

Engagement Plan

Fort Liard South, NWT

Version 1

February 2021



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1.0 INTRODUCTION

Paramount Resources Ltd. (Paramount) is a leading, independent Canadian energy company that is focused on responsibly developing its world-class portfolio of diverse resource plays while consistently building value for shareholders. Paramount develops, produces and markets natural gas, oil and natural gas liquids in Alberta, British Columbia, Saskatchewan and the Northwest Territories. With daily production now nearing 100,000 Boe/d since the acquisition of Apache Canada Ltd. (ACL) and merger with Trilogy Energy Corp

Paramount holds mineral rights in the Liard area under several Significant Discovery Licences and Production Licences. These rights were acquired through several different corporate transactions, including but not limited to, oil and gas rights sales, farm-ins and purchases from other oil and gas companies. Most recently, through the acquisition of ACL, Paramount became the operator of Pointed Mountain and has recently transferred approvals related to those properties into Paramount's name.

As a result of the acquisition of these various rights, and numerous subsequent regulatory approvals, Paramount is an operator of oil and gas activity in the Liard Area of the Northwest Territories. Paramount divides the Liard area into four project areas: Liard West, Liard South, Liard East and Pointed Mountain. In appendix A of this document is an area overview map, along with a project specific map and below is an overview of the project area.

LIARD SOUTH

Paramount Resources Ltd. (Paramount) is the operator of the Liard South Project, which encompasses winter access roads; well sites, decommissioned pipeline, barge landing, camp and decking sites; and various borrow pits, sumps and other clearings. Three wells (F-36, O-35 and N-01) were tied-in to the pipeline system, the main stem of which runs 26km from well site F-36 to a compressor station in British Columbia (Maxhamish d-36-I) and is known as the Shiha Pipeline (see Appendix A for Fort Liard South As-built June 2017 map). This trans-border pipeline is operated by Shiha Energy Transmission Ltd., a partnership between the Acho Dene Koe Band and Paramount.

Poor economic conditions (*i.e.* low gas production rates and market value) prompted Paramount to suspend production late in 2007 and then to formally deactivate the project in April 2008 (according to National Energy Board (NEB) miscellaneous order MO-09-2008, which allows the deactivation of the pipeline until such time as the NEB approves its abandonment). In the 2016-2017 Paramount abandoned and decommissioned numerous sites. At this time, the Liard South Project is not operating except for ongoing surveillance and environmental monitoring.

2.0 REGULATORY FRAMEWORK

In the Liard project area Paramount receives oil and gas approvals from the Office of the Regulator of Oil and Gas Operations (OROGO), except for the Shiha Pipeline which is regulated by the National Energy

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Board. The Mackenzie Valley Land and Water Board (MVLWB) regulates the use of land and water and the deposit of waste through the issuance of Land Use Permits (LUPs) and Water Licences (WLs).

On June 1, 2013 the MVWLB released its *Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*, this engagement plan is designed based upon the requirements of those guidelines and the regulatory mandate of the MVLWB.

2.1 ASSESSMENT PROCESSES

The Liard South project area has been the subject of an Environmental Assessment processes and preliminary screening prior to licencing and permitting of activity. 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. Also, in 1998 an Environmental Impact Assessment (EIA) focusing on four exploratory wells (A-01, K-46, C-02 and P-57); it included winter access roads, all on existing cut lines; siting 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; 34.6km access plus 3.3km 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 NWT Portion of the Shiha Pipeline Project NWT Archaeologist's Permit 99-890 in 2000. It is important to note that several of the components that were assessed were never permitted, licenced or built.

In support and as outcomes of the above-mentioned assessment processes several engagement studies were conducted by Paramount and previous operators, an example is listed in Table 1 below.

