

National Energy
BoardOffice national
de l'énergie

8 September 2008

OUTGOING FACSIMILE – MESSAGE À EXPÉDIERMessage To/
Destinataire :

Shirley Maaskant

Facsimile Number/

Numéro de télécopieur : 403-781-7801

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FILE	<i>1829</i>

Message From/
Expéditeur :

John Korec

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Remarks/Commentaires : Proposed MGM West Langley Drilling, Completion, Testing
and Abandonment Project – NEB Information Request #2

Information Request Attached

cc. Ron Wallace, A/Executive Director, Northwest Territories Water Board, fax 867-765-0114
 Glenn Sorensen, Resource Management Officer III, INAC, fax 867-777-2090
 Nathan Richae, Environmental Assessment Coordinator, INAC, fax 867-669-2716



If you do not receive this message clearly please call operator at 403-292-6614

Communiquez avec auteur au 403-292-6614 si le message reçu n'est pas clair

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Canada

Telephone/Téléphone : 403-292-4800
 Facsimile/Télécopieur : 403-292-5503
<http://www.neb-one.gc.ca>
 Telephone/Téléphone : 1-800-889-1265
 Facsimile/Télécopieur : 1-877-288-8803

National Energy
Board



Office national
de l'énergie

Files: OF-EP-Gen-PA-M276 06
8 September 2008

Ms. Shirely Maaskant
Manager Regulatory and Community Affairs
MGM energy Corp.
Suite 4100, 350 7th Avenue SW
Calgary, AB T2P 3N9
Facsimile: 403-781-7801

Dear Ms. Maaskant:

MGM Energy Corp. (MGM) Proposed West Langley Drilling, Completion, Testing and Abandonment Project - NEB Information Request # 2

Pursuant to our obligations under the *Canadian Environmental Assessment Act*, the National Energy Board (NEB) finds that further information is required to complete the environmental review of the project.

We request that you provide your response by **15 September 2008** to Mr. Bharat Dixit, Chief Conservation Officer at fax 403-292-5503 and the individuals copied below. If there are any concerns regarding the requested response date please let us know as soon as possible.

Should you have any questions or require clarification regarding the attached request for information, please contact me by telephone at 403-292-6614 or email at john.korec@neb-one.gc.ca.

Thank you.

John E. Korec, P.Geol.
Environmental Specialist



Attachments

cc. Ron Wallace, A/Executive Director, Northwest Territories Water Board, fax 867-765-0114
Glenn Sorensen, Resource Management Officer III, INAC, fax 867-777-2090
Nathen Richae, Environmental Assessment Coordinator, INAC, fax 867-669-2716

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Proposed MGM Energy Corp. West Langley Drilling, Completion, Testing and Abandonment Project
NEB Information Request #2

8 September 2008

**Proposed MGM Energy Corp.
West Langley Drilling, Completions, Testing and Abandonment Project
National Energy Board Information Request #2**

2.1 Preamble: Indian and Northern Affairs Canada (INAC) North Mackenzie District in its 26 August 2008 letter to the NEB regarding MGM's proposed West Langley Drilling Project noted that:

- 5.3.4.1 [MGM Project Description] INAC requires a minimum of 15 cm of packed snow and or ice prior to granting approvals for overland access. When does MGM intend on providing a proposed access route map to INAC?

Request: Please provide the overland access routes that would be required for the Land Use Permit, or provide the anticipated date that the access routes can be provided.

2.2 Preamble: In the *Canadian Environmental Assessment Act* (CEA Act), an "environmental effect" is defined to include, "any change to the project that may be caused by the environment". An engineered ice island, if required, may become subject to ice shifting and lateral forces due to winter storm surges, resulting in a possible change to the Project.

INAC North Mackenzie District in its 26 August 2008 letter to the NEB, noted that:

- 12.6.1 [MGM Project Description] How does MGM plan on addressing any ice shifting from possible winter storm surges.

INAC Water Resources Division in its 4 September 2008 comments (Attachment 1) to the Northwest Territories (NWT) Water Board and copied to the NEB noted that:

- MGM is proposing to drill one well in one of three winter drilling seasons. The proposal is to access the target from either an engineered ice island or an existing artificial island. It is recommended if possible, or to the extent possible, MGM utilize the existing artificial island for the proposed surface drilling location. However, if MGM can not utilize the existing island, [MGM] must ensure that the engineered ice island is grounded and can resist lateral forces imposed by natural ice movement.

Request: In the event that the artificial island cannot be used, please describe:

- (a) what measures MGM would undertake to ensure that its engineered ice island would resist any potential ice shifting and lateral forces from possible winter storm surges, and
- (b) what mitigation measures MGM would undertake in the event that ice shifting and lateral forces affect an engineered ice island.

2.3 Preamble: INAC Water Resources Division provides the following in its 4 September 2008 comments to the NWT Water Board:

- (a) It is noted that MGM is proposing to treat [its] waste water with a treatment system. It is assumed that the holding tanks proposed will be capable of storing wastewater when the camp is running at full capacity (not only during start up conditions). MGM has indicated that if the Inuvik sewage lagoon is required for the disposal of sewage that approval from the town will be acquired. It is

Proposed MGM Energy Corp. West Langley Drilling, Completion, Testing and Abandonment Project
NEB Information Request #2 8 September 2008

requested that the approvals be sought as a contingency prior to operating the camp to ensure proper holding capacity is available at the Inuvik sewage facility.

