions takes place, the Board finds that there are no water users or persons listed in paragraph 26(5)(b) of the *Waters Act* who will be adversely affected by the use of waters or the deposit of waste proposed.

4.3.5 *Water Quality Standards*

With regards to 26(5)(c)(i) of the *Waters Act*, the Board is satisfied that compliance with the Licence conditions will ensure that waste will be collected and disposed of in a manner which will maintain water quality consistent with applicable standards and the Board's *Water and Effluent Quality Management Policy*. These are discussed further in Section 4.5.6 of these Reasons for Decision (Part F of the Licence: Conditions Applying to Waste and Water Management).

4.3.6 *Effluent Quality Standards*

There are no effluent quality standards prescribed in the Waters Regulations. The Board has considered its *Water and Effluent Quality Management Policy* to be protective of the receiving waters and environment. The Board is satisfied that compliance with the Licence conditions will protect the receiving waters and environment.

4.3.7 *Financial Responsibility*

The Board must satisfy itself of the financial responsibility of Paramount under 26(5)(c) of the *Waters Act* before it can issue the Licence.

Paramount is a publicly traded Canadian company that has been in business over 40 years and operated in the Northwest Territories for over 20 years. Paramount has previously posted security for operations at Fort Liard East, Fort Liard West, Fort Liard South, and Cameron Hills with the GNWT and OROGO. With respect to Fort Liard South Project, Paramount has posted with the GNWT \$429,029 under Permit MV2016A0010 and \$100,000 under Licence MV2016L1-0002.

As a result, and for the reasons set out above, the Board is satisfied that the financial capacity of the Applicant, in this case, is adequate and meets the requirements of paragraph 26(5)(c) of the *Waters Act*.

4.3.8 *Minimization of Adverse Effects*

With regards to subsection 27(2) of the *Waters Act*, it is the opinion of the Board that compliance with the Licence will ensure that any potential adverse effects on other water users, which might arise because of the issuance of the Licence, will be minimized.

4.3.9 *Time Limit*

The Board is satisfied it has adhered to subsection 47(1) of the *Waters Act*, which requires it to make a decision within a period of nine months after the day on which an application is made or a notice advertised as per subsections 43(1) and 43(2) of the *Waters Act*.

4.4 MVRMA Part 5: Environmental Review

4.4.1 *Environmental Assessment*

An environmental screening was conducted by the National Energy Board (NEB) as part of the environmental impact assessment for the project, which looked at potential impacts that may be

attributed to the project. The language used in the NEB's Screening Report implies that the terms "Screening" and "Environmental Assessment" may have been used interchangeably.

4.4.2 Preliminary Screening

The project was screened in on October 3, 2002, for the issuance of authorization MV2002A0038 and MV2002L1-0004. Authorizations MV2009A0017 and MV2009L1-0006 and MV2016L1-0002 and MV2016A0010 were exempt from preliminary screening by the Board.

Paramount requested that its applications be exempt from preliminary screening under Schedule 1, Part 1, section 2.1, of the Exemption List Regulations as the project was covered by an Environmental Assessment with National Energy Board.

Screening Exemptions:

On July 22, 2021, the Board met and confirmed that the activities associated with the Applications were exempt from preliminary screening based on Part 1, Schedule 1, section 2.1 of the Exemption List Regulations to the MVRMA.⁹ Consequently, no preliminary screening was conducted for the Applications.

5.0 Decision – Water Licence M2021L1-0006

In making its decision and preparing these Reasons for Decision, the Board has reviewed and considered:

- 1) The comments and recommendations made during the regulatory processes;
- 2) The evidence and submissions from Paramount received by the Board;
- 3) The written comments and submissions from parties received by the Board; and
- 4) The Staff Report prepared for the Board.

Having due regard to the facts, circumstances, and the merits of the submissions made to it, and to the purpose, scope, and intent of the MVRMA and the *Waters Act*, the Board has determined that Licence MV2021L1-0006 should be issued, subject to the scope, definitions, conditions, and term contained therein. The Board's determinations and reasons for this decision are set out below.