Table 1: Engagement Studies

Kotchea, J. and Sawicki, O. 1999. Report on Traditional Knowledge of Natural and Cultural Resources Within the Porposed Access Road/Well Site Corridor Between Fort Liard, NWT and Maxhamish Lake, B.C.	This traditional knowledge project was developed to assess impact resulting from development proposed by Paramount Resources Ltd.	Liard South
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2.2 LICENCES AND PERMITS

The Liard South area has had activity pre-dating the creation of the MVLWB under the Mackenzie Valley Resource Management Act. Permits and licences from the MVLWB to Paramount date back to the year 2000. Permitting and licencing activities have continued through the life of the project area at South Liard and is in the third permit and licence cycle, soon to be fourth. These historical permits and licences had a much larger scope of activities associated with them than is approved currently. In the Table below is a listing of Paramount's previous LUPs and WLs in the Liard area.

Table 2: Historical LUPs and WLs

MV2002A0038
MV2002L1-0004
MV2009A0017
MV2009L1-0006

The above LUPs and WLs are publically available via the MVLWB Public Registry (<http://www.mvlwb.ca/Boards/mv/SitePages/registry.aspx>), including the engagement work associated with each LUP and WL. Examples of the consultation logs submitted in support of LUP and WL applications are in Appendix B.

Table 3 below lists Paramount's current LUPs and WLs for the Liard South Project Area. Given the current state of the project (built and in some instances decommissioned and/or suspended) the scope of the LUPs and WLs are very limited. Activities contemplated include camps, access, suspensions and abandonments, reclamation and remediation. It is important to note that OROGO is the regulator for the down-hole activities of suspension and abandonment (except the Shiha pipeline); however, surface use, waste disposal and water use for these activities is within the jurisdiction of the MVLWB.

Table 3: Current LUP and WL

Liard South	Public Registry Link
MV2016A0010	https://mvlwb.com/registry/MV2016A0010
MV2016L1-0002	https://mvlwb.com/registry/MV2016L1-0002

3.0 AFFECTED PARTIES ENGAGEMENT

An affected party is defined as “*a party that is predicted to be affected by a proposed Project, such as an Aboriginal organization/government, an individual occupying land for traditional purposes, a private landowner, or lease holder (e.g., for a lodge).*”¹ As previously stated and is evident on the public registries

¹ Engagement and Consultation Policy

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of the MVLWB, Paramount's Liard South Project has a long and extensive engagement history. Paramount's level of engagement with affected parties has been and will continue to be reflective of its activity level in the area. Prior to and during construction and development activities engagement activities were more frequent and intense and included studies, community meetings, open houses, meetings with Chief and Councils, telephone calls and both written and electronically notifications. As the activity in the Project areas have declined the frequency and magnitude of engagement has followed suit.

3.1 LIST OF IDENTIFIED AFFECTED PARTIES

In Table 4 below is a list of identified affected parties for the Liard South project area:

Table 4: Affected Parties for the Liard South Project Area

Affected Party	Contact Person(s)	Contact Information
Acho Dene Koe First Nation	Chief Gene Hope	General Delivery, Fort Liard, NT X0G 0A0 867-770-4571 chief@adkfirstnation.ca
Acho Dene Koe First Nation Land Services c/o Shared Value Solutions	Director: Scott Mackay Manager: Meghan Buckingham	62 Baker Street Guelph, Ontario N1H 4G1 226-706-888 (ext. 102 and 108) lands@adkfirstnation.ca
Acho Dene Koe Corporate Group	Tom Wezelman	General Delivery, Fort Liard, NT X0G 0A0 867-770-4571 TomWezelman@adkcorporate.ca
ADK Holdings Ltd.	Jodi Carlow	General Delivery, Fort Liard, NT X0G 0A0 (250) 727-5903 JCarlow@jbts.ca
Dehcho First Nations	Grand Chief Gladys Norwegian and Regional Technical Coordinator Nicole Hardisty	PO BOX 89 Fort Simpson, NT XOE 0NO 867-695-2610 Nicole_Hardisty@dehcho.org
		PO BOX 958 High Level, AB

