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March 24, 2014

sent via email

Northwest Territories Water Board
P.O. Box 2531
Inuvik, NT X0E 0T0

Attention: Executive Director

Dear Sir:

**Re: Water Licence N7L1-1797
Annual Water Report 2013 for MGM Energy Corp. Burnt Lake
(Umiak N-16) Drilling Program: 2004
Our File: 18-0702**

In accordance with Part B, Item 1 of the Water Licence N7L1-1797, please find enclosed the MGM Energy Corp. Burnt Lake (Umiak N-16) Drilling Project Annual Report for 2013.

Activity for the reporting period solely consisted of monitoring activities related to the remote sump in the central portion of Richards Island.

This report covers the period from January 1 – December 31, 2013. 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: **Two site visits occurred July 30 and September 14, 2013 to complete the following scope:**
 - **A general visual assessment of the condition of the sump and surrounding area.**
 - **Conduct a vegetation survey**

- 1e) details on the restoration of any sumps: **No sump restoration took place in 2013.**
- 1f) a list of spills and unauthorized discharges: **None**
- 1g) results of sump monitoring programs:
Visual Assessment
Visual assessments during 2013 revealed similar conditions to 2012 with no physical evidence of erosion, ponding, stress or tension cracks on the surface of the sump cap. Overall the sump cap was in very good condition during both the site assessments conducted during summer conditions (July 30) as well as during late summer/early fall conditions (September 14).
- Vegetation**
Vegetation on both the sump cap and the previously impacted area north of the sump cap (which was utilized for soil storage in winter 2004) was well established with coverage on the sump cap estimated to be virtually 100% with no significant bare areas. There were a few areas where small mammals appear to be denning on the surface of the sump cap which has resulted in small isolated disturbed areas. There is an abundance of potential donor species on the sump cap producing sufficient seeds on an annual basis and continually re-seeding the sump so any disturbed areas should re-establish over time.
- 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. Should you have any questions or concerns with this report, please contact shirley.maaskant@mgmenergy.com or 403-781-7840.

Yours truly,

MGM Energy Corp.



Susan Sevcenko
Regulatory & Surface Land Administrator

Cc Water Resource Management Officer, AANDC