The scope, definitions, conditions, and term set forth in the Licence have been developed to address the Board's statutory responsibilities and the concerns that arose during the regulatory process. The Reasons for Decision set out below focus on the major concerns and issues raised by parties, including those that were the subject of substantive argument submitted by one or more parties. They also address evidence which resulted in the inclusion of new or revised conditions that differ from those in the existing Licence MV2021L1-0006.

⁹ See MVLWB Decision – MV2021A0006 MV2021L1-0006 – Paramount -Liard South - Preliminary Screening Exemption Confirmation, dated July 22, 2021. (<https://mvlwb.com/registry/MV2021L1-0006/> <https://mvlwb.com/registry/MV2021A0006>)

The format of the Licence has been reorganized from Licence MV2016L1-0002, with minimal content changes. These changes modernize the Licence and enhance its consistency with other licences for similar undertakings. Site-specific conditions were developed where necessary.

5.1 Term of Licence

Paramount applied for a term of five years for the Licence, with the proposed start and completion dates for the project being October 5, 2021, and October 4, 2026, respectively.

Subsection 26(2) of the *Waters Act* allows for a Licence term of not more than 25 years or the duration of the undertaking. After reviewing the submissions made during this regulatory process, and taking into consideration the closely linked Permit, the Board has determined an appropriate term for this undertaking is seven years, which takes into account the five-year term of the Permit, plus the possibility of a two-year extension of the Permit's term.

5.2 Part A: Scope and Definitions

Part A of the Licence contains the scope and definitions for terms used throughout.

Scope

The scope of the Licence ensures the Licensee is entitled to conduct activities which have been applied for and screened by the Board. In setting out the scope of the Licence, the Board endeavoured to provide enough detail to identify and describe the authorized activities, without being unduly restrictive or prescriptive, and to allow for project flexibility throughout the life of the Licence.

The scope of the licence is generally consistent with that of MV2016L1-0002 except for a few minor exclusions that included barge landing sites, gathering line, and central battery. Additionally, the scope of the licence considers updates to reflect the Standard Water Licence Conditions and Schedule Templates. A copy of the draft licence was distributed for review during the public review period. Specifically, the scope of the licence includes withdrawal of water for domestic, construction, and abandonment purposes; construction, operation, and maintenance of watercourse crossing(s); construction, operation, and maintenance of all-weather and winter access roads, well sites, camps, borrow pits, remote sump, and the Shiha Pipeline; and progressive reclamation and associated activities.

Part A, conditions 1(b) through 1(d) are consistent with previous Licences issued by the Board. These conditions ensure that the scope of the authorization includes all water uses and deposits of waste associated with the Project, do reflect and comply with all applicable legislation for the life of the authorization, and consider and incorporate scientific and Traditional Knowledge where available in the Licensee's effort to protect the environment.

Definitions

The Board defined items in the Licence to ensure a common understanding of conditions, to avoid future differences in interpretation, and to use wording similar to that found in previously issued Licences.

Generally, the definitions in the Licence are consistent to that contained in the standard Licence conditions.

5.3 Part B: General Conditions and Schedule 1

Part B and Schedule 1 of the Licence contain general administrative conditions regarding compliance and conformity with the *MVRMA* and *Waters Act* and is consistent with standard conditions found in previous Licences issued by the Board.

Part B, condition 5, clarifies that all references to policies, guidelines, codes of practice, statutes, regulations, or other authorities shall be read as a reference to the most recent versions, unless otherwise denoted. This standard practice allows for flexibility in Licence conditions when documents are updated during the life of the Licence.

This section addresses conformity and compliance with submissions to the Board. Annual review and submission of major updates or changes to management plans are required by Part B, condition 10, for Board approval. Such revisions must be approved by the Board prior to the implementation of activities not identified in existing, approved plans. This condition ensures that all applicable plans are regularly reviewed and updated so they reflect changes in technology and/or changes and phases of the project throughout the life of the authorization.

Part B, item 13 introduces the Schedules which are annexed to and form part of the Licence. Changes to these Licence components are largely administrative matters and are within the Board's authority.

