



File 9222-M276-001E
20 August 2007

Mr. Paul Price
Chief Geologist
MGM Energy Corp.
4700 Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5
Fax 290-6208

Dear Mr. Price:

**MGM Energy Corp. - Long Line Gravity Survey Kelly Lake NWT 2007
Operation Identifier No. 9222-M276-001E**

Please find attached a Geophysical Operation Authorization and the terms and conditions for the subject survey. The authorization is for helicopter, long-line gravity survey within an area covering 4,301 km² near Norman Wells, NT. Please note that the Operation Identifier No. **9222-M276-001E** has been assigned to this operation and should be quoted on all future correspondence.

MGM Energy Corp., as the operator, is responsible for conducting this operation in accordance with all legislation applicable to this application including the *Canada Labour Code, Part II* and the *Oil and Gas Occupational Safety and Health Regulations*. You are strongly encouraged to ensure all contractors are aware of the terms and conditions of the authorization.

As well, several report forms and information pages are attached for your information and use.

The Emergency Response Plan for the project does not yet specify a contact phone number (with room number) at the Mackenzie Hotel where the contractor may be reached. Please provide the contact number prior to start-up operations. Also, provide any changes to the emergency response plan as they occur.

Please provide the NEB with ample notice of start-up so that an inspector may be dispatched to view operations. Take note that the inspector may wish to attend the start-up/safety meeting.

This survey is classified as **exclusive** and the data will fall under the five year rule for data confidentiality. MGM Energy Corp. must file a complete report to the National Energy Board as outlined in the *Geophysical Operations Regulations* **one year** after program completion.

Yours sincerely,



Bharat C. Dixit
Chief Conservation Officer

c.c.: Shirley Maaskant, MGM Energy Corp. Shirley.Maaskant@paramountres.com

jek/Encl: Geophysical Operations Authorization
 Terms and Conditions
 Canada Labour Code Part XVI Information on Reporting
 Hazardous Occurrence Investigation Report Form
 Weekly Progress Report Form
 NEB Contacts Form
 NT-NU Spill Report Form and



National Energy
Board



Office nationale
de l'énergie

NATIONAL ENERGY BOARD
Exploration and Production

JUL 26 2007

GEOPHYSICAL OPERATION AUTHORIZATION

Applicant: Mgm Energy Corp.

Operating Licence No.: 1169 Land Use Permit / Water Licence No.: N/A

Geographical Area: Norman Wells, NT

Grids or NTS Map Sheets: 96E, 96F, 96K, 96L

Interests Identifier: Exploration Licence See Attach

Description of Operation: Helicopter Longline Gravity Survey (see attachment for detailed description)

SPECIFICS OF OPERATION

Exclusive ☒ For (if different from applicant): _____ Non-Exclusive ☐ Participation ☐ Purchase / Reprocessing ☐
Proposed Commencement Date: 25/07/2007 Proposed Completion Date: 31/12/2007
No. of Personnel: 8 No. of Crews: 1
Data Acquisition Equipment: LaCoste & Romberg Gravity Meter Estimated Kilometres: 4301 km²
Vessel / Aircraft Names / Registration Numbers: Helicopter - Hughes 500 / Bell 206 & 204
Energy Source: Other
Depth: m Charge Size: kg
Source Parameters: _____ Detector Parameters: _____

OPERATIONAL CONTACT

Name: Paul Price
Address: 4700 Bankers Hall West 888 3rd Street S.W. Calgary, Alberta Canada T2P 5C5
Telephone: (403)290-3605 Facsimile: (403)290-6208

ESTIMATED EXPENDITURES

	On-Interest	Off-Interest
Field Work:	<u>\$308090.00</u>	<u>\$277800.00</u>
Data Processing:	<u>\$</u>	<u>\$</u>
Interpretation / Laboratory:	<u>\$</u>	<u>\$</u>

CONTRACTORS

Data Acquisition: Excel Geophysics Inc., Box 5056, High River, Ab, T1v 1m3
Data Processing: Excel Geophysics Inc., Box 5056, High River, Ab, T1v 1m3
Excel Geophysics Inc., Box 5056, High River, AB, T1V 1M3
and MGM Energy Corp., 4700 Bankers Hall West 888 3rd Street S.W. Calgary, Alberta
Data Interpretation / Laboratory Studies: Canada T2P 5C5

"I certify that I have complied with the notification, permitting and / or licencing requirements of all federal / territorial legislation that are applicable to this operation".

