



Indian and Northern
Affairs Canada

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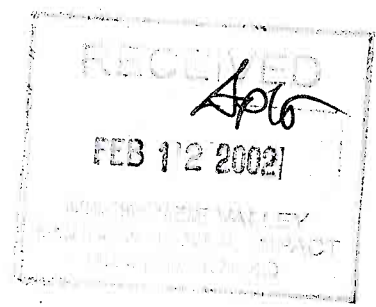
Deputy Minister

Sous-ministre

Ottawa, Canada
K1A 0H4

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EA01-005



FEB - 1 2002

Mr. Clayton H. Riddell
President
Paramount Resources Ltd.
4700 Bankers Hall West
888, 3rd Street SW
CALGARY AB T2P 5C5

Dear Mr. Riddell:

Thank you for your letter of December 19, 2001, wherein you outline Paramount's response to the Mackenzie Valley Environmental Impact Review Board's (the Board) Report on the Paramount Resources Ltd. Cameron Hills Gathering System and Pipeline Project. I regret the delay in responding.

As you are aware, the Minister of Indian and Northern Affairs Canada (INAC), together with the other responsible Ministers (Fisheries and Oceans, Environment Canada and the Government of the Northwest Territories) and the assistance of the National Energy Board, have decided to adopt the recommendation with modifications (see enclosed).

It is my expectation that issues related to Paramount's compensation plan and its Traditional Knowledge Study would be dealt with through Paramount's commitment to consult on these initiatives in order to reach mutually acceptable solutions.

INAC is committed to assisting both Paramount and the communities' interests in achieving responsible economic development within a framework of full consideration for environmental and human impacts.

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I want to express my appreciation for the assistance and co-operation provided by Paramount in various forums that assisted us in our consultations on the Board's Report.

Please do not hesitate to contact Mr. Bob Mahnic, Manager, Petroleum Resources and Benefits, at (867) 669-2618 in Yellowknife if you need to discuss these matters further.

Yours sincerely,

Marc Lafrenière

Encl.

c.c.: Mr. James Moore
Mr. Bob Overvold
Mr. Michel Mantha
Ms. Melody McLeod
Mr. Frank Pope