Part B, condition 17 and Schedule 1, condition 1: Annual Water Licence Report

The requirements for the Annual Water Licence Report are outlined in Part B, condition 17, and Schedule 1, condition 1. The purpose of the Annual Water Licence Report is to provide the Board and all stakeholders the opportunity to be annually updated on project components and activities, and to provide a platform for stakeholders to submit comments, observations, feedback, and questions, as necessary. The requirements are intended to provide clarity and summarize information already captured through existing submissions; they are not meant to be onerous. The Board organized these requirements to coincide with the layout of the Licence and to be consistent with recently issued licences.

Part B, condition 18: Engagement

The Board assesses engagement adequacy of applications through the Board's *Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*, and the Board's *Engagement and Consultation Policy*. The Board notes that Paramount's pre-engagement for the Applications was determined to be mostly in accordance with the Guidelines and Policy. Paramount included an Engagement Plan and Log (Version 1, June 2021) in the Applications.

During the public review period Acho Dene Koe First Nation (ADKFN) mentioned that Paramount's contractual obligations go beyond Paramount's Engagement Plan and it raised concerns about the lack of

inclusive perspectives, when appropriate, during community meetings; the absence of goals related to engagement activities, the need for traditional knowledge funding and for creating opportunities for feedback on the engagement process. In response Paramount stated that ADKFN's submissions are not relevant to the issue that the MVLWB has to decide. Paramount stated that engagement would be initiated in accordance with Table 5 of its Engagement Plan.

The Board has approved the Plan as an interim submission. To address the concerns regarding effective engagement, raised by Indigenous groups and other parties, the Board requires that the Licensee revise the Engagement Plan and submit Version 1.1, at a minimum of 45 days prior to the commencement of project activities, to reflect updates as agreed to during this regulatory proceeding and as noted above.

The Plan will be considered approved when the Licensee receives written confirmation of conformity from Board staff. The Licensee may not commence Project activities until conformity is confirmed.

5.4 Part C: Conditions Applying to Security Requirements and Schedule 2

The Board is authorized to require the Licensee to provide security to the subsection 35(1) of the *Waters Act*. Subsection 35(2) of the *Waters Act* specifies how the security may be applied.

Part C of the Licence, by reference to Schedule 2, sets the level of security to be maintained by the Licensee and set out requirements related to posting and updating security. As in other licences, the Board may request a security update from the proponent at any time, and may adjust the security amount at any time, based on available information. Specifically, Part C, conditions 3 and 4 stipulate that the Board can revise the security deposit and that the Licensee will post the revised deposit within 90 days following the Board's decision. This condition pertains to both increases and reductions in security. The conditions in this section are similar to those found in other Licences issued by the Board.

The Board has determined that the total security deposit amount shall be \$529,029, \$100,000 is required under the Licence and \$429,029 is required under the Permit. A detailed explanation of how the Board determined the security deposits for these two instruments is provided in Appendix A: Reclamation Security for the Project. The reclamation securities for the Land Use Permit and Licence are discussed together since the estimates deal with the same project and are intimately linked.

5.5 Part D: Conditions Applying to Water Use

Part D, condition 1 of the Licence contains conditions related to water use for Paramount's Fort Liard South Project. These are consistent with standard conditions found in previous Licences issued by the Board.

The maximum quantity of water that can be withdrawn from Mea Gho Cho Lake/borrow pit is 26,000 m³/year or 299 m³/day. Paramount indicated that an assessment conducted by Golder Associates (1999) suggests that the residual impact would be insignificant from withdrawal of up to 19,000 m³ of water from Mea Gho Cho Lake during the winter season.

While the Board recognises that the Golder Associates' Assessment (1999) may be somewhat dated, it is satisfied that the Project's water requirement is not of the magnitude that would likely impact the relevant freshwater source(s) significantly.

Reviewers did not express significant concerns about the water use associated with the project.

5.6 Part E: Conditions Applying to Construction

Part E of the Licence contains conditions applying to construction activities for the Project and is consistent with standard conditions found in previous Licences issued by the Board. These conditions ensure that engineered structures are built to appropriate standards and require the submission of design and engineering reports. The Board can ensure that monitoring requirements are in place prior to, during, and post-construction.