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Dene Tha First Nation	Chief James Ahnassay	T0H 1Z0 780-926-2422 James.Ahnassay@denetha.ca
Dene Tha First Nation	Fred Didzena Director of Lands Department	PO Box 120 Chateh, AB T0H 0S0 780-321-3774 Fred.Didzena@denetha.ca
Hamlet of Fort Liard	Mayor Hilary Deneron and Senior Administrative Officer John McKee	General Delivery Fort Liard, NT X0G 0A0 867-770-4104 web@fortliard.com sao@fortliard.com
Sambaa K'e First Nation	Chief Dolphus Jumbo	PO Box 10 Trout Lake, NT X0E 1Z0 Tel: (867) 206-2800 chief@sambaakfn.com
Sambaa K'e First Nation	Jessica Jumbo Environmental Coordinator	PO Box 10 Trout Lake, NT X0E 1Z0 Tel: (867) 206-2800 environment@sambaakfn.com
Sambaa K'e First Nation	Ruby Jumbo Executive Director	PO Box 10 Trout Lake, NT X0E 1Z0 Tel: (867) 206-2800 manager@sambaakfn.com
Sambaa K'e First Nation (Planit North Inc.)	Christine Wenman Lands, Resources and Environment Advisor	1st Floor, 4501 – 50th Avenue Yellowknife, NT Tel: (867) 445-4127 christine@planitnorth.ca
Sambaa K'e Development Corporation	Brenda Jumbo Manager	PO Box 10 Trout Lake, NT X0E 1Z0 Tel: (867) 206-2800 sdkcorp@yahoo.ca

3.2 ONGOING ENGAGEMENT

Paramount plans on closing the Liard South project area in the near term, as a result, ongoing engagement activities are expected to be focused on those activities. As a result, engagement activities for MVLWB regulated activities are expected to focus on closure and reclamation over the course of the

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current LUPs and WLs terms. Contemplated activities and the associated engagement are outlined in Table 5 below. The ordering of Table 5 is sequential from the most likely to least likely activity.

