

**Verification Report for:
Paramount Kaybob Acid Gas Injection Offset Project 5015-8361**

**Proponent:
Paramount Resources Ltd.**

**Prepared by:
Green Sky Sustainability Consulting Inc.**

**Prepared for:
Blue Source Canada ULC**

**Version:
Final**

**Date:
November 30, 2018**

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*Instructions are in italics throughout and **should not be deleted** when report is complete. Some instructions are specific to the verification of facilities and for offset projects. The document is not restricted but **do not** alter the format, the layout, the headings or the overall*

'look and feel' of the document. If it is more useful to paste information outside of the text box, use the empty line just below the text box to drop text or tables int. This should not change the headings or the formats. There are several dropdown boxes in the document that must be completed.

- *Complete report in Verdana 10pt font (no italics).*
- *After the report is complete, right click the table of contents and 'update field' which will update page numbers in Table of Contents.*
- *If an instruction only applies to facilities or only applies to offsets indicate 'not applicable'.*
- *Appendix F is available for additional tables, diagrams etc.*

1.0 Summary – Offset Project

Item	Description
<p>Project Title <i>Enter project title (must match the registry project title)</i></p>	Paramount Kaybob Acid Gas Injection Offset Project
<p>Project Description <i>Provide a brief description of the project and baseline conditions.</i></p>	<p>The Paramount Kaybob Acid Gas Injection Offset Project is an acid gas injection project at the Kaybob Gas Plant, north of Fox Creek, Alberta. The Project proponent is Paramount Resources who acquired Trilogy Energy Corp. in 2017 and currently owns 100% of the Kaybob Gas Plant and the AGI equipment at the plant, which is the primary contributor to the acid gas stream directed to injection.</p> <p>The opportunity for generating carbon offsets with this project arises from the direct greenhouse gas (GHG) emission reductions resulting from the geological sequestration of acid gas, containing CO₂, as a part of raw natural gas processing. Previously, GHGs were generated through on-site acid gas flaring and off-site through the operation of a sulphur recovery unit (SRU) or, specifically, a Super Claus unit and incineration of the resulting tail gas.</p>
<p>Project Location <i>Include the latitude and longitude for each unique location or installation. Include legal land location if applicable and other information identifying the unique location.</i></p>	<p>The Project is located at the Paramount Kaybob sour gas plant near Fox Creek, Alberta.</p> <p>Latitude: 54.521531 Longitude: -116.80219</p>
<p>Project Start Date <i>Enter the project start date.</i></p>	October 7, 2010
<p>Offset Start Date <i>Enter the start date for offset credit generation.</i></p>	October 7, 2010
<p>Offset Crediting Period</p>	October 7, 2010 – October 6, 2018

Enter the offset crediting period, including the offset start date. Include day, month year.

Reporting Period

January 1, 2018 – October 6, 2018

Enter the reporting period being verified.

GHG Assertion (Actual Emission Reductions/Sequestration Achieved)

32,402 t CO₂e

Enter the actual emissions reductions / sequestration for the reporting period. Enter serial numbers if available.

Protocol

Quantification Protocol for Acid Gas Injection, version 1.0 (AENV, May 2008)

Indicate the relevant protocol (if applicable)

Ownership

Paramount Resources Ltd.

Enter offset project owner.

Project Activity

State how the project activity meets the eligibility requirements

The activities of the Project involve injection of CO₂ emissions from two sour gas plants (Kaybob D and E) through the onsite injection well.

This project meets the requirements for offset eligibility as outlined in CCIR and the Standard for Greenhouse Gas Emission Offset Project Developers eligibility criteria (July 2009), in particular:

1. The project occurs in AB: as outlined above;
2. The project results from actions not otherwise required by law and beyond business as usual and sector common practices: Offsets being claimed under this project originate from a voluntary action. The project activity (i.e. acid gas injection) occurs at a nonregulated facility and the activity is not required by law. The project uses a government quantification protocol that has been withdrawn, which indicates that the activity is undertaken by more than 40% of the industry and is therefore considered to be sector common practice. ACCO provided a letter to indicate the offsets can continue to the end of the crediting period.

3. The project results from actions taken on or after January 1, 2002;
4. Emissions reductions occur after January 1, 2002.
5. The project reductions/removals are real, demonstrable, quantifiable and verifiable: the Project is creating real reductions that are not a result of shutdown, cessation of activity or drop in production levels. The emission reductions are demonstrable, quantifiable and verifiable as outlined in the remainder of this plan.
6. The project has clearly established ownership: The Proponent is Paramount Resources (TEC) Ltd. Credits created from the specified reduction activity have not been created, recorded or registered in more than one trading registry for the same time period.
7. The project will be counted once for compliance purposes: The Project credits will be registered with the Alberta Emissions Offset Registry (AEOR) which tracks the creation, sale and retirement of credits. Credits created from the specified reduction activity have not been, and will not be, created, recorded or registered in more than one trading registry for the same time period.

The Project is verified by a qualified third party, Green Sky Sustainability Consulting Inc.

Project Contact

Enter contact name, company name, mailing address, phone number and email address.

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Verifier

Verifier name, verifier's company name, address, phone number email etc.

Nelson Lee, P.Eng., GHG-V
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Vancouver, BC, V6E 4P5
778-317-7613, nelsonlee@greensky.ca

Verification Team Members

Include verification team members, roles, training, training dates and qualifications.

Nelson Lee, M.A.Sc., P.Eng., GHG-V, Lead Verifier, Designated Signing Authority, ISO 14064-3 trained March 2006, 10 years verification experience in Alberta

Eric Si, N.M.R.M, GHG-V, Peer Reviewer. ISO 14064 trained 2015, over 4 years verification experience in Alberta

Designated Signing Authority

Enter the designated signing authority for this verification.

Nelson Lee, M.A.Sc., P.Eng., GHG-V

Verification Strategy

Describe the verification strategy used for the verification, including rationale for the approach. Note, if a controls reliance is used, provide justification for how the project is able to support this approach.

The approach used in this verification includes a combination of substantive procedures and test of controls. Substantive procedures were predominantly used during the verification process, with a focus on source data and evidence gathered during site visits and sampling procedures.

The Paramount Kabob acid gas plant is a sour gas processing plant and they measure all of their inputs and outputs – except for a process simulation by SULSIMs to determine certain operational parameters required for calculations of offsets. They have third party receipts for some of their inputs and outputs, including their products.

The verification includes confirming the protocol is followed and that there is evidence to support all of the inputs in the calculator.

1.1 Introduction

Provide an introduction to the facility or project, the verification, and the background.

For Offset Project: summary of offset project baseline, changes to the baseline since project start date and summary of changes at the project since the offset project start date or baseline period.

For Facilities: Description of compliance or baseline report, facility/project boundary, facility identification information, GHG historical performance, summary of changes since the baseline or since the last compliance report.