It is understood that no significant structures or infrastructure will be constructed under the scope of the project as Paramount is in the process of reducing its project footprint through ongoing closure and reclamation activities. Consequently, limited conditions have been included under this section of the Licence.

5.7 Part F: Conditions Applying to Waste and Water Management

Part F, condition 1 of the Licence contains conditions applying to waste and water management activities for the Project and is consistent with standard conditions included in previous Licences issued by the Board. Site-specific conditions were developed where necessary.

Part F, condition 1 sets out the objectives for the management of water and waste for the Project. This condition is consistent with the principles of objective-based regulation: it essentially defines the objectives of any required management actions, plans or reports. This condition is standard for Licences issued by the Board and reminds the Licensee of the need to manage water and waste with the goal of minimizing impacts on the receiving environment.

Management Plans and Monitoring Programs

Part F: Waste Management Plan

The Board's authority to regulate the management of waste is described in subsection 26(1) of the MVLUR and sections 11 and 27 of the *Waters Act*. As such, the Board developed, and approved, *Guidelines for Developing a Waste Management Plan*.¹⁰ These guidelines can be applied to a wide range of projects and is intended to ensure that all waste management activities specific to each project are carried out in a way that is consistent with best practices and applicable guidelines to minimize waste released from the

¹⁰ See www.mvlwb.com → Resources → Policies and Guidelines: [MVLWB Guidelines for Developing a Waste Management Plan](#) (March 31, 2011).

Project. Waste Management Plan is a defined term in the Licence, ensuring that the required Plan adheres to the Board's Guidelines.

Submittal and compliance with a Waste Management Plan is standard for Licences issued by the Board. Paramount included a Waste Management Plan (Version 1, March 2021) in its Applications.

During the review period, parties provided comments on the absence of details related to specific volumes of waste that will be generated by the project, responsible parties for addressing non-compliance issues, and specific option to be selected for each waste stream generated by the project. Paramount in response stated that details related to waste volume generated by the project can be found in Section 4.3 of the Plan. On the topic of responsibilities for addressing non-compliances, Paramount stated that its site supervisor is responsible for such matters. With respect to specific option selected for addressing each waste type generated by the project, Paramount stated that this topic will be addressed in a future iteration of the Plan.

The Board has denied the Waste Management Plan at this time as the Plan is too general and does not adequately reflect the specific option that will be used to manage each waste type/stream. Paramount is required to submit the Plan for public review and Board decision 60 days prior to commencement of Project activities.

5.8 Part G: Conditions Applying to Aquatic Effects Monitoring Program

The Board did not require conditions in this section to satisfy its mandate. The MVLWB/GNWT Guidelines for Aquatic Effects Monitoring Programs outlines monitoring requirements for developments and when Aquatic Effects Monitoring Programs (AEMP) are necessary. AEMPs are generally required for undertakings that require a Type A water licence as defined in the Waters Regulations and of projects which directly deposit waste to the receiving environment; though, an AEMP may be required for any project or undertaking where a change or effect to the aquatic environment is reasonably expected. In all cases, the requirement for an AEMP for any specific project is at the discretion of the Board and will be based on the evidence presented in individual water licence proceedings.

The Application material indicated there would be no direct deposit of waste, therefore the risk posed to aquatic environment would primarily be linked to the mobilization and demobilization of equipment, construction of ice bridges, spring freshet, and closure and reclamation activities. Consequently, no conditions have been included in the Licence under aquatic effects monitoring program.

5.9 Part H: Conditions Applying to Contingency Planning

Part H of the Licence contain conditions related to spill contingency planning and reporting, reclamation of spills and unauthorized discharges, and emergency response for the Project. The purpose of this part is to ensure that Paramount is fully prepared to respond to spills and unauthorized discharges. The planning and reporting requirements in this part ensure that Paramount has identified the lines of authority and responsibility, has an action plan(s) for responses to spills and unauthorized discharges, and has established reliable reporting and communication procedures. This will ensure that any spills or

unauthorized discharges are effectively controlled and cleaned up, with the goal of preventing or limiting damage to the receiving environment. The conditions in Part H are consistent with standard conditions found in previous Licences issued by the Board.