Signed: [Signature] Date: July 18/07 / 07/23/07
Responsible Officer

Name: Paul Price / John Hogg Operator: MGM Energy Corp.
Title: Chief Geologist / Vice President Telephone: (403)290-3605

NEB USE ONLY

This operation is authorized under Section 5.1(b) of the *Canada Oil and Gas Operations Act* (O-7) and is subject to the terms and conditions attached to this authorization.

Signed: [Signature] Date: 20 Aug 07
Chief Conservation Officer

Operation Identifier: 9222-M276-001E Number of Attachments: _____

Canada

Terms and conditions of the approval are as stated below:

1. Unless otherwise directed by the Chief Conservation Officer, the operator shall implement or cause to be implemented all the policies, practices, mitigative measures, recommendations and procedures for operational safety and the protection of the environment included in or referred to in the operator's application and subsequent submissions.
2. The operator shall, within 30 days of the completion of the geophysical survey, file with the Chief Conservation Officer, a confirmation, by an officer of the company, that the approved Project was completed in compliance with all applicable conditions in the Geophysical Operation Authorization. If compliance with any of these conditions cannot be confirmed, the officer of the company shall file with the Chief Conservation Officer details as to why compliance cannot be confirmed.
3. The operator shall notify the NEB, by the most expedient communication means available, of any major incidents, accidents or any lost time occurrences. Telephone numbers are provided on the attached NEB contact list.
4. To promote additional safety and environmental protection, it is recommended that the spill response procedures and equipment needs be periodically reviewed and, where necessary, upgraded to ensure that these are adequate for the volumes of fuel or other materials to be stored or used.
5. Weekly status reports, with the **Operation Identification No. 9222-M276-001E** in the subject line, are to be emailed to dailyreports@neb-one.gc.ca or faxed to the attention of the Chief Conservation Officer (fax number (403) 292-5876) by Monday 8:30 am. Please complete portions of the report as appropriate. Should there be any difficulty in delivery of the weekly status reports, please contact Lori-Ann Sharp at (403) 299-1994.
6. Final reports are required **within twelve months** following termination of field work, the format and content of which are described in Part V of the *Canada Oil and Gas Geophysical Operations Regulations* (COGGOR). The report is to include:
 - Digital location data in UKOA, SEG-P1 or any flat ANSI format is to be submitted along with a reproducible, mylar or suitable digital image (tif format is preferred) and 2 pre-folded paper copies of all location maps at a suggested scale of 1:50,000.
 - A reproducible, mylar or suitable digital image (tif format is preferred), and a prefolded paper copy of the final Bouguer gravity map and a second order residual gravity map displayed with coloured contours are to be submitted with the final report at a suggested scale of 1:50 000.

CANADA LABOUR CODE

Oil and Gas Occupational Safety and Health Regulations

PART XVI

HAZARDOUS OCCURRENCE INVESTIGATION, RECORDING AND REPORTING

[SOR/94-165, s. 59(F)]

Interpretation

16.1 In this Part,

"disabling injury" means an employment injury or an occupational disease that

(a) prevents an employee from reporting for work or from effectively performing all the duties connected with the employee's regular work on any day subsequent to the day on which the disabling injury occurred, whether or not that subsequent day is a working day for that employee,

(b) results in the loss by an employee of a body member or part thereof or in the complete loss of the usefulness of a body member or part thereof, or

(c) results in the permanent impairment of a body function of an employee;

"minor injury" means an employment injury or an occupational disease for which medical treatment is provided and excludes a disabling injury. (blessure légère) SOR/94-165, s. 60.

Report by Employee

16.2 Where an employee becomes aware of an accident or other occurrence arising in the course of or in connection with his work that has caused injury to him or to any other person, he shall without delay report the accident or other occurrence to his employer, orally or in writing.

Investigation

16.3 (1) Where an employer is aware of an accident, occupational disease or other hazardous occurrence affecting any of his employees in the course of employment, the employer shall, without delay,

(a) take necessary measures to prevent a recurrence of the hazardous occurrence;

(b) appoint a qualified person to carry out an investigation of the hazardous occurrence; and

(c) notify the safety and health committee or the safety and health representative, if either exists, of the hazardous occurrence and of the name of the person appointed to investigate it.