The Kaybob Gas Plant operated by Paramount, is a sour gas processing facility originally built in the 1960s. Prior to the acid gas injection (AGI) implementation, CO₂ was generated through various activities including acid gas flaring; combustion of fuel gas (e.g. dilution gas) to supplement flaring in order to ensure the combustion efficiency of the acid gas stream was maintained at the minimum of 20 MJ/m³; and to operate the sulphur recovery unit (i.e. the Claus unit) at SemCAMS' K3 Plant.

On October 7th, 2010, AGI was implemented and involved the comingling of two acid gas streams: acid gas from the "D" Plant (which was previously flared) and acid gas from the "E" Plant (which was previously sent for sulphur recovery at the SemCAMS K3 Plant). Furthermore, the acid gas stream from the "E" Plant makes up approximately 3/4 of the acid gas injected at Kaybob.

The operation of the AGI scheme directly reduces greenhouse gas emissions compared to the prior flaring operations by geologically sequestering carbon dioxide (CO₂) contained in the acid gas stream and by reducing fossil fuel consumption normally required for sulphur recovery operations.

Summary of Offset Project Baseline

The baseline condition is:

The equivalent amount of acid gas flared (Plant D) or processed through a Claus Plant (Plant E).

Summary of Changes to Baseline or at the Project Condition

These are addressed in the Results section with comments from the verifier. There were three new changes for this final offset period.

1.1 Objective

Describe the objective of the verification (should include expressing an opinion).

The objective of the verification is to provide an independent assessment to a reasonable level of assurance to AEP that the Emission Reductions contained in the GHG Assertion are materially

correct and presented fairly in accordance with the relevant criteria and to provide our opinion on the GHG Assertion.

1.2 Scope

Define the scope in terms of: geographical, organizational, activities and processes, sources, sinks, categories and greenhouse gases included (considering the completeness of the inventory), GHG assertion time period.

For offset verifications: include the serial range (i.e. XXXX-XXXX-XXX-XXX-XXX-XXX to XXXX-XXXX-XXX-XXX-XXX-XXX) if assigned (i.e. in the case of government verification a serial range will be available, otherwise not applicable).

For Facilities: ensure all specified gases and source categories are evaluated. Include list of negligible emission sources and justification for Emission Performance Credits (EPCs). Include listing of end products.

The scope of this project level emission reduction verification includes the project boundaries, physical infrastructure, activities, technologies, and processes of the project, GHG sources, sinks, and/or reservoirs, types of GHGs, and time periods covered. The scope of the verification is listed in Table 1.

Table 1: Verification Scope

Item	Paramount Kaybob Acid Gas Injection Offset Project
Geography	<p>The Project is located in Alberta. Both the Kaybob Gas Plant and the Kaybob Field injection well are located north of Fox Creek, Alberta. Specifically, the Plant and the injection well are located at the following unique identifiers:</p> <p>LSD: 08-09-064-19W5 (Plant); 00/08-09-064-19W5/2 (Injection well)</p> <p>Latitude: 54.521531° (Plant, Injection well)</p> <p>Longitude: -116.80219° (Plant, Injection well)</p>
Organization	Paramount Resources Ltd. (Paramount)
Activities and Processes	Acid Gas Injection
SSR	<p>Baseline Emissions:</p> <ul style="list-style-type: none"> • Emissions Fuel Extraction and Processing = emissions under SS B9 (Fuel Extraction & Processing) • Emissions Incineration = emissions under SS B6 (Incineration) • Emissions Multi-Stage Claus Unit = emissions under SS B5b (Multi-Stage Claus Unit) <p>Project Emissions:</p>

Item	Paramount Kaybob Acid Gas Injection Offset Project
	<ul style="list-style-type: none"> • Emissions Fuel Extraction and Processing = emissions under SS P12 (Fuel Extraction & Processing) • Emissions Gas Dehydration and Compression = emissions under SS P6 (Acid Gas Dehydration and Compression) • Emissions Upset Flaring = emissions under SS P8 (Upset Flaring) • Emissions from recycled gas P10
GHG	Carbon dioxide (CO ₂), Methane (CH ₄), Nitrous oxide (N ₂ O)
GHG Assertion	Baseline: 33,569 t CO ₂ e Project: 1,167 t CO ₂ Net Reduction: 32,402 t CO ₂ e
Time Period	January 1, 2018 – October 6, 2018

1.3 Level of Assurance

The verification was conducted to a reasonable level of assurance.

Choose type of verification from the dropdown box above.

Provide explanation on level of assurance.

The level of assurance is used to determine the depth of detail that a verifier designs into their verification plan to determine if there are any material errors, omissions, or misstatements. The verification for the Project was conducted to a reasonable of level of assurance, as required by the Carbon Competitiveness Incentive Regulation (CCIR).

Reasonable level of assurance is conducted to evaluate whether the GHG assertion is deemed to be presented fairly and substantiated by sufficient and appropriate evidence. As such, the verification is to provide positive, but not absolute assurance regarding the GHG assertion.

1.4 Criteria

Outline the program criteria used and relevant supporting documentation (acts, regulations, protocols, standards, guidance documents, project documentation etc).

The verification assesses the Project against the following program criteria and relevant supporting documentation:

- ISO 14064-3:2006 Specification with Guidance for the Validation and Verification of GHG Assertions.
- Alberta’s Climate Change and Emissions Management Act, S.A. 2003, c. C-16.7;
- Alberta Carbon Competitiveness Incentive Regulation (CCIR), 96/2018, June 1, 2018;
- Standard for Greenhouse Gas Offset Project Developers (Version 2.0, July 2018);
- Standard for Validation, Verification and Audit (Version 2.0, June 2018);

- Quantification Protocol for Acid Gas Injection, version 1.0 (AENV, May 2008)
- Offset Project Plan; and
- Offset Project Report.

1.5 Materiality

Define the materiality of the verification.

Project offsets are 32,402 t CO₂e, consequently, a 5% materiality threshold is set to assess errors, omissions, and misstatements in the GHG Assertion as required by the CCIR. Quantitative discrepancies are aggregated and assessed on the basis of net and absolute values. Qualitative discrepancies are evaluated by professional judgement of the verification body and determined if the discrepancies could be deemed to be material errors.

2.0 Methodology

Statement that the verification is performed according to ISO 14064-3.

Summary of the assessments/tests/reviews/evaluations that were conducted during the verification.

The verification is performed according to ISO 14064-3: Specification with Guidance for the Validation and Verification of GHG assertions.

The approach used in this verification includes a combination of substantive procedures and test of controls. Substantive procedures were predominantly used during the verification process, with a focus on source data and evidence gathered during site visits and sampling procedures. The following steps were developed to substantiate the GHG assertion:

- Reviewed Responsible Party's data management system, data flow and internal controls procedures. During site visit, checked a sample of DCS reports for January 15 and September 10 2018.
- Conducted a risk assessment and develop a verification plan with procedures and sampling strategy. Verification plan was provided to client prior to the site visit.
- Conducted a site visit to confirm the boundary, physical sources and sinks within the Project boundary.
- Observed equipment, disposal well and processes, interviewed personnel, and verified instrumentation and data management procedures during the site visit.
- Conducted a full review of primary meter documentation to confirm the processes resulting in the GHG assertions.
- Conducted sampling on feedstock documentation to confirm the processes resulting in the GHG assertions.
- Reviewed original data sources, including S30 flare reports, A1 and A2 compressor operating hour reports and SULSIMs simulation and calculations (including the input data).

