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February 22, 2021

File: MV2020A0010  
and MV2020L1-0007

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

Sent by e-mail

Dear Terence Hughes,

**Re: Fort Liard East – Land Use Permit Amendment Request and Water Licence Amendment Application  
– Incomplete – Fort Liard, NT**

On February 12, 2021, Mackenzie Valley Land and Water Board (Board) staff received the amendment request for Land Use Permit (Permit) MV2020A0010<sup>1</sup> and Amendment Application for Water Licence (Licence) MV2020L1-0007<sup>2</sup> for the Fort Liard East project (Project) from Paramount Resources Ltd. (Paramount). These are collectively referred to as the Submissions in the text below.

The Submissions have been reviewed and found to be lacking information required under subsection 26(2) of the Mackenzie Valley Land Use Regulations (MVLUR) and section 5 of the Waters Regulations. For the Submissions to be considered complete, refer to the MVLWB *Guide to the Land Use Permitting Process*<sup>3</sup> and the MVLWB *Guide to the Water Licence Process*<sup>4</sup> and submit the information described in the sections below to the Board's office.

1.0 Security: Permit Condition 54, Licence Schedule 2

Paramount's Submissions included a request to amend Condition 54 of the Permit and Schedule 2 of the Licence. These conditions require reclamation security for the Project, and were established as part of two public review processes as detailed in the Reasons for Decision for the renewal proceeding<sup>5</sup>. The Reasons for Decision describe how a lack of pre-submission engagement appeared to contribute to the discrepancies between the closure cost estimates submitted as part of that proceeding and as part of an

<sup>1</sup> See MVLWB Online Registry for [MV2020A0010](#).

<sup>2</sup> See MVLWB Online Registry for [MV2020L1-0007](#).

<sup>3</sup> MVLWB (2020) [Guide to the Land Use Permitting Process](#).

<sup>4</sup> MVLWB (2020) [Guide to the Water Licensing Process](#).

<sup>5</sup> See MV2020L1-0007 [Reasons for Decision](#)

earlier review process pertaining to the Project. The Board has previously encouraged<sup>6</sup> and directed<sup>7</sup> Paramount to engage with the land administrator, the Government of the Northwest Territories (GNWT), prior to the submission of closure cost estimates. The MVLWB/GNWT/INAC *Closure Cost Guidelines*<sup>8</sup> also address the need for engagement with the responsible landowner and/or authority:

*When preparing closure cost estimates, proponents are strongly encouraged to collaborate closely with the GNWT, INAC, or other landowners. This collaboration should occur prior to and during the Boards' public process, with the goal of building consensus and enabling the proponent and the appropriate authority (e.g., the GNWT, INAC, etc.) to provide a thorough rationale for any differences in their cost estimates.*

Board staff note there is limited evidence of pre-submission engagement with the GNWT in these amendment Submissions, Paramount having supplied evidence of emailing the GNWT on one occasion on November 27, 2021. As such, Board staff have determined that further discussion between Paramount and the GNWT is required with the goal of building consensus, and are of the opinion this will make for a more efficient proceeding. Board staff understand that consensus may not always be achievable, but expect both parties to continue to work towards it. To consider the request complete, Paramount must:

- 1. Engage with the GNWT regarding the proposed security adjustment with the goal of building consensus and in a manner that enables Paramount and the GNWT to provide thorough rationale for any differences between the parties' estimates and opinions. A series of meetings may be required.**
- 2. Based on the engagement completed to satisfy item 1 above, outline any differences between the GNWT and Paramount's estimates and positions, and provide rationale for Paramount's position.**

During the two public review processes detailed in the Reasons for Decision for the renewal proceeding<sup>9</sup>, Paramount excluded portions of the Project from their RECLAIM estimate based on their assertion that the security requirements for the excluded portions were under the authority of Office of the Regulatory of Oil and Gas Operations (OROGO). As part of the renewal proceeding, the Board determined that the GNWT and OROGO clarified their authorities with respect to security. In Paramount's February 12, 2021 Submissions, there appears to be agreement with the Board's determination regarding the authorities of the GNWT and OROGO, as indicated by Paramount's statement on page 2:

*Through the discussion it was clarified what security the MVLWB is responsible for and what security the Office of the Regulator for Oil and Gas Operations is responsible for.*