Request: Please indicate:

- (a) whether, prior to commencing its West Langley Drilling Project, MGM will seek approval from the Town of Inuvik to dispose of sewage in the town's sewage lagoon, and;
- (b) whether MGM will ensure that the disposal of camp sewage will conform to any operating licence requirements such as from the Gwich'in Land and Water Board.

2.4 Preamble: INAC Water Resources Division in its 4 September 2008 comments to the NWT Water Board noted that:

- MGM states that access, staging and marshalling activities will only occur once the ground surface is frozen and has adequate snow cover. Low ground pressure vehicles will then be used to blade, pack snow and build snow ramps. MGM should ensure that all construction and offloading activities will be performed in order to avoid any disturbance to the local terrain (e.g. rutting, erosion, etc.).

Request: Please identify the measures that MGM would undertake to avoid any disturbance to local terrain (e.g., rutting, erosion, etc.) during construction and offloading activities.



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Box 1500
Yellowknife NT X1A 2R3

September 4, 2008

Ron Wallace
Executive Director
Northwest Territories Water Board
Box 1326
Yellowknife, NT X0A 2N9

Re: Comments – MGM Energy Corporation West Langley Drilling, Completion and Testing Project, Winter 2008-2011

Dear Mr. Wallace:

Indian and Northern Affairs Canada – Water Resources Division (INAC-WRD) conducted a review of the above mentioned Water Licence Application and Project Description. INAC-WRD would like to provide the following comments for your consideration:

- MGM is proposing to drill one well in one of three winter drilling seasons. The proposal is to access the target from either an engineered ice island or an existing artificial island. It is recommended if possible, or to the extent possible, MGM utilize the existing artificial island for the proposed surface drilling location. However, if MGM can not utilize the existing island, they must ensure that the engineered ice island is grounded and can resist lateral forces imposed by natural ice movement.
- For the drilling program, MGM proposes a number of options for the disposal of drilling wastes: storage and treatment/evaporation followed by injection in wellbore; downhole injection at an injection facility; and, transport by truck or barge to approved disposal facilities. MGM is commended for considering and proposing alternative disposal methods for drilling wastes. It is assumed by INAC that if no disposal wells are available that MGM will transport the waste by truck to an approved disposal activity. Note MGM has not applied to inject drilling fluid into the existing wellbore in this water licence application and at present no existing injection facility exists. We understand that MGM has fully considered the trucking method and is able to successfully transport and dispose of any drilling wastes as described in their Project Description.
- MGM is proposing to use both staging areas and landing sites to stockpile and or moor barges with equipment, infrastructure and fuel. If the appropriate staging areas exist, it

is suggested that MGM offload the supply barges and then return as many as possible to their place of origin (weather permitting). This would ensure that at least some barges would be available for community resupply during the spring.

- Again, MGM is proposing to use one or more fuel barges during this program. These barges will be moored and frozen in place at suitable barge landing/staging locations. INAC-WRD notes that other parties have identified concerns with the freezing-in of fuel barges. Will bathymetric surveys of the barge routes and staging areas occur to ensure the safe passage and storage of the barges? What is the anticipated frequency of the inspection and monitoring of fuel levels? Will MGM utilize double hulled fuel barges if available?
- It is noted that MGM has provided both Emergency and Spill Response Plans. INAC has reviewed these plans and found them to be detailed and acceptable.
- It should also be noted that spills from this program could fall under the INAC lead and would be subject to INAC Spill Reporting Protocol for Oil and Gas Operations. Therefore, all spills on water, regardless of product or volume, must be immediately reported to the 24 hour Spill Line 867-920-8130. Other immediately reportable amounts, as well as minor spill reporting requirements to the INAC District Inspector, are outlined in the INAC Spill Reporting Protocol for Oil and Gas Operations. MGM must have an approved Emergency Response Plan/Spill Contingency Plan to be eligible to use this protocol.
- It is noted that MGM is proposing to treat their wastewater with a treatment system. It is assumed that the holding tanks proposed will be capable of storing wastewater when the camp is running at full capacity (not only during start up conditions). MGM has indicated that if the Inuvik sewage lagoon is required for the disposal of sewage that approval from the town will be acquired. It is request that the approvals be sought as a contingency prior to operating the camp to ensure proper holding capacity is available at the Inuvik sewage facility.
- MGM states that access, staging and marshalling activities will only occur once the ground surface is frozen and has adequate snow cover. Low ground pressure vehicles will then be used to blade, pack snow and build snow ramps. MGM should ensure that all construction and offloading activities will be performed in order to avoid any disturbance to the local terrain (e.g. rutting, erosion, etc.).
- All water withdrawal should be done in accordance with DFO water withdrawal protocols.
- All fuel sloops should have secondary containment capable of holding 110% of the largest tank in the fuel sloop.
- All water crossings should be v-notched upon abandonment of the site.

- Using the RECLAIM Model for Oil and Gas developments, INAC estimated that the total cost for the abandonment and restoration of the project site and associated facilities to be approximately \$ 385,000.00.

We trust that you will find these comments useful. If you have any questions or require any further clarification please contact Nathen Richea at (867) 669-2657 or richean@inac.gc.ca.

Sincerely,

-original signed by-

Carole Mills
Manager, Water Resources Division

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