The assessments, tests, reviews, and/ or evaluations conducted during the verification include: inspection, observation, inquiry, confirmation, recalculation, and analytics tests. The detailed verification procedures are provided in the section below.

2.1 Procedures

Description of how the verification was conducted including: description of the nature, scale and complexity of the verification activity, confidence and completeness of the responsible party's GHG information and assertion, assessment of GHG information system and its controls, assessment of GHG data and information, assessment of GHG information system and controls, assessment against criteria, evaluation of the GHG assertion.

Describe steps of the verification including planning, assessment, site visit, off-site verification, and report preparation.

Describe how the risk based approach was implemented in the sampling plan. Identify categories of risk including inherent risk, and detection risk (organization and verifier). Include the Verification Plan with the Sampling Plan in Appendix A. Paste the risk assessment table in this section.

Verification procedures for the key components are provided in Table 2

Table 2: Verification Procedures

Component	Procedures
<p>Description of the nature, scale and complexity of the verification activity</p>	<p>The verification is conducted for the Paramount Kaybob Acid Gas Injection offset project for the period of January 1, 2017 – October 6, 2018.</p> <p>The Project involves the capture and permanent sequestration of the entire acid gas stream that directly reduces the quantity of CO₂ released to the atmosphere.</p> <p>The Quantification Protocol for Acid Gas Injection, version 1.0 (AENV, May 2008)</p> <p>The GHG sources specified in the protocol include:</p> <p>Baseline Emissions:</p> <ul style="list-style-type: none"> • Emissions Fuel Extraction and Processing = emissions under SS B9 (Fuel Extraction & Processing) • Emissions Incineration = emissions under SS B6 (Incineration) • Emissions Multi-Stage Clause Unit = emissions under SS B5b (Multi-Stage Claus Unit) <p>Project Emissions:</p> <ul style="list-style-type: none"> • Emissions Fuel Extraction and Processing = emissions under SS P12 (Fuel Extraction & Processing) • Emissions Gas Dehydration and Compression = emissions under SS P6 (Acid Gas Dehydration and Compression) • Emissions Upset Flaring = emissions under SS P8 (Upset Flaring) <p>The complexity of the verification is deemed to be medium.</p>

Component	Procedures
Comparability with the baseline	<ul style="list-style-type: none"> ▪ Review the baseline calculations and supporting documents. ▪ Review Project Plan and Report. ▪ Interview facility foreman, process engineer and plant electrician.
Confidence and completeness of the responsible party's GHG information and assertion	<ul style="list-style-type: none"> ▪ Conduct a site tour to determine GHG sources and compare with the Protocol and calculation tool for completeness. ▪ View photos and process drawings of key equipment ▪ Check the quantification against the Protocol. ▪ Interview personnel for completing GHG quantification.
Assessment of GHG information system and its controls	<ul style="list-style-type: none"> ▪ Review data collection and transfer processes. ▪ Interview personnel for internal control procedures. ▪ Inquiry of data verification procedures for double entries. ▪ Examine biomass records reconciliation.
Assessment against criteria	<ul style="list-style-type: none"> ▪ Compare sources and sinks inspected through site visit to the GHG identified in the Project Report and calculator. ▪ Review raw data, including metering data and third-party records. ▪ Review emission and grid factors used. ▪ Reviewed factors used in anaerobic decomposition calculations.
Evaluation of the GHG assertion	<ul style="list-style-type: none"> ▪ Recalculate GHG assertions. ▪ Evaluate supporting documents.

2.1.1 Verification Process

2.1.1.1 Risk Assessment

As part of the verification process, a risk-based verification and sampling plan was developed that outlines:

- The amount and type of evidence necessary to achieve the agreed level of assurances;
- Methodologies for determining representative samples; and
- Risks of potential errors, omissions, or misstatements

Green Sky's verification team utilizes the risk assessment process to develop a compliant verification and sampling plan. The risk assessment includes considerations associated with regulatory requirements, GHG program requirements, industry/sector specific factors, and other non-technical risks.

The risk assessment considers inherent risk, control risk and detection risk. Inherent risk is the Responsible Party's risk of material error, omission, or misstatement due to the complexity of the facility and offsetting process. Control risk is the risk that the Responsible Party's and Bluesource's control system will not detect and rectify a material error, omission or misstatement. Detection risk is the risk that the Green Sky verification team will not identify a

material discrepancy. The method to determine the risk is provided in Appendix A – Verification Plan.

2.1.1.2 Verification and Sampling Plan

Convenience and strategic sampling methods are used for the verification. The sample plan is developed based on the risk assessment to achieve an overall low detection risk. The sample size is based on the verifier’s professional judgement. The sample size varies based on the number of evidence records. The type and amount of evidence reviewed for each emission source is provided in the Final Verification Plan (Appendix A).

2.1.1.3 Site Visit

Nelson Lee of Green Sky visited the Paramount Kaybob facility on November 8, 2018. The site visit was conducted with Amy Zell of Bluesource. The Plant Manager, Gerald Elese and his staff were interviewed about the data collection processes, internal QA/QC procedures, and the metering calibration. Personnel along the data trail were interviewed. A site tour was led by the Operator on duty that day.

The purpose of the site visit was to gain an understanding of the acid gas processing plant and acid gas injection operation, equipment, and control processes for assessment of the conformance with the Criteria. During the site visit, the emission sources, various processes, data acquisition and onsite records handling processes were observed. The control devices that were used to collect and monitor activity data for emission calculations were also observed. Data management system and data query processes were observed and reviewed on site.

This included the flow meters and acid gas injection compressor and well.

2.2 Team

List verification team members including peer reviewer(s).

Describe the qualifications and training of the team members and peer reviewer(s) including dates of training and certifications.

For Offsets: fill in the sample Statement of Qualification provided and included in Appendix B.

For Facilities: include the Statement of Qualifications from the facility compliance form in Appendix B.

The verification team is included in Table 3 and the statement of qualification is provided in Appendix B.

Table 3: Verification Team

Team	Role	Training and Qualifications
Nelson Lee, M.A.Sc., P.Eng., GHG-V	Lead Verifier & Designated Signing Authority	Environment Canada ISO 14064-3 training in 2006; CSA-certified GHG- V since 2010; over 10 years GHG verification experience.

Eric Si, M.N.R.M, GHG-V	Independent Peer Reviewer	ISO 14064-3 training in 2015; over 5 years GHG verification experience.
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Nelson Lee, M.A.Sc., P.Eng., GHG-V, is the Lead Verifier and Designated Signing Authority for this verification. Mr. Lee has a B.Sc. in Chemical Engineering from the University of Alberta, and a M.A.Sc. in Environmental Engineering from the University of British Columbia. He has 20 years of experience in the oil and gas industry and has completed over 100 GHG verifications in Alberta and British Columbia. Mr. Lee completed ISO 14064 – 3 training with Environment Canada in March 2006. Mr. Lee is a CSA certified GHG verifier.