Part H, condition 1: Spill Contingency Plan

Spill Contingency Plan is a defined term in the Licence, referencing the Indian and Northern Affairs Canada's *Guidelines for Spill Contingency Planning*.¹¹ Paramount included a Spill Contingency Plan (Version 1, March 2021).

During the review period, ADKFN commented that information is lacking about the locations of spill kits, fueling stations, testing and removal of contaminated materials, and spill prevention. MVLWB staff commented on the absence of information related to hazardous materials stored on site, measures/procedures for responding to spill on land, water, snow, or ice; and the location(s) of spill response equipment. In response, Paramount stated the information that is absent from the plan will be included in its next iteration.

The Board has approved the Spill Contingency Plan as an interim submission. The Board requires that the Licensee revise the revised Spill Contingency Plan and submit Version 1.1, at a minimum of 45 days prior to the commencement of project activities, to reflect updates as agreed to during this regulatory proceeding and as noted above.

The Plan will be considered approved when the Licensee receives written confirmation of conformity from Board staff. The Licensee may not commence Project activities until conformity is confirmed.

5.10 Part I: Conditions Applying to Closure and Reclamation and Schedule 3

Part I and Schedule 3 of the Licence contain conditions applying to closure and reclamation of the Project. Paramount is required to submit a closure and reclamation plan for Board approval at least 45 days prior to commencement of Project activities.

The Licence conditions applying to the security deposit (Part C of the Licence) are closely related to this Part I; the security deposit is directly related to the activities described in the closure plans, and updates to closure plans often result in updates to the security deposit. These conditions are consistent with other Licences issued by the Board.

Part I, item 3 requires Paramount to submit a Final Closure and Reclamation Plan a minimum of 24 months prior to the end of operations. This is a standard requirement of Licences issued by the Board and will ensure the Project is reclaimed in accordance with established guidelines and expectations of reviewers and the Board.

Schedule 3, of the Licence include details that should be included in the closure and reclamation plan.

¹¹ See www.mvlwb.com → Resources → Policies and Guidelines: [INAC Guidelines for Spill Contingency Planning](#) (March 31, 2011).

5.11 Part J: Conditions Applying Water Course Crossing

Part J of the Licence includes standard conditions that pertains to watercourse crossings to ensure that impacts to water bodies are minimized during the conduct of project activities.

5.12 Annex B: Table of Submissions

Annex B of the Licence contains a table that summarizes the information Paramount is required to submit as required by the Licence conditions.

6.0 Decision – Land Use Permit MV2021A0006

In making its decision and preparing these Reasons for Decision, the Board has reviewed and considered:

- 1) The comments and recommendations made during the regulatory processes;
- 2) The evidence and submissions from Paramount received by the Board;
- 3) The written comments and submissions from parties received by the Board; and
- 4) The Staff Report prepared for the Board.

Having due regard to the facts, circumstances, and the merits of the submissions made to it, and to the purpose, scope, and intent of the MVRMA, the Board has determined that Permit MV2021A0006 should be issued, subject to the scope, definitions, conditions, and term contained therein. The Board's determinations and reasons for this decision are set out below.

The scope, definitions, conditions, and term set forth in the Permit have been developed to address the Board's statutory responsibilities and the concerns that arose during the regulatory processes. The Reasons for Decision set out below focus on the major concerns and issues raised by parties, including those that were the subject of substantive argument submitted by one or more parties. They also address evidence which resulted in the inclusion of new or revised conditions that differ from those in the existing Permit MV2016A0010.

The Permit has been modernized to enhance its consistency with other Permits for similar activities.¹² Site-specific conditions were developed where necessary.

6.1 Term of Permit

Paramount has applied for a term of five years for the Permit, with the possibility of a future extension of up to two years. Subsections 26(5) of the MVLUR allows for a Permit term of not more than five years. None of the commenting parties objected to the term requested for the permit. After reviewing the submissions made during this regulatory process, the Board has determined an appropriate term for this undertaking is five years.

¹² Land Use Permit [MV2021A0006](#) issued for the Fort Liard South on July 22, 2021; etc.