Table 5: Activities Requiring Engagement

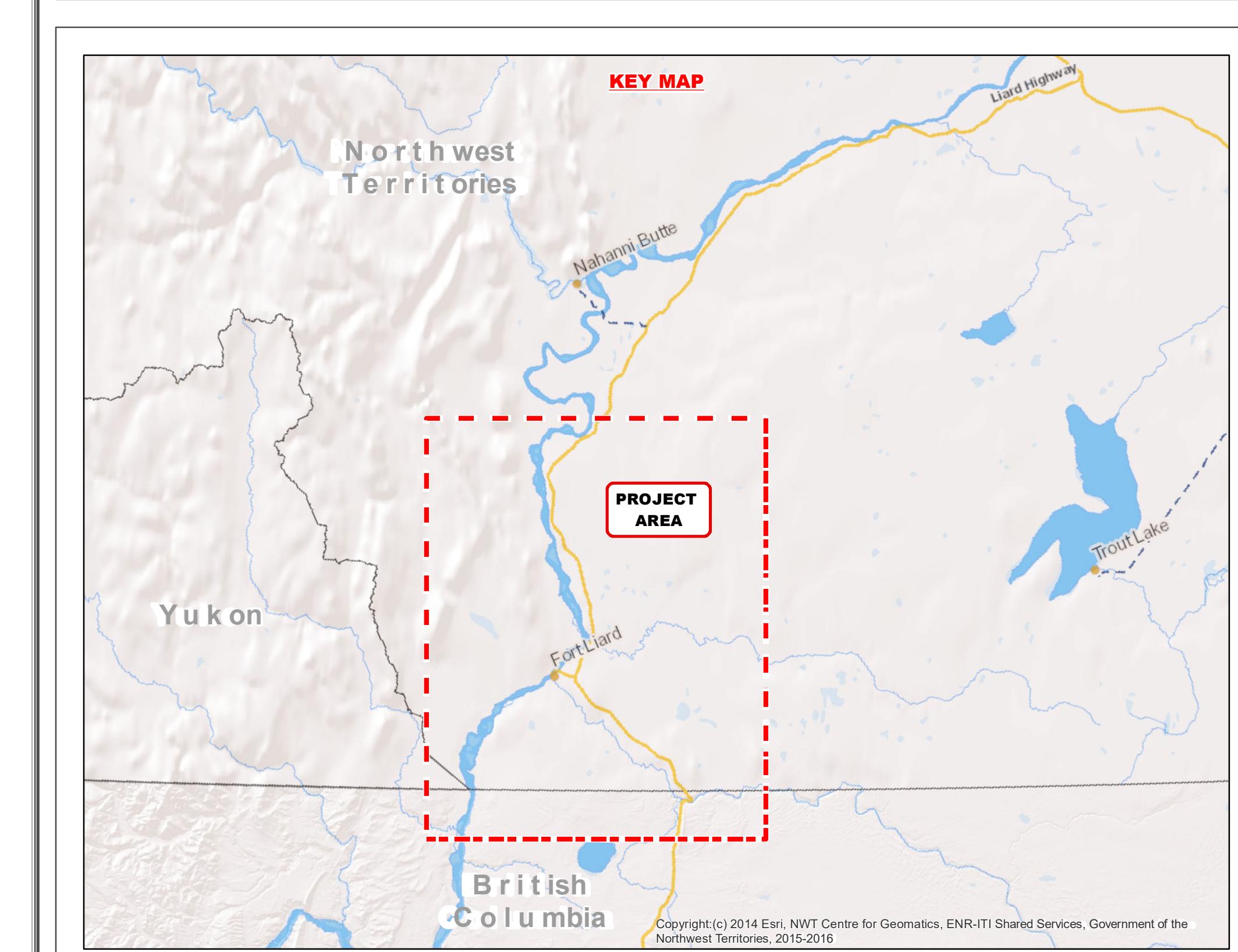

Activity	Potential Issue(s)	Planned Engagement	Planned Engagement Follow-up
LUP Replacement Application	Paramount's short and long-term plan for the project area. Effectiveness of current conditions and plans	Written Notification	Telephone Calls and Electronic correspondence
WL Replacement Application	Paramount's short and long-term plan for the project area. Effectiveness of current conditions and plans	Written Notification	Telephone Calls and Electronic correspondence
Reclamation and remediation planning and activities	Timing, techniques, technology and contracting opportunities	Written Notification, electronic correspondence, MVLWB regulatory process. 60 days notification prior to site activities.	Telephone Calls and in person (face to face and virtual) meetings
OROGO Authorized Oil and Gas Activities	Timing and Contracting opportunities	Written Notification 60 days prior to activity	Telephone Calls and Electronic correspondence

Ongoing engagement is expected to continue with all the affected parties identified in Table 4.

4.0 CONCLUSION

Paramount will continue to engage affected parties through the remaining life of its current LUPs and WLs and throughout the remaining life of the Liard South project area. In support of regulatory submissions to the MVLWB Paramount will continue to provide documentation of Paramount's engagement activities relating to the MVWLB regulatory authority.

5.0 APPENDIX A: AS BUILT MAPS



OVERVIEW MAP SHOWING

FORT LIARD

As-Built June 2017
60°50' N, 123°45' W to 60°10' N, 122°45' W
NORTHWEST TERRITORIES