Mr. Lee is responsible for ensuring:

- the verification acceptance requirement has been met as outlined in the Technical Guidance;
- the verification was conducted in accordance with ISO 14064-3 standard, and that independence has been applied during the verification;
- the verification was conducted in a professional manner; and
- the verification report was presented appropriately.

Eric Si, M.N.R.M., GHG-V is the Peer Reviewer for this verification. He has worked on GHG verification and quantification projects for a wide range of sectors, including oil and gas, pulp and paper, agriculture, manufacturing, etc. Mr. Si has completed CSA ISO 14064 3 training with CSA in December 2015. His responsibilities include independent review of verification deliverables and supporting documentation to confirm all verification activities have been completed and conclude whether the GHG assertion is free of material discrepancy and the verification activities conducted achieved a reasonable level of assurance.

2.3 Schedule

Provide a list or table of verification activities and dates. Indicate when the verification was completed.

The schedule for the verification is presented in Table 4.

Table 4: Verification Schedule

Activities	Date
Task 1: Project Initiation; Planning and KO meeting	October 23, 2018
Task 2: Site / HQ visit	November 7-8, 2018
Task 3: Desktop review and Issues Resolution	November 1-30, 2018
Task 4: Reporting, Peer Review and Sign-offs	November 30, 2018

3.0 Results

Add introduction to results section here, if desired.

This is the eight round of verification for this project which has undergone changes / improvements nearly every year. The changes and the verifiers opinion associated with the changes appear in section 4.2 Assessment of GHG Data and Information.

3.1 Assessment of Internal Data Management and Controls

Provide a summary the information system(s) and its controls for sources of potential errors. Include information on the selection and management of data, process for collecting and consolidating data, data accuracy systems, design and maintenance of the GHG system, the systems and processes that support the GHG information system and results from previous assessments if applicable.

In general, the data control processes employed for this Project consist of manual or electronic data capture and reporting, and manual entry of monthly totals or average values into a Quantification Calculator developed by Bluesource (the calculator was previously verified for the 2017 vintage year. For monitoring and quality assurance purposes, the quantification methods and formulas used in the Quantification Calculator have been reviewed on behalf of the Project Proponent.

There are three data streams involved in this project:

- Electronic data captured at flow meters (e.g. fuel gas and acid gas volumes);
- Manual data collection reported in third party laboratory analysis reports;
- SULSIMs simulation report.

The data used to calculate the GHG assertion of emission reduction credits includes metered, invoiced, and referenced data. The GHG data management system and its controls are assessed through a combination of verifier site visit activities, interviews with staff involved in the data flow and a review of the data itself. These activities verify the data flow process and information management system.

A summary of Paramount Resources’ controls is provided in Table 5.

Table 5. Summary of Internal Controls

Reporting Element	Data Source	Controls
Kaybob Fuel Gas, Acid Gas and Acid Gas (Plant D&E to compression) Analysis	Fuel gas analysis by ProTrend (January – September 2018)	<ul style="list-style-type: none"> ▪ Qualified third-party responsible ▪ Comparison to previous years ▪ Provided on dry gas basis
Multi-Stage Claus Unit Simulation	Sulphur Experts, November 2018, “Trilogy Energy Kaybob South SRU Simulation Report”	<ul style="list-style-type: none"> ▪ Third-party experts in Sulphur plant evaluations

Reporting Element	Data Source	Controls
Compressor flow curves	Testing and measurements / calculations by Aerial Performance	<ul style="list-style-type: none"> Third-party experts in compressor flow and power dynamics
Acid Gas Compressor Run Hours	Excel: E Plant Daily Report (January – December 2017)	<ul style="list-style-type: none"> Manual recording PLC data capture, manual transfer to Petrinex
Acid Gas, Fuel Gas, Dilution Gas and Flare Gas volumes	Excel: MVS E-330-02; FIT E-330-01; MVS E-500-04; MVS E-200-28	<ul style="list-style-type: none"> Every 6 months a volume performance verification is performed using Flowcheck on the Controlwave Micro for each run.
GHG Calculator	Custom Excel based calculator	<ul style="list-style-type: none"> Prepared by Bluesource with senior review
Offset Report		<ul style="list-style-type: none"> Prepared by Bluesource with senior review Reviewed by Paramount

Bluesource operates an internal QA/QC process that is built around the principle of senior review (i.e. calculations and reports are checked by experienced staff members prior to being released). The quantification calculator, for example, was checked for:

- Transcription errors/omissions
- Correctly functioning links/formulas in spreadsheets
- Correct and transparent referencing of data sources
- Justification of assumptions
- Use of, and compliance with, most up-to-date versions of protocols, technical guidance, etc.

In addition, the Offset Project Plan and Offset Project Report was also senior-reviewed for errors, omissions, clarity, etc.

Verifier opinion:

Some manual entries such as compressor run times were switched to automatic monitoring and recording. While there is potential for error, an experienced operations staff likely minimise this risk.

Use of third-party experts provided independent values, but in the case of SULSIM, they are limited by the input data provided to them and requests for calculations they perform. The plant configuration seems accurate and the gas analysis provide was accurate, and

now on a dry basis. An updated November 2018 report provided more representative inputs for 2018.

3.2 Assessment of GHG Data and Information

Provide a summary of the information found during the verification of the GHG data and a summary of the GHG Assertion that was assessed.

For Facilities: Confirm that the quantification methodologies that were used in the compliance report are the same as those reported in the BEIA.

For Offset Projects: Confirm that the quantification methodologies that were used by the project proponent are the same as those described in the project plan. Indicate which quantification methodologies were used by the project proponent.

The following emissions in Table 6 are not applicable to the Project.

Table 6: Excluded Emission Sources

Emission Sources	Rationale for Exclusion
SS (B5a) Liquid Redox Process	This SS has been excluded from quantification as the sulphur recovery technology used by Trilogy was the Multi-Stage Claus unit located at SemCAMS
SS (P9) Injection Unit Operation	Emissions from SS P9 have been excluded from the quantification since the acid gas injection system consists of the acid gas dehydration and compression unit and no other equipment. The emissions related to the operation of the acid gas dehydration and compression unit is accounted for in SS P6.
SS (P10) Recycled Gas	Emissions from SS P10 have been excluded from the quantification since the producing wells and injection well are distinct entities and therefore recycling of acid gas does not occur.

VARIANCES AND CLARIFICATIONS SPECIFIC TO THE 2018 REPORTING PERIOD

The following methodological updates and/or clarifications were made in the current reporting period, relative to the Offset Project Plan, dated March 7, 2012 and to previous reporting periods. These have been addressed in detail in the OPR and reported with less detail in the verification report.