6.2 Part A: Scope of Permit

The scope of the Permit ensures the Permittee is entitled to conduct activities which have been applied for and screened by the Board. In setting out the scope of the Licence, the Board endeavoured to provide enough detail to identify and describe the authorized activities, without being unduly restrictive or prescriptive, and to allow for project flexibility throughout the life of the Permit.

The scope of the Permit application is for the continuation of an industrial undertaking at Paramount Fort Liard South Project. The scope includes all the elements of existing permit MV2016A0010, except barge landing sites, gathering lines and central battery. Paramount is responsible for all closure and reclamation activities associated with the items identified for removal.

6.3 Part B: Definitions

The Board defined items in the Permit to ensure a common understanding of conditions, to avoid future differences in interpretation, and to use wording similar to that found in previously issued Permits. For the most part, the definitions used wording from the Board's *Standard Land Use Permit Conditions Template* (Standard Template).

6.4 Part C: Conditions Applying to All Activities

The subheadings below correspond to the headings in the conditions section of the Permit, as outlined in section 26(1) of the MVLUR. Most conditions in the Permit are from the Board's Standard Template, and are not discussed in detail in these Reasons for Decision unless notable due to recommendations or concerns raised during the public review. Where applicable, the Board's reasons for including non-standard conditions are discussed.

26(1)(a) Location and Area

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(b) Time

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(c) Type and Size of Equipment

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(d) Methods and Techniques

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(e) Type, Location, Operation of All Facilities

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(f) Control or Prevention of Ponding of Water, Flooding, Erosion, Slides, and Subsidence of Land

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(g) Use, Storage, Handling, and Ultimate Disposal of Any Chemical or Toxic Material

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(h) Wildlife and Fish Habitat

Paramount included in the Applications details related to wildlife that could be potentially impacted by the project and measures or details to mitigate or eliminate impacts to wildlife and wildlife habitat.

The Board notes that provisions in the MVLUR apply to protection of wildlife habitat, not wildlife. Impacts to wildlife are under the jurisdiction of the GNWT through the *Wildlife Act*. The Board included condition 51 in the Permit, which requires Paramount to prevent damage to wildlife and fish Habitat. This is a condition from the Board's Standard Template, and is intended to ensure Paramount conducts their land-use operation in such a way as to minimize disturbance to wildlife habitat.

26(1)(i) Storage, Handling, and Disposal of Refuse or Sewage;

A Waste Management Plan is a standard requirement for land use permits issued by the Board. This Plan is intended to ensure that all waste management activities are carried out in a way that is consistent with best practices and applicable guidelines to minimize waste released from the Project. This Plan is also required under Part F of the Licence and the Board's reasons for including this Plan, and requiring revisions and re-submittals, are described above in Section 5.7. The Board mirrored these conditions to the extent possible with the Licence requirements to ensure one submission will satisfy conditions of both the Licence and Permit.

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(j) Protection of Historical, Archaeological, and Burial Sites;

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(k) Objects and Places of Recreational, Scenic, and Ecological Value

The Board did not require conditions in this section to satisfy its mandate and did not receive any comments during the review of the draft Permit.

26(1)(l) Security Deposit

The Board is authorized to require the Permittee to provide security to the Minister by subsection 32(1) of the MVLUR. Subsection 32(2) of the MVRMA specifies how the security may be applied.

The Board has included a requirement for security in the Permit. The Board's reasons associated with this section are described above in Section 5.4, in conjunction with reasons for security required by the

Licence. The security deposits required by these two instruments are discussed together since the estimates deal with the same project and are intimately linked. The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(m) Fuel Storage

A Spill Contingency Plan is a standard requirement for land use permits issued by the Board. This Plan is intended to ensure that an action plan(s) for responses to spills and Unauthorized Discharges and has established to effectively control and clean up spills and Unauthorized Discharges, with the goal of preventing or limiting damage to the receiving environment. This Plan is also required under Part H of the Licence and the Board's reasons for including this Plan, and requiring revisions and re-submittals, are described above in Section 5.9. The Board mirrored these conditions to the extent possible with the Licence requirements to ensure one submission will satisfy conditions of both the Licence and Permit.

