



4100, 350 7th Ave SW, Calgary, Alberta, Canada T2P 3N9

TELEPHONE (403) 781-7800 FAX (403) 781-7801

www.mgmenergy.com

December 18, 2009

sent via 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: MGM Energy Corp. Letters Outlining Third Party Agreements to Harbour,
Transport or Dispose of Waste for Water Licence N7L1-1829
West Langley Drilling, Completion, Testing and Abandonment Project:
2008-2011
Our File: 18-0709**

This letter is to comply with Part D Section 9 of the Water Licence N7L1-1829 which states the following:

"The Licensee shall provide to the Board, within thirty (30) days of issuance of this Licence, letters outlining agreements between third parties to harbour, transport or dispose of Wastes. Such letters shall include details including, but not limited to, the type of Waste, quantities of Waste, and ultimate disposal location, if Waste is to be transported away from the site."

The agreements between MGM Energy Corp. (MGM) and third parties to harbour, transport and dispose wastes are commercial agreements and are proprietary. There are no agreements in place at this time. MGM has attached the "Scope of Work" for third party waste handling Contractor outsourcing and bidding process. This Scope of Work outlines the tasks, equipment specifications, roles and responsibilities, reporting, personnel and qualifications, and other standard contractual items.

Accordingly, MGM will provide notice to the Northwest Territories Water Board (Board) prior to the disposal of waste. MGM will consider this to be in compliance unless it hears otherwise from the Board.

If you have any questions or concerns, please contact the undersigned at shirley.maaskant@mgmenergy.com.

Yours truly,

MGM Energy Corp.



Shirley Maaskant
Manager, Regulatory & Community Affairs

Encls: Appendix A, Scope of Work

APPENDIX A
SCOPE OF WORK FOR
DRILLING CUTTINGS HAULING RFP 2008-011

Clarification of RFP Documents

Appendix A forms a part of the RFP for Drilling Cuttings Hauling for MGM for its Operations in the Mackenzie Delta (RFP# 2008-011).

Responses to Appendix A should be submitted as part of the RFP package. Interested bidders shall submit their proposals to the contact and address provided in Section 1.6 of the RFP **no later than 12:00 noon, MST, on Nov 13, 2008**. The RFP is structured so that all sections, including Appendix A, once combined (excluding instructions to bidders) become part of the Agreement between MGM and the successful bidder(s). Successful bidder(s) will be advised of contract award on or before November 21, 2008.

Note: Proposals should be brief in length and only address those specific requests outlined herein.

Organization of RFP Response

It should be clearly understood by respondents that the work outlined in this RFP will be awarded to a single bidder..

It is expected that bidders will provide information on proposed methods, personnel and costs for completing these services.

Subject to Change or Cancellation

This RFP is issued in anticipation that the activities outlined herein will occur on lands within the Mackenzie Delta. Any drilling, seismic, or related activity will be dependent upon the corporate decisions made by MGM and all regulatory and environmental approvals. For these reasons, the requirements of this RFP are subject to change or cancellation by MGM at any time.

1.00 Scope of Work

- 1.1** MGM Energy Corp. is requesting quotations for equipment, costs and supervision to load, haul, unload and dispose of drill cuttings from the Mackenzie Delta to CCS's facility in Ft. Nelson, BC. The drill cuttings will be stock piled at three separate drilling locations in the Mackenzie Delta, NWT. These locations are on Ellice and Langley Islands, approximately 120 kms northwest of Inuvik, NWT which are accessible by temporary ice road.

The successful bidder will be expected to supply a fleet of trucks capable of completing the activities as described in 1.2 below. It is mandatory that the "fleet" includes all locally owned and operated trucks listed on the Inuvialuit Business List where the trucks meet the specifications set out in 1.2 below.

- The Inuvialuit Business List may be found at:
www.irc.inuvialuit.com/corporate/ibl/pdf/IBLApril162008.pdf

It will be the responsibility of the bidder to determine which Inuvialuit trucks meet the specifications set out in 1.2 below. These Inuvialuit Companies must be listed in 3.2, below.

Any trucks required beyond the number of locally owned and operated trucks, can be supplied from elsewhere and must similarly meet all required specifications.

