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May 27, 2008

VIA COURIER (or Hand delivered)

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

Attention: Executive Director

Dear Sir:

RE: **Water Licence Application**
Cuttings and Fluid Injection Facility at Aput C-43: Winter 2008-2011

COPY	
BOARD	A
CHAIR	
E.A.	
W. RES	OKG
NMDO	1
FILE	1828

RW/PB

MGM Energy Corp. (MGM) hereby submits the completed Water Licence Applications forms, including the Schedule III and Questionnaire. MGM has also attached the Project Description in support of this application entitled: Cuttings and Fluid Injection Facility at Aput C-43: Winter 2008-2011.

We trust that you will find the application documents and the project descriptions, a total of 12 copies and 1 CD to be in order. If you have any questions or concerns, please don't hesitate to contact me at either 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/LICENCE NO:
N7-1-1828

1. Name and Mailing Address of Applicant

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

Telephone: 403-781-7800

Fax: 403-781-7801

2. Address of Head office in Canada if incorporated

Same as left

Telephone: _____

Fax: _____

3. Location of Undertaking (describe and attach a map, indicating watercourses and location of any proposed waste deposits)

The Project consists of the recompletion of the existing Aput C-43 well and the establishment of a winter operation only Cuttings and Fluids Injection (CFI) facility. Aput C-43 is located on the southwest corner of Ellice Island (Figure 4-1 on the PD) and was drilled in the winter of 2007/2008 by MGM Energy Corp. Figure 11-2 is a representative photograph of the vegetation and terrain at the Aput C-43 site.

The Aput C-43 site is approximately 109 km from Inuvik, 93 km from Aklavik and 116 km from Tuktoyaktuk.

4. Description of Undertaking (describe and attach plans)

MGM proposes to establish a Cuttings and Fluid Injection (CFI) facility for drill cuttings and fluids injection at Aput C-43. MGM has received approval to drill several wells from 2008 to 2011 and MGM will be using this CFI facility as an alternative to the use of sumps and long haul transportation.

CFI is a proven technology and an effective solution for the handling of drill cuttings and fluids. This is a means to return the cuttings to its underground environment. Management techniques that result in no on-site surface disposal are an attractive alternative to other treatment and handling methods such as in-ground sumps or trucking the cuttings & fluids long distances to treatment facilities.

Refer to the attached MGM Energy Corp. Cuttings and Fluid Injection Facility at Aput C-43: Winter 2008-2011 Project Description (PD) for a detailed description of the undertaking (Section 5 - *Development Summary*, Section 6 - *Development Timetable*)

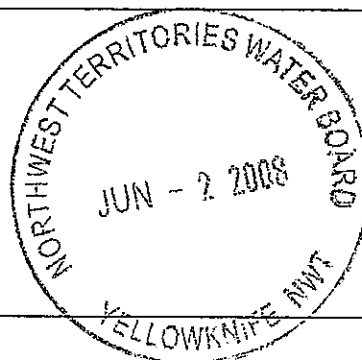
5. Type of Undertaking

1. Industrial X
2. Mining and milling
3. Municipal

4. Power
5. Agriculture

6. Conservation
7. Recreation

8. Miscellaneous (describe) _____



6. Water Use

To obtain water	<u>X</u>	Flood Control	_____
To cross a watercourse	_____	To divert water	_____
To modify the bed or bank of a watercourse	_____	To alter the flow of, or store, water	_____
Other (describe)			

7. Quantity of Water Involved (liters per second, liters per day or cubic metres per year, including both quantity to be used and quality to be returned to source)

Table. Construction and Operations Water Requirements

Activity	Max. Volume (m ³ /day) for the winter season
Construction & Operations per year	1500

Water withdrawals from Mackenzie River, associated channels and other suitable waterbodies will be required for the construction of ice pads, camp use and make-up water for the CFI Facility operations. Fish screens meeting Department of Fisheries and Oceans Canada (DFO) guidelines (DFO 1995) will be used on all suction hoses. Potable water will be treated on site, or supplied from the Town of Inuvik for domestic use in the camp(s). Bottled water may also be provided for consumption purposes.

Of the total daily water use, 95% or more is expected to be returned to source.

8. Waste Deposited (quantity, quality, treatment and disposal)

More detailed information can be accessed from the MGM Energy Corp. Cuttings and Fluid Injection Facility at Aput C-43: Winter 2008-2011 Project Description (PD).

Wastewater Treatment

The CFI facility will have two 400 barrel (63.6 m³) heated tanks to store wastewater effluent during the start up and testing period (prior to discharge). It is expected that the camp will be outfitted with a membrane filtration wastewater system as used successfully during MGM's 2007-2008 drilling program. Incinolet toilets (waste incinerator toilets) may be used if supplied with the camp. Technical details of the wastewater treatment systems are provided in Appendix B.

Wastewater, including grey water and sewage, will be processed by the on site wastewater treatment system. Once water quality discharge criteria have been met, treated effluent will be released to land or will be used on ice roads as directed by INAC Land Use Inspectors or the Project Water Licence. All terms and conditions for release as outlined in the Project's Water License and Land Use Permit will be followed.