The Board has approved this Plan as an interim submission, and the Board requires that the Licensee revise the Spill Contingency Plan and submit Version 1.1, at a minimum of 45 days prior to the commencement of project activities, to reflect updates as agreed to during this regulatory proceeding and as noted above.

The Plan will be considered approved when the Licensee receives written confirmation of conformity from Board staff. The Licensee may not commence Project activities until conformity is confirmed.

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(n) Methods and Techniques for Debris and Brush Disposal

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(o) Restoration of the Lands

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(p) Display of Permits and Permit Numbers

The conditions included in this section are all consistent with the Board's Standard Template.

26(1)(q) Biological and Physical Protection of the Land

An Engagement Plan is a standard requirement for land use permits issued by the Board. This Plan is intended to ensure adequate and effective engagement with potentially affected parties has occurred prior to the submission of the Applications (in the form of the Engagement Log) and is planned for throughout the life of the Project. This Plan is also required under Part B of the Licence and the Board's reasons for including this Plan, and requiring revisions and re-submittals, are described above in Section 5.3. The Board mirrored these conditions to the extent possible with the Licence requirements to ensure one submission will satisfy conditions of both the Licence and Permit.

The conditions included in this section are all consistent with the Board's Standard Template.

7.0 Conclusion

Subject to the scopes, definitions, conditions, and terms set out in the Licence and Permit, and for the reasons expressed herein, the MVLWB is of the opinion that the land-use activities, water use, and waste disposal associated with the Project can be completed by Paramount Resources Limited while providing for the conservation, development, and utilization of waters in a manner that will provide the optimum benefit for all Canadians and in particular for the residents of the Mackenzie Valley.

Water Licence MV2021L1-0006 and Land Use Permit MV2021A0006 contain provisions that the Board deems necessary to ensure and monitor compliance with the MVRMA, *Waters Act*, and the Regulations made thereunder, and to provide appropriate safeguards in respect of Paramount Resources Ltd.'s use of the land and water affected by the Licence.

SIGNATURE

Mackenzie Valley Land and Water Board



Mavis Cli-Michaud, Chair

July 22, 2021

Date

Appendices and Annexes

Water Licence and Land Use Permit Applications	
Preliminary Screener	MVLWB
File Number	MV2021L1-0006 and MV2021A0006
Company	Paramount Resources Limited.
Project	Industrial Undertaking, Oil and Gas, Fort Liard South , NT

Appendix A: Reclamation Security for the Project

1.0 Introduction

Table 1 shows the amount in Reclamation Security Paramount has posted under its existing Permit MV2016A0010 and Licence MV2016L1-0002:

Table 1: Reclamation Security posted under the existing Permit and Licence

Permit MV2016A0010 (Condition 48)	\$429,029
Licence MV2016L1-0006 (Part C, Item1)	\$100,000
Total	\$529,029

1.1 Paramount's Evidence Submitted to the Board

Paramount submitted as part of its Applications documents a reclamation security estimate for the Project in the amount of \$491,000, with \$0 allocated for land liability and \$491,000 allocated for water liability, respectively. A breakdown of breakdown of Paramount reclamation estimate is shown in Table 2 below.

Table 2: Paramount - Reclamation Security Estimate

Capitol Cost Item	Cost)	Land Liability (\$)	Water Liability (\$)
Wells and Facilities	\$85,000	\$0	\$85,000
Buildings and Equipment	\$25,000	\$0	\$25,000
Chemicals and Contaminated Soil Management	\$40,000	\$0	\$40,000
Surface and Groundwater Management	\$0	-	\$0
Interim Care and Maintenance	\$0	-	\$0
Subtotal: Capital Costs	\$150,000	\$0	\$150,000
Indirect Cost Item	Cost	Land Liability	Water Liability
Mobilization/Demobilization	\$236,000	\$0	\$236,000
Post-Closure Monitoring and Maintenance	\$ 63,000	\$0	\$ 63,000
Engineering	\$4,500	\$0	\$4,500
Project Management	\$4,500	\$0	\$4,500
Health and Safety Plans/Monitoring & QA/QC	\$1,500	\$0	\$1,500
Bonding/Insurance	\$1,500	\$	\$1,500

Contingency	\$30,000	\$	\$30,000
Market Price Factor Adjustment	\$0	\$	\$0
Subtotal: Indirect Costs	\$341,000	\$	\$341,000
TOTAL COSTS	\$491,000	\$	\$491,000

1.2 GNWT-ENR – Evidence Submitted to the Board

During the public review period for the Applications, GNWT-ENR, provided a reclamation security estimate in the amount of \$1,820,452, with \$885,430 and \$935,022 accounting for land and water liabilities, respectively. A breakdown of GNWT-ENR's reclamation estimate is shown in Table 3 below.

