



4100, 350 7th Ave SW, Calgary, Alberta, Canada T2P 3N9

TELEPHONE (403) 781-7800 FAX (403) 781-7801 www.mgmenergy.com

June 16, 2008

Northwest Territories Water Board
P.O.Box 1326
5114 – 49th Street
Yellowknife, NT X1A 1P8

Attention: Executive Assistant

Dear Sir/Madame:

**Re: Water Licence N7L1-1797
Annual Water Report 2007
Reporting Period: October 16 – December 31, 2007**

In accordance with Part B, Item 1 of the Water Licence N7L1-1797 (the Licence), please find enclosed one hard copy and one electronic disk copy of the MGM Energy Corp. (MGM) Umiak N-16 Drilling Project (the Project) Annual Report for the period October 16 – December 31, 2007.

The Project is located on Federal Land on Richards Island in the Mackenzie Delta.

Project activities were limited to sump monitoring in 2007 and there was no water use or discharge for this reporting period. The following summarizes the information as required in Part B, Item 1 of the Licence.

- 1a) the total quantity in cubic meters of fresh water obtained from all sources: **none**
- 1b) the total quantities in cubic meters of each and all waste discharged: **none**
- 1c) an itemized list indicating the names and quantities of all drilling mud additives used: **none**
- 1d) details of all work completed: **as per Sump Monitoring Report filed November 30 2007.**
- 1e) details on the restoration of any sumps: **none**
- 1f) a list of spills and unauthorized discharges: **none**
- 1g) results of sump monitoring programs: **as per Sump Monitoring report filed November 30 2007.**
- 1h) any other details on Water use and Waste disposal requested by the Board within 45 days before the annual report is due: **none**

MGM has conducted all operations and activities in accordance with the terms and conditions of the Licence. No non-compliance activities were identified over the course of the Project. Should you have any questions or concerns with this report, please contact the undersigned at Shirley.Maaskant@mgmenergy.com or at 403-781-7840.

Yours truly,

MGM Energy Corp.



Shirley Maaskant
Manager, Regulatory & Community Affairs