Between 2017 and 2018 reporting periods, 3 changes were made:

(i) Dry Gas Correction

For this reporting period the acid gas volumes from Plant D and Plant E have been provided as dry volumes. No correction from wet volumes is required as was done in the previous reporting period.

(ii) Plant Shut Down October 2018

The facility was shut-in for a scheduled plant turnaround between October 1, 2018 – October 6, 2018. As such, there is no data for this time period. The offset crediting period ends October 6, 2018, but the calculations only include data until September 30, 2018.

(iii) SS B6a B6b SULSIM parameters updated

An updated Sulphur Experts SRU Simulation Report was obtained for this reporting period. Parameters that were updated include the tail gas composition and the SULSIM ratio based on the molar flow of tail gas relative to acid gas that is used to determine the tail gas volumes sent to flare. These parameters affect the baseline emissions from flaring of tail gas (SS B6b) and the fuel gas required to supplement the tail gas for flaring (SS B6a). This change increases the accuracy of the quantification.

Verifier Opinion: concurs that the 3 changes made were appropriate and for greater accuracy.

Prior to 2018, the changes were:

(iv) Change in ownership and project title

Trilogy Energy Corp. was acquired by Paramount Resources Ltd. ("Paramount") in the fall of 2017. As a result, the Kaybob Gas Plant is now owned by Paramount who also owns the rights to the GHG offset credits. Project documentation has been updated to reflect the new ownership and

The registered project title has been updated to "Paramount Kaybob Acid Gas Injection Offset Project."

Verifier opinion: concurs

(v) SS B5b SS P6 Grid Electricity Consumption Factor

The grid electricity consumption factor has been updated to 0.64 tCO₂e/MWh based on the Carbon Offset Emission Factors Handbook, Version 1.0, March 2015. This affects the calculated emissions for the multi-stage claus unit in the baseline as well as the compressor electricity consumption emissions in the project condition.

Verifier opinion: concurs that this is allowable, but not required.

(vi) SS B5b Boiler Thermal Efficiency Updated

The thermal efficiency of the boiler used in the baseline was updated to 80% to increase the accuracy of the quantification. This value is based on typical boiler types used in the industry as per the Canadian Association of Petroleum Producers GHG Emissions Guide (April, 2003). This affects the baseline emissions for the multi-stage Claus unit.

Verifier opinion: concurs this is a common GHG reporting practice for boiler efficiency.

(vii) SS B6a B6b SULSIM parameters updated

An updated Sulphur Experts SRU Simulation Report was obtained for this reporting period. Parameters that were updated include the tail gas composition and the SULSIM ratio based on the molar flow of tail gas relative to acid gas that is used to determine the tail gas volumes sent to flare. These parameters affect the baseline emissions from flaring of tail gas (SS B6b) and the fuel gas required to supplement the tail gas for flaring (SS B6a). This change increases the accuracy of the quantification.

Verifier opinion: concurs that the November 2018 report was conducted on the basis of representative acid and fuel gas analysis.

(viii) SS B5b Sulphur Recovery Unit Energy Export Parameters

The updated Sulphur Experts SRU Simulation Report also included energy export values for the SRU waste heat exchanger and condensers 1-3. These values reflect the condenser duties based on the operating conditions of the reporting period and were used to determine the baseline emissions for SS B5b Multi Stage Claus Unit for this reporting period. This change increases the accuracy of the quantification.

Verifier opinion: concurs that the 2018 report was conducted on the basis of representative acid and fuel gas analysis, though some values were based on an earlier 2013 report. The impact of this is addressed in section 4.1 above.

(ix) All SS Acid Gas Dry Flow Volume Correction

During an audit conducted in the fall of 2017 on the 2010-2011 reporting period it was found that measured acid gas volumes was on a wet flowrate basis (i.e. contained water), whereas the acid gas composition is determined on a dry flowrate basis (does not contain water). Therefore, the percentage of CO₂ in the acid gas was being overestimated. For that reporting period the acid gas volumes had been corrected to remove percentage of water resulting in a dry flowrate of acid gas. Paramount began measuring the water content of acid gas in November 2017 and volumes for November and December were corrected by Paramount. The average wet flow percentage obtained during November was used to determine the acid gas dry flowrate for the months of January to October in 2017.

RELEVANT VARIANCES AND CLARIFICATIONS SINCE THE FIRST REPORTING PERIOD

Sixteen additional variances and modifications, as compared to the Offset Project Plan, dated March 7, 2012, were made for previous reporting periods that are applied to this reporting period.

Verifier opinion: concurs that the updates have been incorporated into the 2018 calculations.

3.3 Assessment against Criteria

Provide a description of how eligibility criteria is met or not met.

For Offset Project: Complete Table 7 to indicate if the GHG Assertion conforms to the Regulation and Standard for Greenhouse Gas Emission Offset Project Developers eligibility criteria.

For Facilities: Delete Table 1 and Indicate if verification criteria are met or not met and explain.

The result of assessment against program eligibility criteria is provided in Table 7.

Table 7: Offset Criteria Assessment

Offset Eligibility Criteria	Assessment
Reduction or sequestration occurs in Alberta	Site visit confirmed the project physical location.
Result from actions not required by Law at the time the action is taken	Project activities are not required by law for energy generation.
Result from Actions taken on or after January 1, 2002 and occur on or after January 1, 2002	Project started from October 7, 2010
Reduction or sequestrations is real and demonstrable	Site visit confirmed the existence of the project and calculations demonstrated the quantities.
Quantifiable and measurable	Activity data is measured and emissions are quantified adhering to approved protocol.
Verified by a third party verifier that meets the requirements in Part 1 for the Standard for Verification.	Verifier meets the requirement under Part 1 of the Standard for Verification.

3.4 Evaluation of the GHG Assertion

The verification assessment is that the GHG Assertion meets the requirements of the Carbon Competitiveness Incentive Regulation

Provide an assessment of the evidence collected during the verification. Determine if the data and information available support the GHG assertion. Provide a conclusion on whether the assertion meets the materiality requirements and the level of assurance agreed to at the beginning of the verification process.

The verification opinion is that the GHG Assertion meets the requirements of the Carbon Competitiveness and Incentive Regulation. The GHG data and supporting documents are deemed to be sufficient and appropriate. The GHG assertion is calculated in accordance with the approved quantification protocol.

3.5 Summary of Findings

Provide a summary of material and immaterial discrepancies expressed in tonnes and as net and absolute error in Table 8. Include whether the discrepancy was an understatement or an overstatement.

Include a more detailed description and log of results in Appendix C the "Issues Log". This log will include both resolved and unresolved issues from the verification. Unresolved issues should be brought forward to Table 8.

An Issues Log was provided to Bluesource and Paramount for comments or corrections. There were data entry errors, but all issues were addressed. These appear in the attached issues log.

Table 8: Summary of Findings

Number the finding with the year and provide a unique # for each finding.

Note: A detailed description of all material and immaterial findings should be provided in Table 9 of Appendix C.