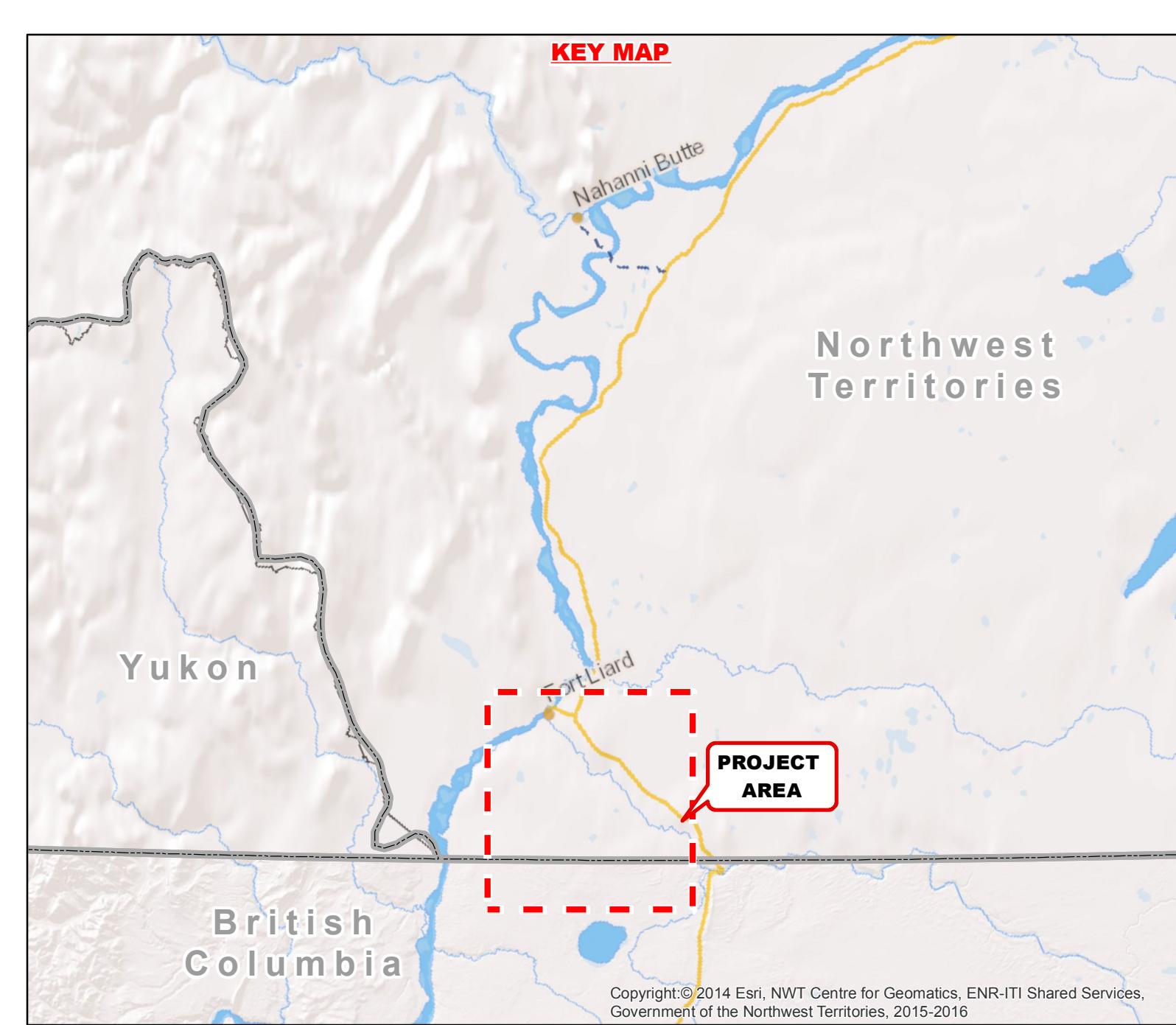
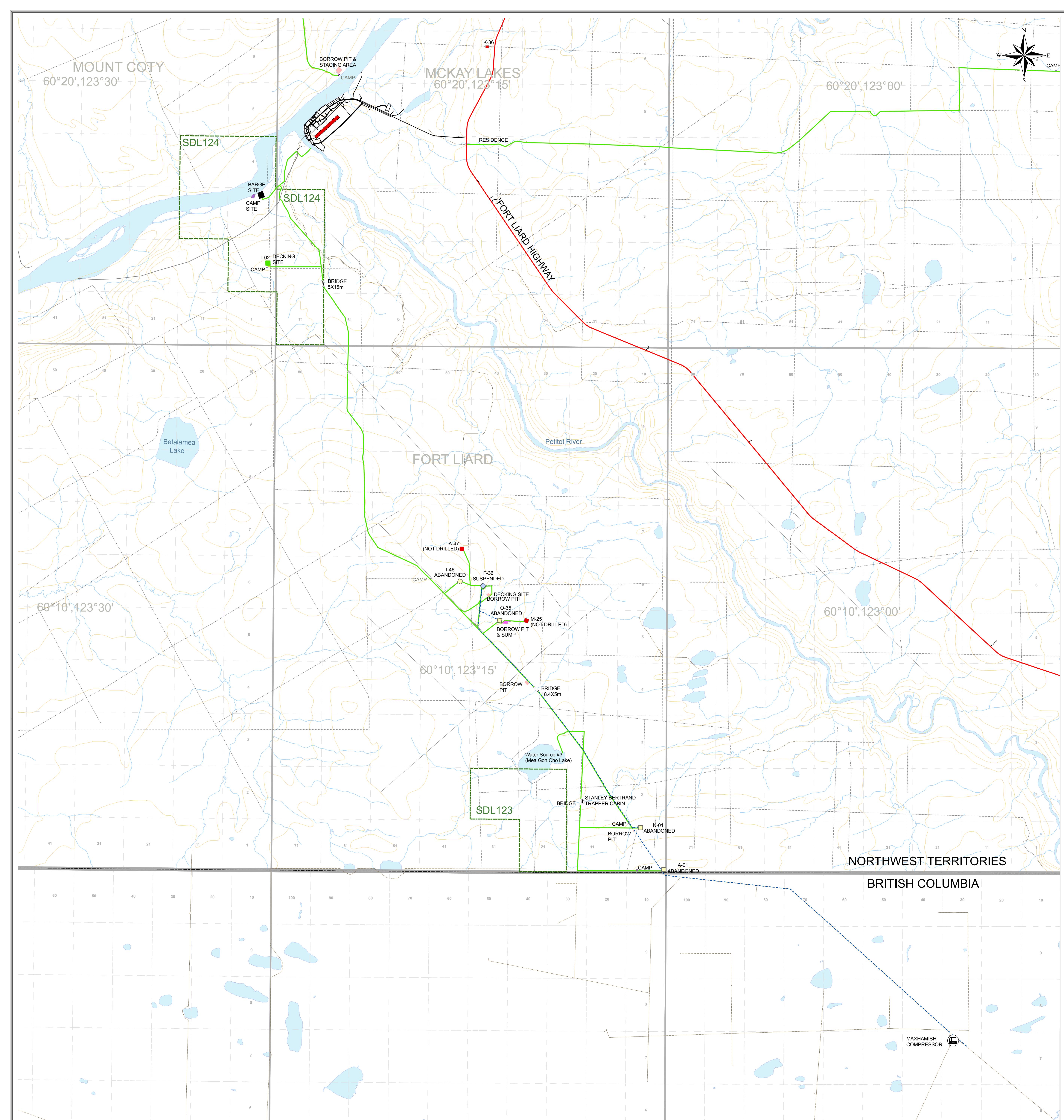
Scale: 1:75,000
5 2.5 0 5 10 Kilometers
5 2.5 0 5 Miles