- 1.2** Provision of tri-axle end dumps to pick up drilling cuttings from rig site and transport to Fort Nelson, BC for disposal

- Tri-Axle End Dumps to meet the following specifications or equivalent:
 - Minimum 15 cubic yard capacity
 - 100,000 psi high tensile frame enhances stability
 - Formed light weight engineered cross members
 - Formed carbon steel box sidewall panel
 - Reyco air ride suspension c/w dual electric / manual air dump
 - Custom 5 stage telescopic hoist
 - Accu-Tarp 18" high bow retractable PVC load cover
 - Trucklite Uniseal integrated harness system
 - Phillips Acrycote acrylic urethane Paint
 - Aluminum wheels & hubs & Centrifuse drums
 - Easy Flip load cover & electric driven load covers
 - Sealed tailgate & hazard safety hatches
 - Plastic UHMW easy dump box liners
- First loads will start moving approx. early Feb. 2009
- The current estimate is for 1500 cu.m of material to be shipped.
- Cuttings could be either wet or dry or partially frozen.

1.3 Roles and Responsibilities

It will be the responsibility of MGM to provide the following for inclusion in the Project Descriptions:

- Loader and Operator to load bidders trucks
- Location
- Journey Management between Inuvik and MGM Location(s)
- Site Emergency Response Plans, and
- Room and board at location for weathered in trucks

The successful bidder will be responsible for:

- Planning, supervision and execution of the loading, hauling, unloading, safety program and all required documentation to complete the movement of drill cutting from MGM's Mackenzie Delta drill sites to the CCS disposal facility in Ft. Nelson, BC.
- Manifesting loads at source, tracking manifests to disposal point, providing closure documentation to MGM Energy Corp. within one week of deposit of the waste at the CCS Ft. Nelson site.
- All fuel and lubes
- Insurance
- Provision of road worthy, inspected and licensed trucks
- Provision of licensed highway drivers who meet the requirements of the MGM Substance Abuse Policy (including mandatory pre-access drug and alcohol testing)
- Any required government approvals to haul cuttings through all jurisdictions
- Emergency Response Plans for fleet on Government Road systems
- Journey Management/Tracking of all loads from Inuvik to disposal location

2.00 Project Management

- Describe the methods that you propose to use to complete the Scope of Work outlined above.

2.2 Schedule of Tasks

- Please provide a schedule of tasks based upon the following anticipated dates:
 - Hauling to commence early Feb of 2009(Note that these dates are subject to change.)

2.3 Client Reporting

- Describe your methods of client reporting. Indicate how reporting is associated with tasks/milestones and/or timing based.
- Describe your process to address scope changes that may be encountered.

3.00 Personnel Required and Qualifications

The bidder is required to demonstrate its capabilities to perform the Scope of Work outlined in Section 1 of this Appendix A, by addressing the information requirements outlined below. Only resumes for **Key Personnel** that are identified in this section should be included in the proposal submitted.

3.1 Project Team

Please provide the name of the designated Project Manager for projects undertaken as per this bid request, and provide summary details of their experience in the following areas:

- Project Management
- Arctic and, in particular, Dempster Highway experience

Please provide the name of the designated Primary Contact (if different from above) for projects undertaken as per this bid request, and provide summary details of their experience in the following areas:

- Project Management
- Arctic and, in particular, Mackenzie Delta experience

Note: MGM will be selecting the successful bidder, in part, on the basis of the Project Manager and Key Project Team members. The Project Manager and/or Key Project Team Members may not be replaced during the term of the Agreement without the written approval of MGM, at its sole discretion.

3.2 Local and Inuvialuit Content

Please provide the following details:

- Names of Inuvialuit Business Listed companies having equipment that complies with the specifications listed in 1.2, above and will be used during the term of this project.

3.3 Project Team Organization

Not applicable

4.00 Pricing

Please provide detailed pricing, inclusive of any surcharges, for each load from rig site to Fort Nelson, B.C.

1. Rates for this non hazardous waste should be quoted as a Truckload Rate which includes 2 hours loading and 2 hours unloading.
2. Stand-by rate in the event the Scope of Work cannot be performed due to MGM causing a delay in the progress of the Work (see Article 3.02 of the Service Terms and Conditions);

3. Stand-by rate in the event the Scope of Work cannot be performed due to weather delays at site or on the Dempster Highway. Standby will be a maximum of 8 hrs./day.
4. Rates for wet vs. dry cuttings should be quoted separately if the rate differs
5. Projected costs for transportation, equipment rental, lodging, meals, communications and other similar items if they are to be charged separately. Projected disbursement costs (including costs for all permits required to complete the Scope of Work Invoicing Methods