In the event that the treatment system cannot meet expected licensed performance (discharge) criteria, effluent will be; (1) hauled by vacuum tank truck to the municipal treatment facility in Inuvik (MGM to obtain appropriate authorization from the Town of Inuvik); or (2) taken to the drill camp sewage treatment plant for further treatment and disposal; or (3) processed through the CFI facility subject to appropriate authorization.

If the access route to Inuvik is restricted (e.g., due to poor weather), treated effluent may be frozen and stored, then stored in a bermed ice pad to be hauled to the Inuvik facility as frozen effluent when conditions are more favourable. Alternatively, wastewater may be temporarily stored onsite in the heated tanks.

Solid Waste Management

An on site waste segregation system will be used for metals, plastics, refined oils and oily waste. During construction and well recompletion, a standard drill camp will be used. The camps will have a dual-chamber, diesel-fired forced air incinerator. Combustible materials and food wastes will be incinerated onsite on a daily basis. Incinerator ash will be trucked out and disposed of at an appropriate disposal facility. Other industrial and hazardous wastes will be transported south to an approved waste management facilities. Contaminated snow will also be collected and melted and evaporated in a diesel-fired evaporator. Beverage containers will be recycled through local community recycling programs.

9. Other Persons or Properties Affected By This Undertaking (give name, mailing address and location; attach list if necessary)
N/A

10. Predicted Environmental Impacts of Undertaking and Proposed Mitigation

Please, refer to Section 12 of the attached Project Description.

11. Contractor and Sub -Contractors (names, addresses and functions)

To be determined

12. Studies Undertaken to Date (attach list if necessary)

Related PDs have been successfully screened by the EISC, entitled:

- Archaeological Investigations Chevron Canada Resources Archaeological Impact Assessment: 2004-2006 Ellice/Taktuk Drilling Program (Unfreed 2004)
- Project Description of the Proposed North Ellice and Olivier 3D Seismic Programs (IMG-Golder 2005)
- Chevron Canada Limited Proposed Garry/Langley Geotechnical Program. (KAVIK-AXYS 2005a)
- Chevron Canada Limited Proposed 2005 Summer Field Assessment Program. (KAVIK-AXYS 2005b)
- Chevron Canada Limited Proposed 2006/2007 Summer Field Assessment Program (KAVIK-AXYS 2006a)
- Chevron Canada Limited Taktuk, Langley and Farewell Drilling Program: Winter 2006-2008 (KAVIK-AXYS 2006c).
- MGM Energy Corp. 2007, 2008 and 2009 Summer Field Assessment and Advance Barge Project (KAVIK-AXYS, 2007)
- MGM Energy Corp. Ellice, Langley and Olivier Drilling, Completion and Testing Project Winters 2007-2008, 2008-2009 and 2009-2010 (KAVIK-AXYS, 2007)
- MGM Energy Corp. North Ellice and Olivier 3D Seismic Project Winter 2007-2008, 2008-2009 or 2009-2010 (IMG-Golder, 2007)
- MGM Energy Corp. Ogruknang 2D Seismic Program 2007-2008, 2008-2009 or 2009-2010 (IMG-Golder, 2007)
- MGM Energy Corp. Summer Field Assessment and Advance Barging and Staging Project 2008-2011 (KAVIK-AXYS, 2008)
- MGM Energy Corp. West Delta Winter Drilling, Completions and Testing Project 2008-2011 (KAVIK-AXYS, 2008)

Related PDs currently under review by the EISC submitted under separate cover and include:

- MGM Energy Corp. Umiak Winter Drilling, Completions and Testing Project 2008-2011 (KAVIK-AXYS, 2008)
 - MGM Energy Corp. Umiak Seismic Program 2008-2011 (IMG-Golder, 2008)
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13. Proposed Time Schedule

Schedule for Project Activities (yearly)

- **Advanced Barge Mobilization** – July to October 15
- **Trucking Mobilization** – mid-November to January, after Inuvik – Tuktoyaktuk Government Road opening
- **Construction of CFI Facility** – late December to February
- **Recompletion** – Two weeks in January
- **Operations (CFI facility)** – February to April
- **Decommissioning (CFI facility)** – April
- **Demobilization (ice roads)** – April
- **Demobilization (barges)** – after spring break-up (June 1 – early July, dependent on barge company)
- **Equipment Staging** – between winter seasons
- **Inspection/Monitoring** – May/June (including final clean-up and reclamation)

Year 1	Start date: <u>September 1, 2008</u>	Completion date: <u>April 20, 2009</u>
Year 2	Start date: <u>September 1, 2009</u>	Completion date: <u>April 20, 2010</u>
Year 3	Start date: <u>September 1, 2010</u>	Completion date: <u>April 20, 2011</u>

Glenn Miller	General Manager, Regulatory & Community Affairs		<u>May 28, 2008</u>
NAME	TITLE	SIGNATURE	DATE

FOR OFFICE USE ONLY

APPLICATION FEE	Amount: \$ <u>30.00</u>	Receipt No.: _____
WATER USE DEPOSIT	Amount: \$ <u>30.00</u>	Receipt No.: _____