Provide only a summary statement (1-4 sentences) for each unresolved immaterial finding and each material finding (resolved or unresolved). If the finding is a resolved material finding, then put the tonnes net and absolute in the summary description column and indicate n/a in the net and absolute columns. Do not include the tonnes in the total error calculation.

Indicate the type of error (qualitative or quantitative).

Indicate the Source Category (for facilities) or the Source/Sink (for offsets).

Indicate if the finding is an understatement or overstatement.

Provide both net and absolute error in tonnes of CO₂ eq and as a % of the assertion.

Provide the total net error and the total absolute error in tonnes of CO₂ eq and as a % of the assertion.

Res ult #	Type	Summary Description of Finding Source Category or Source/Sink	Understate ment/ Overstate ment	Tonnes CO₂ eq % net	Tonnes CO₂ eq % absolute
--------------------------	-------------	--	--	---	--

No outstanding material or immaterial
discrepancies

Total Error

3.6 Opportunity for Improvement

Provide feedback on the data management system and controls, transparency, completeness of the inventory, additions to the quantification methodology document or diagrams, etc. Include positive considerations and observations also.

Identify strengths and weaknesses that may help to improve the report/s for the current facility, sector, and compliance program. Identify ways in which the project/facility could be more easily verified.

Since this is the conclusion of the offset project, there are no recommendations for improvement.

4.0 Closure

4.1 Verification Statement

Include the signed verification statement in Appendix D.

Instructions to insert a pdf: 1. Click Insert>Object 2. In the Object dialog box click Create from File and then click Browse. 3. Find the pdf you want to insert then click Insert. 4. Click OK.

For Offset Projects: fill in the sample Verification Statement provided, sign, scan and paste.

For Facilities: paste a signed version of the Verification Statement from the facility compliance form. Include the conclusion on the GHG assertion and any qualification or limitations and the level of assurance.

Provide the verification conclusion in the drop down box below.

The verification conclusion is:

Positive

4.2 Limitation of Liability

Include signed Conflict of Interest Checklist in Appendix E.

For Offset Projects: fill in the sample Conflict of Interest Checklist provided, sign, scan and paste.

For Facilities: paste the signed Conflict of Interest Checklist from the facility compliance form.

Insert limitation of liability statement and include information in an Appendix F if applicable.

Green Sky has undertaken the verification of the asserted emissions reductions for the acid gas injection offset project in accordance with related program criteria. Green Sky has assessed the GHG assertion using reasonably ascertainable information as defined by ISO 14064. The assessment represents the condition in the subject area at the time of the assessment. Green Sky did not conduct direct GHG emissions monitoring or other actual environmental data sampling or gas composition analysis as part of this verification.

The purpose of this report is to identify noted exceptions and observations in the quantification of emissions reductions for the Paramount Kaybob acid gas injection offset project. This report is not intended to imply exhaustive compliance or non-compliance by the verification team. The verification team has made diligent effort to sample applicable information available regarding emissions for the offset project during the verification. It should be noted that the inherent limitation in verification sampling and review practices may result in the verifier not identifying

all potential aspects of the assertion. Observations, exceptions and conclusions are based on the judgment of the verifier.

The Conflict of Interest Checklist is provided in Appendix E.

4.3 Confirmations

Document information confirmed, including any discrepancies or inconsistencies, as per the Confirmations section in the Standard for Greenhouse Gas Verification.

Green Sky confirms the followings applicable for offset projects:

- Correct entry of administrative information such as legal locations;
- Simplified process flow diagrams and energy diagrams included; and
- Project report information details as required in recent template.

5.0 References

Author. Year. Title. (no hyperlinks)

- Alberta Carbon Competitiveness Incentive Regulation (CCIR), 96/2018, June 1, 2018;
- Standard for Greenhouse Gas Offset Project Developers (Version 2.0, July 2018);
- Standard for Validation, Verification and Audit (Version 2.0, June 2018);
- Quantification Protocol for Acid Gas Injection, version 1.0 (AENV, May 2008)

Respectfully submitted, Vancouver, BC November 30, 2018

Green Sky Sustainability Consulting Inc.

Prepared by:
Nelson Lee, MASc, P.Eng.
Lead Verifier and Designated Signing Authority
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Appendix A: Final Verification Plan and Sampling Plan

Information to be included in the Verification Plan and Sampling Plan:

Revisions to the sampling plan

Date originally sent to Facility/project

Level of assurance agreed with the facility/project developer

Verification scope

Verification criteria

Amount and type of evidence (qualitative and quantitative) necessary to achieve the agreed level of assurance

Methodologies for determining representative samples

Sampling Plan and Procedures

Risk Assessment: Risks of potential errors, omissions or misrepresentations that are identified throughout the verification process including:

- Details of site visit*
- offset/facility boundaries*
- Methodologies, emissions factors and conversions used*
- Comparability with the approved baseline*
- Conformance to the program criteria*
- Integrity for the responsible party's data management system and control (organization chart, GHGH management plan, personnel/consultant training, protocols used, control system documentation, software/program documentation/certifications)*
- Greenhouse gas data and information, including the type of evidence collected, verification testing and crosschecking, inventory of emission sources*
- Discussion of data management, (measurement, fuel sampling, calibration, consistent use of standard conditions, data storage, procedures to fill missing data; procedures to repair inconsistent data, adjustment of variables and factors)*
- Other relevant information*

November 30, 2018

Final
File: 2018 Oct 0093
AmyZ@bluesourcecan.com

Blue Source Canada ULC
1605, 840-7th Ave SW
Calgary, AB T2P 3G2

Confidential

Attention: Amy Zell
Manager Carbon Solutions

Subject: Paramount Kaybob Acid Gas Injection Offset Verification Plan

INTRODUCTION

Paramount Resources (TEC) Ltd., formerly Trilogy Energy, is the project proponent for an acid gas injection offset project in the Kaybob field. Blue Source Canada LLC (Bluesource) is the authorized project contact and supports Paramount in developing this offset project. The project is located near Fox Creek, Alberta and will be verified under the Carbon Competitiveness Incentive Regulation (CCIR). Emission reductions cover the period of January 1, 2018 to October 6, 2018 which is to the end of the crediting period.

Green Sky Sustainability Consulting Inc. (Green Sky) was contracted by Paramount Resources Ltd. (Paramount) to conduct verification of greenhouse gas (GHG) emission reductions for 2018 for this project. Green Sky conducted the verification in 2017 and confirms there are no conflicts of interest.

Objective

The objective of the verification is to provide assurance to Alberta Environment and Parks, Climate Change Office (ACCO) that the Emission Reductions contained in the GHG Assertion are materially correct and presented fairly in accordance with the relevant criteria and to identify any material and immaterial errors, omissions or misstatements.

Scope

The scope of this project level emission reduction verification includes the project boundaries, physical infrastructure, activities, technologies, and processes of the project, GHG sources, sinks, and/or reservoirs, types of GHGs, and time periods covered. The scope of the verifications is listed in Table 1.

