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www.mgmenergy.com

April 8, 2008

VIA COURIER (or Hand delivered)

Northwest Territories Water Board  
P.O.Box 1326  
4916 - 47 St  
2<sup>nd</sup> Floor, Goga Cho Building  
Yellowknife, NT X1A 2N9

COPY	
BOARD	5
CHAIR	—
E.A.	—
W. RES	OKG.
NMDO	1
FILE	1326 RW

Attention: Executive Director

Dear Sir:

**RE: Water Licence Application  
Umiak Seismic Project: 2008-2011**

MGM Energy Corp. (MGM) hereby submits the Water Licence Application and Project Description for the Umiak Seismic Project: 2008-2011. The following documents are attached for your review and further handling:

- Water licence application – Schedule III (original);
- Water licence application questionnaire for oil and gas exploration: seismic
- Water licence application fee and first year payment, and a cheque in the amount of \$60.00;
- Project Description for the Umiak Seismic Project: 2008-2011 – 12 paper copies and 1 electronic copy (CD).

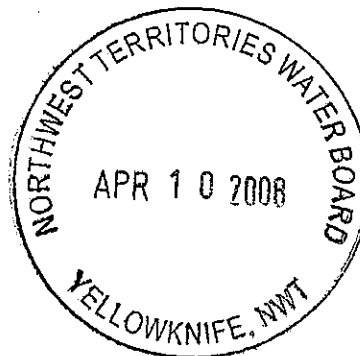
We trust that you will find the enclosed application and project description to be in order. If you have any questions or concerns, please don't hesitate to contact me at either [glenn.miller@mgmenergy.com](mailto:glenn.miller@mgmenergy.com) or (403) 781-7832.

Yours truly,

**MGM Energy Corp.**

Glenn Miller  
General Manager, Regulatory & Community Affairs

Encl.



**SCHEDULE III**  
**(Subsection 6(1))**

**APPLICATION FOR LICENCE, AMENDMENT OF LICENCE, OR RENEWAL OF LICENCE**

Application/License No:  
(amendment or renewal only) **N7-1-1826**

**1. NAME AND MAILING ADDRESS OF APPLICANT**

Glenn Miller  
General Manager, Regulatory &  
Community Affairs  
MGM Energy Corp.  
Suite 4100 350 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 3N9

tel: (403) 781-7832 (direct)  
fax: (403) 781-7801

**2. ADDRESS OF HEAD OFFICE IN CANADA IF INCORPORATED**

MGM Energy Corp.  
Suite 4100 350 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 3N9

tel: (403) 781-7800  
fax: (403) 781-7801

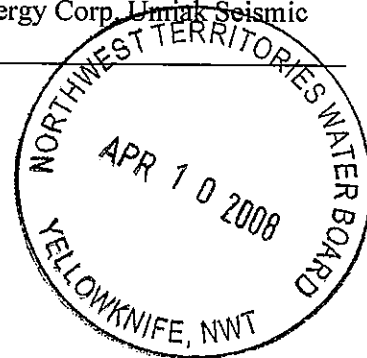
**3. LOCATION OF UNDERTAKING (describe and attach a map, indicating watercourses and location of any proposed waste deposits)**

The proposed Project is located primarily on Richards Island. The program boundary runs from just east of Hadwen Island in the north-east, west across North Point into Beluga Bay in the north-west; south across the inlet to Harry Channel and down to Grassy Lake in the southwest; east through Pullen and Mud lakes and across the mouth of the Mackenzie River East Channel at the south-east; and from there, north to just east of Hadwen Island. Mason Bay, Mallik Bay and a portion of Beluga Bay are within the program boundary (the Project area; Figure 1). At the nearest point, the distances to the communities are approximately: Aklavik (115 km to the south-west); Tuktoyaktuk (38 km to the east); and Inuvik (101 km to the south).

**All Coordinates In NAD83**

Point	ZONE8_X	ZONE8_Y	DMS_LONG	DMS_LAT	DEC_LONG	DEC_LAT
SW	506825.1	7682937	134 49' 38.41" W	69 15' 22.22" N	134.8273354	69.25617215
NW	506825.1	7721017	134 49' 28.47" W	69 35' 51.60" N	134.8245739	69.59766661
SE	538783.9	7682937	134 01' 08.11" W	69 15' 12.50" N	134.0189195	69.25347358
NE	538783.9	7721017	134 00' 11.63" W	69 35' 41.71" N	134.0032319	69.59491886

See Figures 1 and 2 of the Project Description of the Proposed MGM Energy Corp. Umiaq Seismic Project: 2008-2011 (PD) for more detail.



#### 4. DESCRIPTION OF UNDERTAKING (describe and attach plans)

MGM Energy Corp. (MGM) is proposing to complete one 2D and two 3D seismic programs (the Project) located primarily within EL 434 and SDL131 in the Mackenzie Delta, approximately 112 km northwest of Inuvik, NWT. The above table summarizes the area used for the Project components.