(2) In addition to the investigation referred to in paragraph (1)(b), where the hazardous occurrence referred to in subsection (1) is an accident involving a ship or aircraft or a motor vehicle on a public road, the employer shall investigate the accident by obtaining from the appropriate police or other investigating authority a copy of the report made by that authority in respect of the accident.

(3) As soon as possible after receipt of the report referred to in subsection (2), the employer shall provide a copy thereof to the safety and health committee or the safety and health representative, if either exists. SOR/94-165, s. 61.

Hazardous Occurrence Report

[SOR/94-165, s. 62(F)]

16.4 (1) The employer shall report, by the most rapid means of communication available to the employer, the date, time, location and nature of any accident, occupational disease or other hazardous occurrence referred to in section 16.3 to a safety officer and to the safety and health committee or the safety and health representative, if either exists, as soon as possible but not later than 24 hours after becoming aware of the occurrence, where the occurrence resulted in one of the following circumstances:

- (a) the death of an employee;
- (b) a missing person;
- (c) a disabling injury to an employee;
- (d) the implementation of emergency rescue, revival or evacuation procedures;
- (e) a fire or explosion that threatened the safety or health of an employee;
- (f) the free fall of an elevating device that rendered the elevating device unsafe for use by an employee;
- (g) an accidental accumulation, spill or leak of a hazardous substance; or
- (h) the loss of or damage to support craft.

(2) A written report of the accident, occupational disease or other hazardous occurrence referred to in subsection (1) shall be submitted by the employer within 14 days after the occurrence to

- (a) the regional safety officer at the regional office; and
- (b) the safety and health committee or the safety and health representative, if either exists.

(3) The report referred to in subsection (2) shall be in the form set out in Schedule I to this Part and contain the information required by the form. SOR/88-199, s. 19; SOR/94-165, s. 63.

16.5 Where an investigation referred to in subsection 16.3(2) discloses that the accident resulted in a circumstance referred to in subsection 16.4(1), the employer shall, within 14 days after the receipt of the report of the accident made by the police or other investigating authority, submit a copy of the report to the regional safety officer at the regional office.

Minor Injury Record

16.6 (1) Every employer shall keep a record of each minor injury of which he is aware that affected any of his employees in the course of employment.


(2) A record made pursuant to subsection (1) shall contain

(a) the date, time and location of the occurrence that resulted in the minor injury;

(b) the name of the injured or ill employee;

(c) a brief description of the minor injury; and

(d) the causes of the minor injury.

<div>Government of Canada / Gouvernement du Canada</div> <div>SCHEDULE 1 / ANNEXE 1 (subsection 16.4(3) / paragraphe 16.4(3))</div> <div>HAZARDOUS OCCURRENCE INVESTIGATION REPORT</div> <div>RAPPORT D'ENQUÊTE DE SITUATION COMPORTANT DES RISQUES</div>	1. Type of Occurrence / Genre de situation		2. Department file no. / N° de dossier du ministère	
	<input type="checkbox"/> Explosion		<input type="checkbox"/> Loss of consciousness / Perte de conscience	
	<input type="checkbox"/> Disabling injury / Blessure invalidante		<input type="checkbox"/> Emergency procedure / Procédure d'urgence	
	<input type="checkbox"/> Other (specify) / Autre (préciser) _____			
3. Employer name and mailing address / Nom et adresse postale de l'employeur		Postal code / Code postal		
		Telephone number / Numéro de téléphone		
Site of hazardous occurrence / Lieu de la situation comportant des risques	Date and time of hazardous occurrence / Date et heure de la situation comportant des risques			
	Weather / Conditions météorologiques			
	Supervisor's name / Nom du surveillant			
Witnesses / Témoins	Operator / Exploitant			
	Identification of drilling rig, drilling unit, production facility or support craft / Identification de l'appareil de forage, installation de forage, installation de production ou du véhicule de service			
4. Description of what happened / Description des événements				
Brief description and estimated cost of property damage / Description sommaire et coût estimatif des dommages matériels		Operation in progress / Opération en cours		
5. Injured employee's name (if applicable) / Nom de l'employé blessé (s'il y a lieu)		Age / Âge	Sex / Sexe	
Occupation / Profession		Years of experience in occupation / Nombre d'années d'expérience dans la profession		
Description of injury / Description de la blessure				
Was training in accident prevention given to injured employee in relation to duties performed at the time of the hazardous occurrence? / L'employé blessé a-t-il reçu une formation en prévention des accidents relativement aux fonctions qu'il exerçait au moment de la situation comportant des risques? <input type="checkbox"/> Yes <input type="checkbox"/> No Specify Oui Non Préciser				
6. Direct causes of hazardous occurrence / Causes directes de la situation hasardeuse				
7. Corrective measures and date employer will implement / Mesures correctives qui seront appliquées par l'employeur et date d'entrée en vigueur				
Reasons for not taking corrective measures / Raisons pour lesquelles aucune mesure corrective n'a été prise				
Supplementary preventative measures / Mesures supplémentaires de prévention				
8. Name of person investigating / Nom de la personne menant l'enquête		Signature	Date	
Title / Titre		Telephone number / Numéro de téléphone		
9. Safety & Health committee's or representative's comments / Observations du comité de sécurité et de santé ou du représentant en matière de sécurité et de santé				
Committee member's or representative's name / Nom du membre du comité ou du représentant		Signature	Date	
Title / Titre		Telephone number / Numéro de téléphone		