Table 3: Verification Scope

Title	Paramount Kaybob Acid Gas Injection Offset Project
Geography	The Project is located near Fox Creek, Alberta. Details are included in the attachment. LSD: 08-09-064-18W5M Plant

Title	Paramount Kaybob Acid Gas Injection Offset Project
	LSD/08-09-064-18W5M/2 Injection well Latitude: 54.521531 Longitude: -116.80219
Organization	Paramount Resources Ltd.
Activities and Processes	Acid gas injection
SSR	Baseline Emissions: <ul style="list-style-type: none"> • Emissions Fuel Extraction and Processing = emissions under SS B9 (Fuel Extraction & Processing) • Emissions Incineration = emissions under SS B6 (Incineration) • Emissions Multi-Stage Claus Unit = emissions under SS B5b (Multi-Stage Claus Unit) Project Emissions: <ul style="list-style-type: none"> • Emissions Fuel Extraction and Processing = emissions under SS P12 (Fuel Extraction & Processing) • Emissions Gas Dehydration and Compression = emissions under SS P6 (Acid Gas Dehydration and Compression) • Emissions Upset Flaring = emissions under SS P8 (Upset Flaring) • Emissions from recycled gas P10
GHG	Carbon dioxide (CO ₂), Methane (CH ₄), Nitrous oxide (N ₂ O)
GHG Assertion	Reduction: 32,402 t CO ₂ e

Level of Assurance

The verification for the Project will be conducted to achieve a reasonable level of assurance, as required by the CCIR. The level of assurance is used to determine the depth of detail that a verifier designs into their verification plan to determine if there are any material errors, omissions, or misstatements.

Reasonable level of assurance is to evaluate whether the GHG assertion is deemed to be presented fairly and substantiated by sufficient and appropriate evidence. As such, the verifications are to provide positive, but not absolute assurance regarding the GHG assertions.

Verification Standard

The verification is performed according to ISO 14064-3:2006 Specification with Guidance for the Validation and Verification of GHG Assertions.

Verification Criteria

The verification will assess the Projects against the following program criteria and relevant supporting documentation:

- Alberta's Climate Change and Emissions Management Act, S.A. 2003, c. C-16.7;
- Alberta Carbon Competitiveness Incentive Regulation (CCIR), 96/2018, June 1, 2018;
- Standard for Greenhouse Gas Offset Project Developers (Version 2.0, July 2018);
- Standard for Validation, Verification and Audit (Version 2.0, June 2018);
- Quantification Protocol for Acid Gas Injection, version 1.0 (AENV, May 2008)
- Offset Project Plan; and
- Offset Project Report.

Materiality

A 5% materiality threshold is set to assess errors, omissions, and misstatements in the GHG Assertion as required by the CCIR for offsets < 500kt. Quantitative discrepancies are aggregated and assessed for project proponent revision. Qualitative discrepancies are evaluated by professional judgement of the verification body and determined if the discrepancies could be deemed to be material errors.

TEAM

The verification team is included in Table 2 and the statement of qualification is provided in Appendix B.

Table 2: Verification Team

Team	Role
Nelson Lee, M.A.Sc., P.Eng., GHG-V	Lead Verifier & Designated Signing Authority
Eric Si, M.N.R.M., GHG-V	Independent Peer Reviewer

SCHEDULE

The schedule for the verification is presented in Table 3.

Table 3: Verification Schedule

Activities	Date
Task 1: Project Initiation; KO call	October 23, 2018
Task 2: Site / HQ visit	November 7-8, 2018
Task 3: Desktop review; Issues Resolution	October 31-November 30, 2018
Task 4: Reporting and Sign-offs completed	November 30, 2018

DATA MANAGEMENT AND CONTROL

The data control processes employed consist of manual and electronic data capture and reporting, use of process simulations of project conditions and input of reference values where applicable, and manual entry of data into a Quantification Calculator developed by Bluesource. The same calculator was used and verified in 2017.

For monitoring and quality assurance purposes, the quantification methods and formulae used in the Quantification Calculators will be reviewed on behalf of the Project Proponent.

There are 3 data streams involved in this project:

- ✓ Electronic data captured (e.g. meters, gas analyses);
- ✓ Manual data collection and entry (e.g. simulation input into the calculator)
- ✓ Reference values (e.g. manufacturer's specifications and emissions factors, GWPs, etc.)

The gas plant sampling now directly counts for moisture content.

RISK ASSESSMENT

Inherent risk is determined to be moderate based on the following:

- DCS records and relevant information about the gas plant and sulfur recovery plants operating conditions;
- Fuel gas and other meters and calibration;
- A simulation for acid gas plant operation is used.

Control risk is determined to be moderate based on the following:

- Data used for emission reduction quantification consists of DCS and reference data, and manual entry into the offset quantification tool;
- Equipment operation is influenced by a number of factors not always able to be consistently controlled;
- Bluesource completes an internal senior review in order to check both calculations and reports for transcription errors and omissions, correctly functioning links and formulas as part of their QA/QC.

The resultant combined risk is moderate, implying a moderate tolerable detection risk.

Overall risk must be low for reasonable level of assurance implying a moderate level of verification effort is required.

SAMPLING PLAN

Green Sky Sustainability conducted the verification for 2018 and based the sampling plan based on this history to determine a reasonable sampling approach for the site visit and desktop review. This is balanced by timing (availability of verifier, Bluesource, and client operations personnel, operating status of equipment, site location, etc.).

Table 4: Sampling Source and Evidence

Reporting Element	Type of Evidence	Amount of Evidence to be Reviewed
Reporting Element	Reporting Element	Reporting Element
Gas plant operation	Visual observation of gas plant. Interview operator on history and performance.	visual confirmation; interview
Acid gas injection system	Visual observation of acid gas injection system. Interview operator on history and performance.	visual confirmation; interview
Fuel and related meters	Visual observation and interview with operator	visual confirmation; interview, records
Gas analyses	Fuel gas, sulfur recovery processes, flaring etc.	visual confirmation; interview, monthly records review

Calibration tags for meters	Visual observation and interview with operator	100% visual confirmation; interview, records review
Run time history	Visual observation and interview with operator	100% visual confirmation; interview

CLOSURE

This proposal will be undertaken subject to Bluesource’s Services Agreement (already signed by Green Sky Sustainability)

We trust this proposal meets your requirements. Should you have any questions or comments, please contact the undersigned at your convenience.

Issued in Vancouver BC, November 30, 2018

Respectfully submitted,

Green Sky Sustainability Consulting Inc.

Nelson Lee, MASc, P.Eng.
Lead Verifier and Designated Signing Authority
Direct Line: 778-317-7613
Nelsonlee@greensky.ca
www.greensky.ca

/nl

Appendix B: Statement of Qualifications

Sample Statement of Qualifications (SOQ)

Statement of Qualifications

Offset Report

Project Name

Paramount Kaybob Acid Gas Injection Offset Project

Offset Project ID

5015-8361

Reporting Company Legal Name

Paramount Resources Ltd.