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#### 5. TYPE OF UNDERTAKING:

- |                       |                                     |                |                          |                 |                          |
|-----------------------|-------------------------------------|----------------|--------------------------|-----------------|--------------------------|
| 1. Industrial         | <input checked="" type="checkbox"/> | 4. Power       | <input type="checkbox"/> | 6. Conservation | <input type="checkbox"/> |
| 2. Mining and milling | <input type="checkbox"/>            | 5. Agriculture | <input type="checkbox"/> | 7. Recreation   | <input type="checkbox"/> |
| 3. Municipal          | <input type="checkbox"/>            |                |                          |                 |                          |
- 

#### 6. WATER USE:

- |   |  |
|---|--|
| To obtain water <input checked="" type="checkbox"/>               | Flood Control <input type="checkbox"/>                         |
| to cross water course <input type="checkbox"/>                    | To divert water <input type="checkbox"/>                       |
| to modify the bed or bank of watercourse <input type="checkbox"/> | to alter the flow of, or store, water <input type="checkbox"/> |
- 

Water will be required to construct ice pads at staging and temporary camp sites, for helicopter landing pads, for access routes, camp use, and for seismic operations.

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#### 7. QUANTITY OF WATER INVOLVED (litres per second, litres per day or cubic metres per year, including both quantity to be used and quantity to be returned to source)

The water that will be used for the camps and portions of the ice road, if required, will be obtained mainly from the Mackenzie River, associated channels and other suitable waterbodies where practical and appropriate, and lakes as identified during the Summer Reconnaissance Program. Water withdrawal methods and quantities will conform with DFO guidelines and NWT Water Board Water Licence conditions. It is estimated that the water use for the Project will be approximately 3,500 m<sup>3</sup>/day. Volumes may vary depending upon thickness of naturally formed ice at the time of program commencement. Treated water for camp use will be available on site.

See Section 5.5 of the PD for more details on water use. See Sections 5.8.2 (Wastewater Treatment) and 12.5.2 (Water Disposal) for proposed treatment and disposal of wastewater.

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#### 8. WASTE DEPOSITED (quantity, quality, treatment and disposal)

The camp will be outfitted with an extended aeration, membrane filter or other suitable wastewater treatment system. The treated sewage will be released to the land once water quality criteria values have been met. MGM will adhere to guidelines for release of treated wastewater as outlined in the Project Water License. In the event that disposal criteria cannot be met, the waste will be collected and transported to the municipal wastewater treatment facility in Inuvik. In this case, an application will be made to request approval from the Town of Inuvik to handle wastewater and sewage. Wastes associated with spills, etc. will be evaporated and any residue will be trucked to an approved landfill.

Awareness programs and systems will be introduced to workers and camp staff to help optimize water conservation. Further equipment and contractual opportunities are being considered to assist in water conservation and treatment efficiency efforts.

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9. OTHER PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach list if necessary)

A Land Use Permit will be obtained from Indian and Northern Affairs Canada.

A Land Use Permit may be obtained from Inuvialuit Land Administration for activities that may occur on Inuvialuit Private Lands.

Any potential cabin locations in the Project area will be determined through a summer reconnaissance and ongoing consultations with local Hunters and Trappers Committees. If applicable, cabin owners will be contacted.

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10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION

It is predicted that the use of proposed mitigation measures, including completion of the Project under winter conditions (protective snow cover, frozen ground) will result in no significant residual impacts as a result of the Project. See Sections 12 (Proposed Mitigation and Anticipated Environmental Impacts) and 13 (Cumulative Effects) of the PD for more details.

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11. CONTRACTOR AND SUB-CONTRACTORS (names, addresses and functions)

To be determined.

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12. STUDIES UNDERTAKEN TO DATE (attach list if necessary)

In 2007, several MGM seismic, drilling and summer reconnaissance programs underwent environmental screenings by the EISC and obtained regulatory approval. These include the North Ellice and Olivier 3D seismic programs, Okruknang 2D seismic program, 2007 to 2009 Summer Field Assessment program, and MGM drilling programs. Within the Mackenzie Delta, a number of other oil and gas project assessments have been completed, and other studies have occurred, which are generally relevant and provide background information on baseline data and potential impacts in the Delta region. These project are listed in Table 16.1 in the PD.

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13. PROPOSED TIME SCHEDULE

Start date 01-11-2008 Completion date: 01-11-2011

The proposed Project will be completed over one or more years during the period of 2008-2011. Work is scheduled to begin in November of each year of activity and will be completed with final summer inspections and clean up in the following year.

Within each year of activity, the access and camp construction would take place from November to January, with seismic programs occurring from approximately December to April 20<sup>th</sup>. Completion

and equipment demobilization would occur in early April. Final inspection and clean up would take place in summer or fall, following winter activity. See Section 6 (Development Timetable) of the PD for a more detailed time schedule.

Name: Glenn Miller  
Title: General Manager, Regulatory + Community Affairs.  
Signature:   
Date: April 8, 2008.

**FOR WB OFFICE USE ONLY**

APPLICATION FEE	Amount: \$ _____	Receipt No: \$ _____
WATER USE DEPOSIT	Amount: \$ _____	Receipt No: \$ _____