However, immediately following this statement, Paramount continues and states the following:

*Paramount, disagrees with the outcomes of the security process.*

The discrepancy between these two statements results in a lack of clarity regarding Paramount's position on the authorities of the GNWT and OROGO regarding security. This creates uncertainty as to whether

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<sup>6</sup> See [letter dated January 17, 2019](#)

<sup>7</sup> See [letter dated October 9, 2020](#)

<sup>8</sup> [MVLWB/GNWT/INAC Guidelines for Closure and Reclamation Cost Estimates for Mines \(2017\)](#)

<sup>9</sup> See MV2020L1-0007 [Reasons for Decision](#)

portions of the Project have again been excluded from the closure cost estimate that was included as part of the Submissions.

- 3. Based on the engagement completed to satisfy item 1 above, indicate if portions of the Project have been excluded from closure cost estimates, clearly describe what has been excluded, and provide supporting rationale for the exclusion.**

Paramount did not include an engagement record as part of the Submissions. The Application must include an engagement record, prepared in accordance with section 2.1 of the MVLWB *Engagement and Consultation Policy*<sup>10</sup> and *Engagement Guidelines for Applicants and Holders of Land Use Permits and Water Licences*<sup>11</sup>.

- 4. Provide an engagement record related to the security adjustment request.**

## 2.0 Erosion and Sedimentation Management Plan, Licence Part F, Conditions 4 and 5

Paramount's Submission included a request to amend Part F, conditions 4 and 5 of the Licence through the removal of the Erosion and Sedimentation Management Plan (ESMP); however, Paramount did not include an Application Form (the same form as for new applications) or the associated application fee of \$30.

- 5. For the Licence Amendment Application, submit a completed Application Form and associated application fee.**

In their Submission, Paramount suggested that mitigation of impacts associated with erosion and sedimentation could be addressed as part of the development of the Closure and Reclamation Plan (CRP). Board staff note that a CRP has not yet been developed for the Project, and that the submission of a CRP may facilitate items 1 and 2 above. With respect to the plans, the conditions requiring an ESMP and CRP differ in terms of submission timing and content requirements.

- 6. Paramount to submit a CRP with proposed erosion and sedimentation control measures as part of the Amendment Application. This may assist with items 1 and 2 above while meeting the current requirements of Part F, conditions 4 and 5.**

Or,

**Paramount to indicate how they would meet the existing submission timing of Part F, condition 4 and fulfill the submission requirements of Schedule 3.**

Paramount did not include an engagement record as part of their Submission. The Application must include an engagement record, prepared in accordance with section 2.1 of the MVLWB *Engagement and Consultation Policy*<sup>12</sup> and *Engagement Guidelines for Applicants and Holders of Land Use Permits and Water Licences*<sup>13</sup>.

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<sup>10</sup> MVLWB (2018) [Engagement and Consultation Policy](#).

<sup>11</sup> MVLWB (2018) [Engagement Guidelines for Applicants and Holders of Land Use Permits and Water Licences](#).

<sup>12</sup> MVLWB (2018) [Engagement and Consultation Policy](#).

<sup>13</sup> MVLWB (2018) [Engagement Guidelines for Applicants and Holders of Land Use Permits and Water Licences](#).

**7. Provide an engagement record pertaining to the request to remove the requirement for the ESMP. Engagement efforts with affected parties should include context related to Paramount's position associated with item 6 above.**

Upon receipt of this information, the Request and Application will be reviewed as per the *Mackenzie Valley Resource Management Act* and Waters Regulations. If this information is not provided within 90 days of the date of this letter, staff may return the Submissions.

Please contact Andrew Wheeler at (867) 766-7467 with any questions or concerns regarding this letter.

Yours sincerely,



Andrew Wheeler  
Regulatory Specialist

Copied to: Danielle Rogers, GNWT-Lands, Manager, Resource Management, Dehcho Region  
Melinda Lenoir, GNWT-Lands, Regional Superintendent, Dehcho Region  
Kyle Christiansen, GNWT-ENR, Water Resource Officer, Dehcho Region  
Jamie Chambers, GNWT-ENR, Regional Superintendent, Dehcho Region  
Bill Pain, GNWT-ENR, Environmental Management Scientist  
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