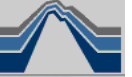


**Paramount
Resources GRIPE
Presentation**

**AEUB Update
12 September 2006**



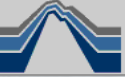
GRIFE Pilot Update

For the GRIFE Pilot:

- IETP approval received
- Injection efforts began in Mid April (Equipment corrosion issues being resolved)
- Official injection startup was Friday October 28, 2005
- 1st EUB Review January 26th 2006

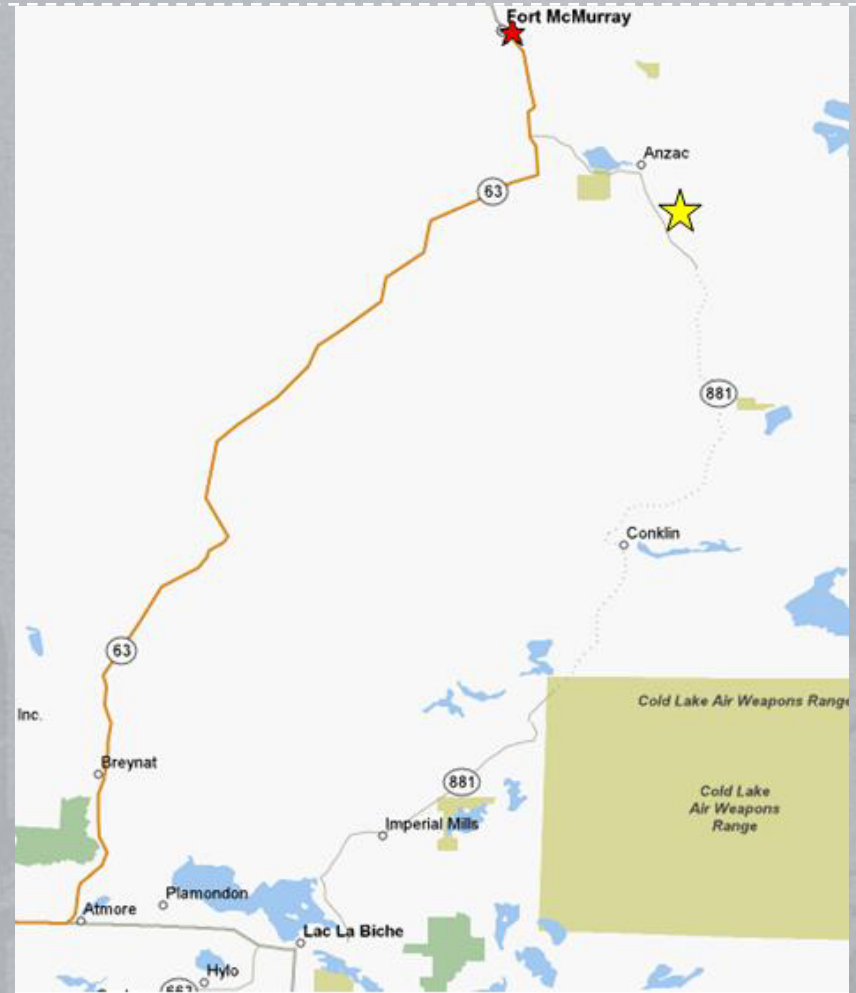
•Success Indicators:

- Satisfactory Maintenance of Pressure in pool
- Adequate supply of injection flue gas or CO₂
- Gas recoverability adequate for capital amortization
- CO₂ capture management



Where is GRIPE?

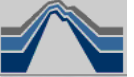
~ 75 miles south of Ft. Mac
~55 miles north of Conklin





GRIFE Compressor Skid





GRIFE To date

For the GRIFE Pilot: 87 days of operation today

- **Official injection startup was Friday October 28, 2005**
- **1st Statics to be captured end of February, 2006**
- **1st EUB update report due by end of April, 2006**

Metric

Pool	Production		Injection	
	Overall Daily Average 1000m3/day	Cumulative Production 1000m3	Overall Daily Average 1000m3/day	Cumulative Injection 1000m3
07-14	22.5	1886.0	31.7	2684.0
12-27	23.2	1963.0	35.7	2323.0
Total	45.7	3849.0	67.4	5007.0

Imperial

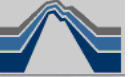
Pool	Production		Injection	
	Overall Daily Average 1000m3/day	Cumulative Production 1000 m3	Overall Daily Average 1000m3/day	Cumulative Injection 1000m3
07-14	0.8	67.4	1.1	95.9
12-27	0.8	70.1	1.0	83.0
Total	1.6	137.5	2.1	178.8



07-14-81-05 W4 Injector Wellsite



7



Trouble Shooting

Cooler Failure after 12 hours initial operation (Materials Failure)

Chemical formulated to combat the corrosion

Neutralizes Ph





GRIFE Cooler Corrosion

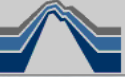




GRIFE Muffler Collapse

GRIFE compressor puts muffler into vacuum
Muffler rebuilt to withstand ~2 lb of vacuum





07-14-081-05 Injector Spool Failure

Wellhead failure after ~35 days of continuous operation

Coat contact Well Piping





Paramount Reporting Obligations

Official Injection Startup is October 28, 2005

- **First 6 month reporting period to end March 31, 2006**
- **Subsequent reporting every six months**
- **Access issues may alter timing for data gathering**