Legend			
Leases	Gathering System	Transportation	
■ Abandoned Built	Highway	
■ Built	- - - Not Used	Old Paramount Ice Road	
■ Built - Tied-in	- - - Not Built	Road	
■ Foreign	- - - Foreign	Trail	
■ Reclaimed	- - - Foreign	Cut Line	
■ Suspended			
Access Roads	Access Roads	Bridge	
■ Camp - Built	— Access Built	Gas Plant / Compressor	
■ Camp - Foreign	— Access Foreign	Waterbody	
■ Battery - Built	■ Road	Watercourse	
■ Sump - Built	■ Built		
■ Borrow Pit - Built	■ Foreign		
■ Decking Site - Built	■ Gas Plant / Compressor		
	■ Cabins		

REVISION	DESCRIPTION	DRAWN BY	DATE
00	Original Map Created as 170347-OM-01	KDG	2017-06-26
01	Status of J-76 changed to 'Abandoned'	AJB	2020-04-01

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Job No.: 200057C MXD No.: 200057-OM-01.mxd Coordinate System: NAD 1983 UTM Zone 10N



FORT LIARD SOUTH

As-Built June 2017
60°20', 123°30" to 60°10", 123°00'
NORTHWEST TERRITORIES

Scale: 1:50,000

2 1 0 2 4 6 Kilometers

2 1 0 2 4 Miles

Legend			
Leases	Gathering System	Transportation	
Abandoned	Built	Highway	
Built	Not Used	Old Paramount Ice Road	
Built - Tied-in	Not Built	Road	
Foreign	Foreign	Trail	
Reclaimed	Access Foreign	Cut Line	
Suspended	Access Built	Bridge	
	Road	Gas Plant / Compressor	
	Built		
	Foreign		
Facilities	Boundaries	Hydrography	
Camp - Built	SDL Lands	Waterbody	
Camp - Foreign	Provincial Boundaries	Watercourse	
Battery - Built	Contours		
Sump - Built			
Borrow Pit - Built			
Decking Site - Built			
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<small>Job No.: 170347C MXD No.: 170347-OM-02.mxd Coordinate System: NAD 1983 UTM Zone 10N</small>			
REVISION	DESCRIPTION	DRAWN BY	DATE
00	Original Map Created	KDG	2017-06-27

6.0 APPENDIX B: CONSULTATION LOGS

February 26, 2021

Affected Party	Contact Person(s)	Contact Information
Acho Dene Koe First Nation	Chief Gene Hope	General Delivery, Fort Liard, NT X0G 0A0 867-770-4571 chief@adkfirstnation.ca
Acho Dene Koe First Nation Land Services c/o Shared Value Solutions	Director: Scott Mackay Manager: Meghan Buckham	62 Baker Street Guelph, Ontario N1H 4G1 226-706-888 (ext. 102 and 108) lands@adkfirstnation.ca
Acho Dene Koe Corporate Group	Tom Wezelman	General Delivery, Fort Liard, NT X0G 0A0 867-770-4571 TomWezelman@adkcorporate.ca
ADK Holdings Ltd.	Jodi Carlow	General Delivery, Fort Liard, NT X0G 0A0 (250) 727-5903 JCarlow@jbts.ca
Dehcho First Nations	Grand Chief Gladys Norwegian and Regional Technical Coordinator Nicole Hardisty	PO BOX 89 Fort Simpson, NT X0E 0N0 867-695-2610 Nicole_Hardisty@dehcho.org
Dene Tha First Nation	Chief James Ahnassay	PO BOX 958 High Level, AB T0H 1Z0 780-926-2422 James.Ahnassay@denetha.ca

Dene Tha First Nation	Fred Didzena Director of Lands Department	PO Box 120 Chateh, AB T0H 0S0 780-321-3774 Fred.Didzena@denetha.ca
Hamlet of Fort Liard	Mayor Hilary Deneron and Senior Administrative Officer John McKee	General Delivery Fort Liard, NT X0G 0A0 867-770-4104 web@fortliard.com sao@fortliard.com
Sambaa K'e First Nation	Chief Dolphus Jumbo	PO Box 10 Trout Lake, NT X0E 1Z0 Tel: (867) 206-2800 chief@sambaakefn.com
Sambaa K'e First Nation	Jessica Jumbo Environmental Coordinator	PO Box 10 Trout Lake, NT X0E 1Z0 Tel: (867) 206-2800 environment@sambaakefn.com
Sambaa K'e First Nation	Ruby Jumbo Executive Director	PO Box 10 Trout Lake, NT X0E 1Z0 Tel: (867) 206-2800 manager@sambaakefn.com
Sambaa K'e First Nation (Planit North Inc.)	Christine Wenman Lands, Resources and Environment Advisor	1st Floor, 4501 – 50th Avenue Yellowknife, NT Tel: (867) 445-4127 christine@planitnorth.ca
Sambaa K'e Development Corporation	Brenda Jumbo Manager	PO Box 10 Trout Lake, NT X0E 1Z0 Tel: (867) 206-2800 sdkcorp@yahoo.ca