Report Type

Offset Report

Reporting Period

January 1, 2018-
October 6, 2018

from
to

Signature of Third Party Verifier

I, (Third Party Verifier), meet or exceed the qualifications of third party Third-party verifiers described in Section 29 of the Carbon Competitiveness Incentive Regulation.

Verifying Company Name

Green Sky Sustainability Consulting Inc.

Per:

Signature of Third Party Verifier

Date

2018 Nov 30

Training Received Under ISO 14064 Part 3

The verification team meets the requirements under the Carbon Competitiveness and Incentive Regulation (CCIR) and have the technical knowledge of GHG emission quantification methodologies required by Part One of the Standard for Verification. The team members have experience in completing third party GHG verifications, reviews and audits related to emission inventories, including verifications in Alberta.

Mr. Nelson Lee is a Professional Engineer registered by the Association of Professional Engineers and Geoscientists of Alberta and by Engineers and Geoscientists BC. Mr. Lee is the Designated Signing Authority for the report and meets the Standard for Verification requirements.

Mr. Lee completed ISO 14064-3 training with Environment Canada in 2006, California Air Resources Board Lead Verifier training in 2016 and is a CSA-certified GHG Verifier since 2010. He has 10 years of GHG verification experience in Alberta.

First Name

Nelson

Last Name

Lee

Professional Designation

P.Eng.

E-mail Address

nelsonlee@greensky.ca

Phone Number

778-317-7613

Lead Verifier

Same as third party verifier?

First Name

Last Name

Professional Designation

E-mail Address

Phone Number

Training Received Under ISO 14064 Part 3

Peer Reviewer

First Name

Last Name

E-mail Address

Phone Number

Training Received Under ISO 14064 Part 3

Appendix C: Findings and Issues

Table 4: Detailed Findings and Issues Log

Number the issue with the year and provide a unique # for the issue. If the issue resolved during the verification, indicate that in the resolution column. If the issue is not resolved during the verification, or if the issue was material (whether resolved or not) record it as a finding in Table 2 and provide a cross reference to the finding # in the resolution column. Describe the issues investigated. State the verification criteria that are not met. Provide a description of how it is not met and provide the evidence. Indicate the Source Category (for facilities) or the Source/Sink (for offsets). Indicate if the finding is an understatement or overstatement. Summarize information between verifier and client. Provide a conclusion including % discrepancy, if applicable.

Item (YR-##)	Description of the Issues Investigated During the Verification	Summary of information exchanged between verifier and client	Resolution	Conclusion (including % discrepancy if applicable)
YR-##				
18-01	S30 report do not match tab FIT E -330-01A for January only. 19.5 in S30 Vs 11.21 in calculator. However, the calculator does match the metering reports.	Revised to 19.5 e3m3 for January.	Resolved	N/A
18-02	Gas analyses HHV does not match PDF analyses. In Data_Entry tab – all 3 gas streams. Used in baseline Equip calc, SULSIM E 38, and perhaps elsewhere	Revised HHVs for sales gas – the only HHV used in calculator.	Resolved	N/A

Appendix D: Statement of Verification

Statement of Verification

Associated SGER Submission

Offset Project	Protocol	Project ID #
Paramount Kaybob Acid Gas Injection Offset Project	Quantification Protocol for Acid Gas Injection, (May 2008)	5015-8361
Project Developer	Serial Range	Start
Paramount Resources Ltd.	January 1, 2018	2018
	Serial Range	End
	October 6, 2018	

Statement of Verification

GHG Assertion	Value	Units
Total Baseline Emissions)	33,569	tonnes CO2eq
Total Project Emissions)	1,167	tonnes CO2eq
Other)		tonnes CO2eq
Net Reductions)	32,402	tonnes CO2eq
Statement of Assertion	Emission reductions of 32,402 t CO2e were achieved in the period January 1, 2018 to October 6, 2018.	

Responsibilities of Project Developer and Third Party Verifier

The verification was performed according to ISO 14064-3: Specification with Guidance for the Validation and Verification of GHG assertions. Paramount and Blue Source Canada's responsibility is the collection and presentation of data and supporting documentation. The verifiers' responsibility is to provide assurance to ACCO that the GHG assertion is reliable and of sufficient quality. The verification was provided to a reasonable level of assurance.

Conclusion

(statement should be sufficiently detailed and refer to the correctness of the GHG assertion)

Based on our review, it is our opinion to a reasonable level of assurance that the GHG assertion is materially correct and a fair presentation of the GHG data and information and is prepared in accordance with related criteria.

Signature of Third Part Verifier

Verifying Company Name

Green Sky Sustainability Consulting Inc.

Per:

Nelson Lee

Signature of Third Party Verifier

Date:

2018 Nov 30

First Name

Last Name

Nelson

Lee

Professional Designation

E-mail Address

Phone Number

P.Eng.

nelsonlee@greensky.ca

778-317-7613

Appendix E: Conflict of Interest Checklist

Conflict of Interest Checklist

Associated SGER Submission

Offset Project

Paramount Kaybob Acid Gas Injection Offset Project

Protocol

Quantification Protocol for Acid Gas Injection, (May 2008)

Project Developer

Paramount Resources Ltd.

Report Type

Offset Project

Report Period

2018

Checklist

Respond either "True" or "False" to each of the following statements:

- | | | |
|----|--|--------------|
| 1. | The relationship between my firm and this reporting company poses unacceptable threat to or compromises the impartiality of my firm. | False |
| 2. | The finances and sources of income of my firm compromise the impartiality of my firm. | False |
| 3. | The personnel my firm has scheduled to participate in the verification may have an actual or potential conflict of interest. | False |
| 4. | My firm participated in some manner in the development or completion of the associated offset submission for this reporting company. | False |
| 5. | My firm provided greenhouse gas consultancy services to this reporting company. | False |
| 6. | My firm will use personnel that have, are, or will be engaged or previously employed by the reporting company. | False |
| 7. | My firm will outsource the Statement of Verification for the associated offset submission. | False |
| 8. | My firm offers products or services that pose an unacceptable risk to impartiality. | False |

Important: If you have checked "True" to any of the above, you may not fulfill the "independence" requirement for third party verifiers. Please contact Alberta Environment and Parks for further instruction. If the potential conflict of interest is a sufficient threat to impartiality (perceived or actual), or cannot be effectively managed, your Third Party Verification Report will not be acceptable to Alberta Environment and Parks.

Signature of Third Party Verifier

I, (Third Party Verifier), have personally examined and am familiar with the information contained in this Conflict-of Interest Checklist, and can demonstrate freedom from any conflict of interest related to the reporting company for which the verification was performed. I hereby warrant that the information submitted in this Conflict-of Interest Checklist is true, accurate and complete to the best of my knowledge, and that all matters affecting the validity of this Conflict-of-Interest Checklist have been fully disclosed. Impartiality shall be monitored over the duration of the verification and any identified actual or potential conflict-of-interest situations will be communicated to AEP directly.

Verifying Company Name

Per:

Signature of Third Party Verifier

Date

First Name

Last Name

Professional Designation

E-mail Address

Phone Number