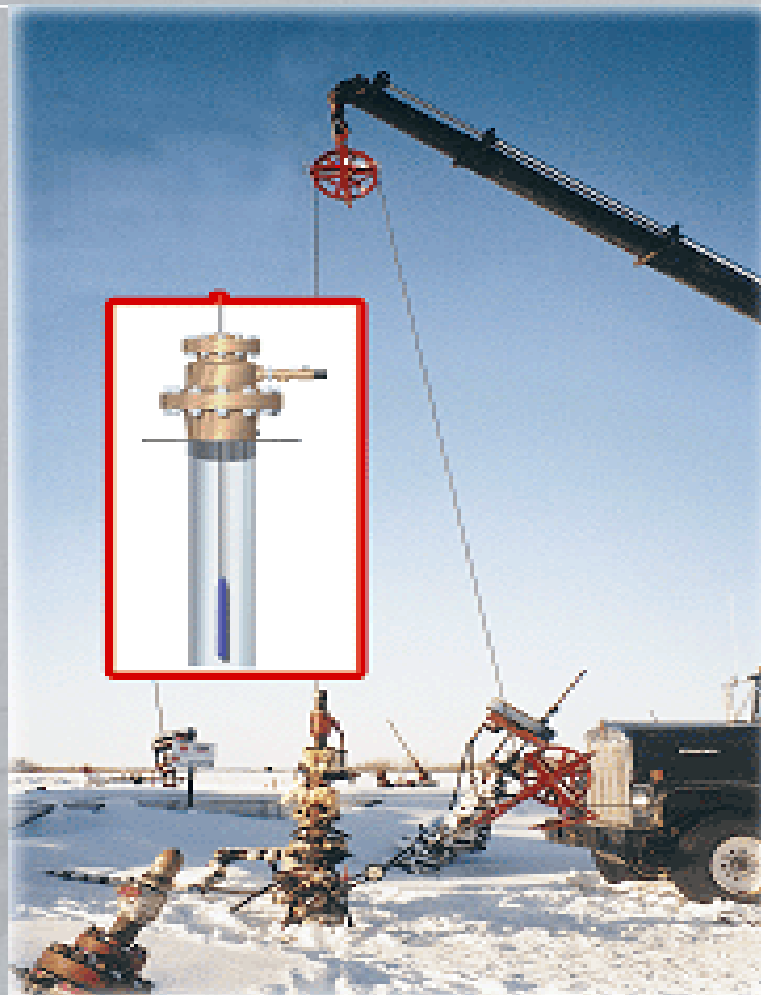
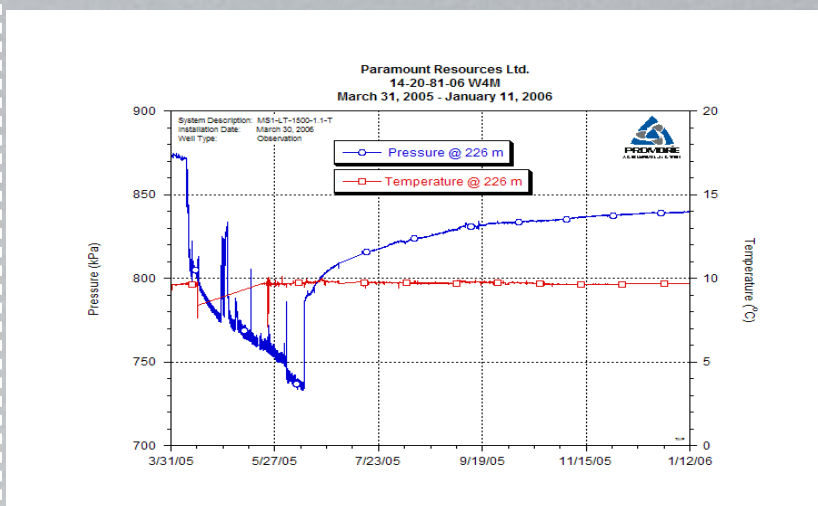
Data Gathering to date

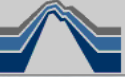
Data Gathering

- Monitored Well Monthly
- Statics every 6 months
- Detailed activity reports every 6 months

Current Download

- 6 Wells
- Some temperature effects
- Up to end of October
- All Similar

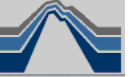




CO₂ Source Identification

CO₂ Sources in Surmont Area

- Existing Flue Gas in the area, Paramount Energy Trust and other gas producers. (~3-5 mile radius)
- Insitu Oilsands Developments eg. Conoco Phillips Surmont (10 - 50 miles away)
 - Potential to pipe Flue gas to Paramount GOB areas
 - Give birth to a CO₂ backbone in NE Alberta with a vested interest
- Oilsands Developments in Fort McMurray (80-150 miles away)
 - Substantial commitment for long term volume required
 - Virtually Unlimited source of pure CO₂
- EGR/JIP is instrumental in determining what will be injected.
 - Effects of pressure, flow rate, and gas combinations



Conclusion

A technical solution to Gas over Bitumen at Surmont

- Is being demonstrated with success to date
- Data will enable commercial phase of flue gas re-injection

At Surmont commercial implementation could mean

- Recovery of 20 to 30 Bcf
- Sequestration of CO₂
- SAGD enhancement

In the GOB areas implementation could mean

- Recovery of up to 2/3rds of gas in place where feasible
- Collaboration between gas and Bitumen rights holders

CO₂ EOR, and EGR can become economically viable

- CO₂ distribution network to match emitters with users
- Development of EGR, and EOR throughout Western Canada