



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

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

www.mgmenergy.com

January 13, 2009

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

Attention: Executive Director

Dear Sir:

**RE: Water Licence N7L1-1829
West Langley Drilling, Completion, Testing and Abandonment
Project: 2008-2011
Security Deposit**

MGM Energy Corp. (MGM) acknowledges receipt of the Water Licence for the project noted.

The effective date of the Water Licence is January 6, 2009. In accordance with Section B, Item 11. regarding the required security deposit, MGM is requesting consideration for a deferral of posting this security. This clause specifies that the security deposit be posted within 30 days of licence issuance.

MGM has no plans to conduct activities under this Water Licence until at least November 15, 2009. MGM proposes that once operations under this Water Licence are contemplated, such notification of operations will be provided, and the security deposit will be in place 30 days prior to undertaking these activities.

We trust that you will find the information provided to be satisfactory for deferral of security. If you have any questions or concerns, please don't hesitate to contact me at either shirley.maaskant@mgmenergy.com or (403) 781-7840.

Yours truly,

MGM Energy Corp.

Shirley Maaskant
Manager, Regulatory & Community Affairs