Table 3: GNWT - Reclamation Security Estimate

Capitol Cost Item	Cost	Land Liability	Water Liability
Facilities	\$271,500	\$171,000	\$100,500
Buildings and Equipment	\$92,322	\$37,625	\$54,697
Chemicals and Contaminated Soil Management	\$109,230	\$50,000	\$59,230
Surface and Groundwater Management	\$0	-	\$0
Interim Care and Maintenance	\$58,684	-	\$58,684
	\$59,448	\$28,914	\$30,534
Subtotal: Capital Costs	\$ 591,184	\$287,539	\$303,644
Indirect Cost Item	Cost	Land Liability	Water Liability
Mobilization/Demobilization	\$616,820	\$300,008	\$316,812
Post-Closure Monitoring and Maintenance	\$176,052	\$85,628	\$90,424
Engineering	\$29,559	\$14,377	\$15,182
Project Management	\$29,559	\$14,377	\$15,182
Health and Safety Plans/Monitoring & QA/QC	\$5,912	\$2,875	\$3,036
Bonding/Insurance	\$5,912	\$2,875	\$3,036
Contingency (20%)	\$276,811	\$134,635	\$142,176
Market Price Factor Adjustment	\$ 0	\$0	\$0
Inflation (2014 – 2021) - MOBILIZATION/DEMOBLIZATION AND POSTCLOSUREMONITORING AND MAINTENANCE	\$88,643	\$43,114	\$45,529
Subtotal: Indirect Costs	\$1,229,268	\$597,890	\$631,378
TOTAL COSTS	\$1,820,452	\$885,430	\$935,022

2.0 Decision on Security

The Board in setting the amount of security for the project may consider the following factors in accordance with subsection 32(2) of the MVLUR:

- a) The ability of the applicant or prospective assignee to pay the costs referred to in that subsection;
- b) The past performance of the applicant or prospective assignee in respect of any other permit;
- c) The prior posting of security by the applicant pursuant to other federal legislation in relation to the land-use operation; and
- d) The probability of environmental damage or the significance of any environmental damage.

The Board notes that the total reclamation security estimated for the project by Paramount, as highlighted in Table 2, is approximately \$38,000 less than the amount posted by Paramount under existing Permit MV2016A0010 and Licence MV2016L1-0002, shown in Table 1. The total reclamation security estimated by the GNWT-ENR as shown in Table 3 is about twice the total currently posted under Paramount's existing authorizations. The difference in magnitude between the GNWT-ENR's estimate and that of Paramount's can be attributed to higher capital and indirect costs, inclusion of cost for land liability, and the addition of an inflationary factor in the GNWT-ENR's estimate.

Board in reviewing Paramount's and the GNWT's estimates notes that both estimates provide useful insights for the liabilities that may/may not be associated with ongoing closure and reclamation activities for the project. However, the absence of a Closure and Reclamation Plan at this stage in the project's life cycle presents an overall challenge in term of contextualizing the estimates provided by both parties. Consequently, the Board the believes that it would be premature to change/amend the reclamation security considering the uncertainties surrounding the closure and reclamation plan and its contents. The Board therefore decided to maintain the reclamation security at the level included in the existing licence and permit, respectively.

The Board chose to set security at \$529,029, \$100,000 for water liability and \$429,029 for Land Liability.

The Board takes this opportunity to emphasize that there is a condition in the licence for Paramount to submit a robust closure and reclamation plan at least 60 days prior to commencement of project activities. Paramount should note that the Board anticipates and expects that the closure and reclamation plan would include a reclamation cost estimate that is reflective of the plan's contents. The closure and reclamation plans will require public review and Board approval.