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March 2, 2011

sent via mail & e-mail harlowm@nwtwb.com

Northwest Territories Water Board P.O. Box 2531 125 Mackenzie Road Suite 302 Professional Building Inuvik, NT X0E 0T0

Attention: Mike Harlow, Executive Director

Dear Sir:

Re: Water Licence N7L1-1829

Annual Water Report 2010 for MGM Energy Corp. West Langley Drilling,

Completion, Testing and Abandonment Project: 2008-2011

Our File: 18-0709

In accordance with Part B, Item 4 of the Water Licence N7L1-1829, please find enclosed one hard copy (to be sent vial mail) and one electronic copy (sent via email) of the MGM Energy Corp. (MGM) West Langley Drilling, Completion, Testing and Abandonment Project Annual Report for 2010.

This report covers the period from January 1 – December 31, 2010. 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 m<sup>3</sup>.
- 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 m<sup>3</sup>.
- 1c) the location and direction of flow of all Waste discharged to the land or Water; There was no field activity conducted in this reporting period, therefore no waste discharged to the land or water.
- 1d) a summary of Modifications carried out on the Water Supply and Sewage Treatment Facility; There was no activity during this reporting period.

- 1e) details on the abandonment and restoration of any structures associated with the West Langley Project covered by this Licence; **There was no activity during this reporting period.**
- 1f) 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.
- 1g) results from this Water Licence monitoring programs; A Water Licence monitoring program was not conducted as there was no field activity.
- 1h) 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 the undersigned at <a href="mailto:shirley.maaskant@mgmenergy.com">shirley.maaskant@mgmenergy.com</a> or 403-781-7840.

Yours truly,

MGM Energy Corp.

Shirley Maaskant

Manager, Regulatory & Community Affairs

Cc: Jan Davies, Water Resource Officer, Indian & Northern Affairs Canada Amanda Joynt, Fish Habitat Biologist, Department of Fisheries & Oceans