



Aboriginal Affairs and  
Northern Development Canada  
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Affaires autochtones et  
Développement du Nord Canada  
<http://www.aadnc-aandc.gc.ca>

North Mackenzie District  
P.O. Box 2100  
Inuvik, NT X0E 0T0

Telephone: 867-777-8900  
Fax: 867-777-2090

December 29, 2012

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

**Attn: Mike Harlow, Executive Director**

**RE: Industrial Water Use N7L1-1797  
CLASS B - INDUSTRIAL**

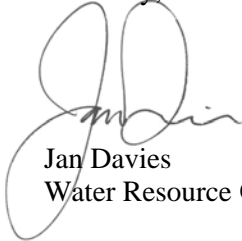
Dear Mr. Harlow,

Please find the enclosed Inspection Report for your review and records.

An electronic copy (un-editable Adobe pdf.) has also been provided by e-mail.

If you have any questions or concerns regarding the enclosed, and/or if additional information is required please contact me at (867) 777-8909.

Sincerely,



Jan Davies  
Water Resource Officer

Cc: Conrad Baetz, District Manager, North Mackenzie District, Inuvik, NT

Enclosure: Industrial Water Use Inspection Report and Cover Letter (4 pages)



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December 29, 2012

MGM Energy Corp.  
4100, 350-7<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3N9

**Attn: Shirley Maaskant**

**RE: Industrial Water Use N7L1-1797  
CLASS B - INDUSTRIAL**

Dear Ms. Maaskant,

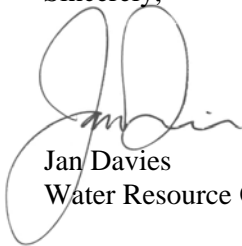
An inspection of the MGM Energy Corp. Water Licence N7L1-1797 (expiry on December 31, 2014) was conducted on October 2, 2012. The operation under the above mentioned Industrial Water Use was inspected to assess compliance and ensure that the terms and conditions were met.

Enclosed is a copy of the Inspection Report (3 pages) for your review and records.

Please note that it is the Licensee's responsibility to ensure compliance with all of the terms and conditions of its Water Licence. A copy of this report will be sent to the Northwest Territories Water Board for their review and public records.

If you have any questions regarding the enclosed and/or if additional information is required, please do not hesitate to contact me at (867) 777-8909.

Sincerely,



Jan Davies  
Water Resource Officer

Cc: Conrad Baetz, District Manager, North Mackenzie District, Inuvik, NT

Enclosure: Industrial Water Use Inspection Report (3 pages)



## INDUSTRIAL WATER USE INSPECTION REPORT

<b>LICENCE #:</b>	N7L1-1797	<b>EXPIRY DATE:</b>	December 31, 2014
<b>LICENCEE:</b>	MGM Energy Corp.	<b>PREVIOUS INSPECTION:</b>	March 2, 2004
<b>COMPANY REP:</b>	Shirley Maaskant	<b>INSPECTION DATE:</b>	October 2, 2012

### WATER SUPPLY

Source:	N/A	Quantity Used:	N/A, See Annual Reports
Owner/Operator:	MGM Energy Corp	Meter Reading:	N/A

**Indicate:**      **A - Acceptable**                      **U - Unacceptable**                      **N/A - Not Applicable**                      **N/I - Not Inspected**

Intake Facilities	N/A	Storage Structures	N/A	Treatment Systems	N/A	Recycling	N/A
Flow Meas. Device	N/A	Conveyance Lines	N/A	Pumping Stations	N/A	Chem. Storage	N/A
						Modifications	N/A

### **Water Supply Comments:**

- N/A

### WASTE DISPOSAL

Well Waste:	Off-Site Removal	N/A	Drilling Sump	A <sup>1</sup>	Downhole	N/A	Land spread	N/A
Solid Waste:	Open Dump	N/A	Landfill	A	Burn & Bury	N/A	Under ground	N/A
	Owner / Operator	N/A	Sludge Disposal	N/A	Other	N/A		
Tailings:	Tailings Pond	N/A	Natural Lake	N/A	Under ground	N/A		
Sewage:	Sewage Treat. System	N/A	Camp Sump	N/A	Natural Water Body	N/A	Wetland Treatment	N/A
	Continuous Discharge	N/A	Inter. Discharge	N/A	Seasonal Discharge	N/A	Trench	N/A

**Indicate:**      **A - Acceptable**                      **U - Unacceptable**                      **N/A - Not Applicable**                      **N/I - Not Inspected**

Discharge Quality	N/A	Construction	N/A	Disch. Meas. Dev.	N/A	Freeboard	N/A
Decant Structures	N/A	O&M Plan	N/A	Dams, Dykes	N/A	Seepages	N/A
Dyke Inspections	N/A	A&R Plan	N/A	Erosion	A	Spills	A
Conveyance Lines	N/A	Pond Treatment	N/A	Runoff Diversion	N/A	Sump Treatment	N/A
Sump Liners	N/A		SNP Samples Collected		N/A		
Periods of Discharge	N/A		Effluent Discharge Rate		N/A		

### **Waste Disposal Comments:**

Concerns:

1. The sump cap itself appeared stable with no subsidence or ponding issues on the sump cap except the north side of the sump. There was slight ponding/subsidence present in a couple of areas on the edge of the sump. These seem to be in line with the polygon/permafrost features. The subsidence does not appear to be affecting sump containment from visual observations but it is important to verify this to ensure sump cap stability and the integrity of waste containment.

Notes:

- The sump and surrounding site was clean and no signs of garbage or other solid waste. Thermistors were present on site.



## INDUSTRIAL WATER USE INSPECTION REPORT

### GENERAL CONDITIONS

**Indicate:**      **A - Acceptable**                      **U - Unacceptable**                      **N/A - Not Applicable**    **N/I - Not Inspected**

Ore & Waste Rock Stockpiles	N/A	Records & Reporting	N/I	Surv. Net. Prog.	N/A
Geotechnical Inspection	N/A	Posting, Signage	N/A	Contingency Plan	N/A
Restorations Activities	A	New Construction	N/A	Fuel Storage	N/A
Mine Water Discharge	N/A	Chemical Storage	N/A	Annual Report	A

**General Condition Comments:**


Notes:

- There was a patch of disturbed soil and new grass seed on the south side of the sump past the edge of the center of the sump. It appears to be an old soil storage area during sump construction, hence disturbance and grass growth. The area looked acceptable.
- Vegetation cover was greater than 95% and was well established.
- 2010 and 2011 Annual Reports have been provided.

**NON-COMPLIANCE/VIOLATIONS OF ACT OR LICENCE**

N/A

Inspector's Signature:





## INDUSTRIAL WATER USE INSPECTION REPORT

### Inspection Images:



**Figure 1**  
Aerial overview of drilling waste sump, from the northeast corner. Note the subsidence and polygons presence surrounding the sump.

**Figure 2**  
Aerial overview of the sump, from the north end.



**Figure 3**  
Subsidence along the edge of the northern side of the sump. Polygons were present in the area.

**Figure 4**  
Subsidence present along the edge of the northern side of the sump.



**Figure 5**  
Subsidence and ponding present on the edge of the northern side of the sump.

**Figure 6**  
Further subsidence along the edge of the northern side of the sump.