



Paramount
resources

4700 Bankers Hall West, 888 3rd Street SW Calgary, Alberta, Canada T2P 5C5 www.paramountres.com
tel 403 290 3600 fax 403 262 799

May 31, 2010

Mackenzie Valley Environmental Impact Review Board
P.O. Box 938
Yellowknife, NT X1A 2N7

Attention: Mr. Richard Edjericon, Chairperson

**Minister of Indian and Affairs and Northern Development
and Federal Interlocutor for Metis and Non-Status Indians**
10 Wellington Street
Gatineau, Quebec K1A 0H4
Ottawa Ontario

Attention: The Honourable Chuck Strahl, Minister

Mackenzie Valley Land and Water Board
7th Floor – 4910 50th Ave.
P.O. Box 2130
Yellowknife, NT X1A 2P6

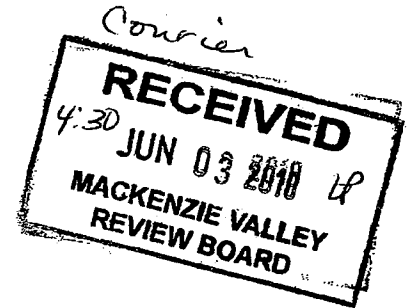
Attention: Mr. Willard Hagen, Chair

**RE: Paramount Resources Ltd. Land Use Permit MV2005B0021
Draft Terms and Conditions**

Dear Mr. Edjericon, Minister Strahl and Mr. Hagen:

In response to the draft terms and conditions of Land Use Permit (LUP) MV2005B0021, Paramount Resources Ltd. (Paramount) is presenting concerns regarding the process leading up to these draft terms and conditions and problems with the conditions themselves. In light of the problems, direction to move forward is requested.

More than three years ago, following a thorough review of the *Reason for Decision and Report of Environmental Assessment EA0506-007* and referenced documents, Paramount became concerned about the Mackenzie Valley Environmental Impact Review Board's (MVEIRB) determination that Paramount's Significant Discovery Licence 8 2-D Geophysical Program (SDL8 Program) would have a significant impact on boreal caribou and the recommendation for a maximum cutline width of 2.5m. These concerns were brought forward to the MVEIRB on December 21, 2006 and the response provided by Mary Tapsell, Manager of Environmental



Impact Assessment on January 2, 2007 only referred Paramount back to the information that prompted the concern (*i.e.*, the *Reason for Decision and Report of Environmental Assessment EA0506-007* and referenced documents). Given the lack of clarification, Paramount presented specific questions on February 2, 2007; however, a response was never provided and, therefore, the questions remain. The aforementioned correspondence is attached for your reference (Attachment 1).

Both the MVEIRB and Responsible Ministers “approved” the SDL8 Program subject to the recommended mitigation measures. However, the fundamental oversight is that the recommended mitigation measures, in particular the cutline width restriction to $\leq 2.5\text{m}$, drastically modify the proposed SDL8 Program and necessitate a complete re-evaluation of the program parameters. As a result, the “Description of Operation” portion of the original LUP application, which was the basis of the EA0506-007 and the draft terms and conditions in LUP MV2005B0021, would be invalid. Additionally, Paramount would be unable to meet Part C, Conditions 26(1)(c)11, 26(1)(n)42 and 26(1)(n)43 in draft LUP MV2005B0021 (see below for detail).

Condition		Problem
Part C, Condition 26(1)(c)11	The Permittee shall not use any equipment except of the type, size, and number that is listed in the accepted application.	The equipment list would have to be modified substantially to allow cutlines with a maximum width of 2.5 metres.
Part C, Condition 26(1)(n)42	The Permittee shall dispose of all debris and brush by: (a) Windrowing the debris and brush to the side of the line; (b) Making breaks in the windrow of at least then (10) metres wide at intervals of not more than sixty (60) metres; and (c) Or in a manner authorized in writing by the Inspector.	Debris and brush would have to be mulched, most likely, to allow cutlines with a maximum width of 2.5 metres.
Part C, Condition 26(1)(n)43	The Permittee shall make the windrow of brush and debris lie flat and compact by: (a) Bucking the material into suitable lengths and lopping the branches from the stem; and/or (b) Crushing with heavy machinery in order to compact the material.	

Paramount is concerned that a seismic program based on a maximum cutline width of 2.5m, compared to the proposed SDL8 Program, would result in either poor quality geophysical data or unaffordable expense. Consequently, a seismic program based on a maximum cutline width of 2.5m cannot be undertaken at this time. However, Paramount is confident that a seismic

program based on applicable guidance documents¹ would be acceptable both technically and financially.

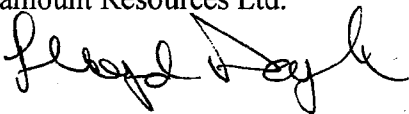
The objective of the applicable guidance documents is to set low impact seismic (LIS) standards, which includes consideration of cutline width. Cutline widths are generally dictated by the equipment, which is dictated by data requirements, sub-surface conditions, equipment mobility and availability, and safety, among other considerations. The applicable guidelines demonstrate an understanding that circumstances dictate the seismic program and therefore afford the operator some flexibility while at the same time committing to reducing line width. In the almost four years that have passed since the MVEIRB issued its *Reason for Decision and Report of Environmental Assessment EA0506-007* have you gained confidence in the applicable guidance documents?

In summary, Paramount is concerned with the conclusions drawn from EA0506-007 and its concerns were never addressed properly. To accommodate cutlines with a maximum width of 2.5 metres, a new seismic program would have to be designed, which would invalidate EA0506-007 and draft LUP MV2005B0021 to some extent. A seismic program based on a maximum cutline width of 2.5m would exceed Paramount's risk tolerance. As it stands, a seismic program for which Paramount did not apply and can not undertake has been approved and, therefore, a path forward is unclear. Paramount respectfully requests answers to the following questions.

1. How did the MVEIRB determine that the SDL8 Program proposed by Paramount is likely to have significant impact on boreal caribou within, and adjacent to, the SDL8 area?
2. How did the MVEIRB determine that meandering cutlines with a maximum width of 2.5m would reliably mitigate the predicted impacts to boreal caribou?
3. Are seismic programs based on applicable guidance documents acceptable, barring critical environmental sensitivities?
4. How can Paramount move forward?

I will look forward to your comments on the four items noted above as soon as possible.

Respectfully,
Paramount Resources Ltd.



Lloyd Doyle, P.Eng.
Corporate Operating Officer, Northern Operating Unit

¹ Government of Alberta. October 2006. Policy and Procedures Document For Submitting The Geophysical Field Report Form. 26pp + apps. Available online at:
http://www.srd.alberta.ca/MapsFormsPublications/Forms/LandsForms/documents/PolicyProcedures_Document-SubmittingGeophysicalFieldReportForm-October2006.pdf

ENR – GNWT, EC and INAC. 2009. Draft NWT Guidance for the Protection of Land, Forest, and Wildlife Oil and Gas Seismic Exploration. (Attached).

Cc: The Honourable Jim Prentice, PC, QC, MP
The Honourable Michael Miltenberger, MLA
Bharat Dixit, National Energy Board