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March 2, 2012

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

Attention: Executive Director

Dear Sir:



**Re: Water Licence N7L1-1828
Annual Water Report 2011 for MGM Energy Corp. Cuttings & Fluids
Injection Facility at Aput C-43
Our File: 18-0706**

In accordance with Part B, Item 4 of the Water Licence N7L1-1828, please find enclosed one hard copy (to be sent vial mail) and one electronic copy (sent via email) of the MGM Energy Corp. (MGM) Cuttings & Fluids Injection Facility at Aput C-43 Project Annual Report for 2011.

This report covers the period from January 1 – December 31, 2011. The following summarizes the information as required in Part B, Item 4 of the Licence.

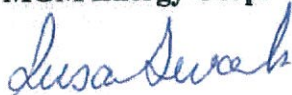
- 1a) the total quantity in cubic meters of fresh Water obtained from each Water source(s); **There was no field activity conducted in this reporting period, therefore the quantity is 0 m³.**
- 1b) the total quantities in cubic meters of each and all Waste discharged; **There was no field activity conducted in this reporting period, therefore the quantity is 0 m³.**
- 1c) the daily, monthly and annual quantities of drill cuttings and fluids injected at the Cuttings and Fluids Injection Facility; **There was no field activity conducted in this reporting period, therefore the quantity is 0 m³.**
- 1d) the location and direction of flow of all Waste discharged to Waters or the land; **There was no field activity conducted in this reporting period, therefore no waste discharged to the land or water.**

- 1e) an itemized list indicating the names and quantities of all Drilling Fluid additives used; **There was no activity during this reporting period.**
- 1f) a summary of Modifications carried out on the Water Supply and Sewage Treatment Facility, and the Cuttings and Fluid Injection Facility; **There was no activity during this reporting period.**
- 1g) details on the abandonment and restoration of any structures at the Cuttings and Fluid Injection Facility; **There was no activity during this reporting period.**
- 1h) a list of spills and unauthorized discharges; **There was no field activity conducted in this reporting period, therefore no spills or unauthorized discharges to report.**
- 1i) results from this Water Licence monitoring programs; **A Water Licence monitoring program was not conducted as there was no field activity.**
- 1j) any other details on Water use or Waste disposal requested by the Board within forty-five (45) days before the final report is due. **There was no field activity conducted in this reporting period, therefore no results to report and no additional information was requested by the Board.**

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