RE: New Land Use Permit and Water Licence Applications for Liard South

Dear Sir or Madam,

Introduction

Paramount Resources Ltd. (“Paramount”) is preparing applications for a Land Use Permit and Water Licence to replace MV2016A0010 and MV2016L1-0002. Historically, Paramount would have requested a two-year extension to MV2016A0010 and a two-year term amendment for MV2016L1-0002. However, the Mackenzie Valley Land and Water Board (“MVLWB”) recently informed Paramount that it will no longer amending the terms of Water Licences. The current Water Licence for Liard South is set to expire in October of 2021, along with the Land Use Permit that covers the project area. Due to the MVLWB change in policy Paramount will be applying for both a new Water Licence and Land Use Permit for Laird South this year.

Scope of Applications

The applications will cover activities including well abandonment, decommissioning, winter road building, camp, reclamation and monitoring. Recompletion, suspension, reactivation and maintenance of facilities will not be applied for under the new applications. All wells have been abandoned at Liard South except at I-02 and F-36. I-02 is suspended and needs downhole and surface abandonment activities (cut and cap). At F-36 the downhole abandonment has been completed, all that remains is the cut and cap. The only decommissioning activities that remain are associated with the riser for Shiha Pipeline, all other associated equipment related to production has been decommissioned and removed from the sites.

Paramount is currently planning on setting up the camp to support the work at Liard South in Northeast British Columbia. For contingency purposes Paramount plans on applying for the ability to setup a camp in the Liard South project area. Paramount will include a 50-person camp in the scope of the application. The majority of fuel storage is likely to be outside of the Northwest Territories, however fuel will be needed at I-02 for the abandonment activities, stored for filling up equipment at one of the well sites and at the camp location (if setup in the project area).

Project Timing and Opportunities

Paramount intends to apply for the new Land Use Permit and Water Licence in the coming weeks to allow for sufficient time for the regulatory process to take place and obtain the new authorizations prior to MV2016A0010 and MV2016L1-0002 expiring. Paramount plans to finish the abandonment of F-36 and complete the abandonment of I-02 in alignment with the Office of the Regulator for Oil and Gas Operations [Suspension and Abandonment Guidelines and Interpretation Notes](#). This means abandonment activities will take place in either the winter of 2021-2022 or winter of 2022-2023. Reclamation activities could take place at that time or in a subsequent year(s).

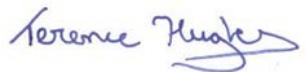
Paramount will require a variety of services to conduct the contemplated activities at Liard South. Contracting opportunities include but are not limited to; camp services, heavy equipment, helicopter services, fuel and fuel storage, medical services, service rig, cementing services, waste storage, etc.

Conclusion

Paramount intends to use the feedback from affected parties and reviewers during the recent Liard West and Liard East Land Use Permit and Water Licence processes to improve the new applications from Liard South. Additionally, after distributing the project specific Liard South Engagement Plan on January 15, 2021 Paramount was provided some feedback and made some changes to the document. As a result, an updated Liard South Engagement Plan is included with this correspondence. Paramount would note it is still referred to as Version 1 as it has yet to be submitted to the MVLWB.

If you have any questions or comments regarding above or enclosed, please contact the undersigned via email at terence.hughes@paramountres.com or via phone at 403-206-3859.

Respectfully,
Paramount Resources Ltd.



Terence Hughes
Regulatory and Community Affairs Advisor