WEEKLY PROGRESS REPORT

PROGRAM NAME: _____ PERIOD _____ TO _____

APPROVALS

	NATIONAL ENERGY BOARD	INDIAN & NORTHERN AFFAIRS CANADA	INUVIALUIT LAND ADMINISTRATION 7 (1) (a,b)	NWT WATER BOARD
OPERATION ID#		N/A	N/A	N/A
EXP. DATE		N/A	N/A	N/A

COMPANY NAME: _____

SEISMIC CONTRACTOR: _____

AUTHORIZED PROGRAM PARAMETERS

ALTERATION OR MODIFICATION OF THE APPROVED PARAMETERS REQUIRES APPROVAL FROM APPROPRIATE REGULATORY AGENCY

TOTAL # OF 2D Km APPROVED		3D SIZE KM SQ APPROVED		SOURCE TYPE	
TOTAL # OF LINES 2D APPROVED		NUMBER 3D SOURCE LINES		CHARGE SIZE/# VIBS	
RECEIVER WIDTH		3D SOURCE Km		SHOT HOLE DEPTH (m)	
SOURCE WIDTH		NUMBER 3D REC. LINES		CAP LEAD LENGTH (m)	
		3D RECEIVER Km		CAP LEAD LENGTH ABOVE GROUND (m)	

UNDETONATED CHARGES:	
LOCATION: (NAD 27)	
REASON:	

INSPECTIONS: (INAC, NEB, ILA,DFO)	
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OPERATIONAL ISSUES:	

SUMMARY OF INCIDENTS: (eg: fuel spills, vehicles breaking through ice)	

GENERAL COMMENTS:	

LAT. / LONG. STAGING AREAS	
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LAT. / LONG. CAMP LOCATIONS	
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DATE SUBMITTED TO: NEB dailyreports@neb-one.gc.ca

PARTY MANAGER: _____

FIELD FAX _____

FIELD PHONE# _____

FIELD E-MAIL _____

DURING REPORTING PERIOD

TOTAL Km	PROGRESS
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NUMBER OF

TOTAL KM RECORDED TO DATE

RECORDING COMPLETE



NEB Contacts for COGO Act-regulated Work or Activities

INCIDENT PHONE NUMBERS <i>* Hazardous occurrences (under Part XVI of the Canada Oil and Gas Occupational Safety and Health Regulations) and incidents requiring medical evacuation are to be reported to the NEB immediately.</i>	NEB 24-hour Incident Cell: (403) 807-9473 NWT/Nunavut Spill Line Phone: (867) 920-8130 NWT/Nunavut Spill Line Fax: (867) 873-6924 Transportation Safety Board Hotline: (819) 997-7887
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NEB Operations Staff	Internet	Telephone Numbers
Rick Turner Operations Specialist Safety & Conservation Officer	rturner@neb-one.gc.ca	Work: (403) 299-3868 Cell: (403) 540-3754 Home: (403) 257-0840
Chris Knoechel Petroleum Engineering Specialist Safety & Conservation Officer	cknoechel@neb-one.gc.ca	Work: (403) 299-3866 Cell: Home: (403) 241-0047
Environment and Spill Reporting	Internet	Telephone Numbers
John Korec Environmental Specialist Conservation Officer	jkorec@neb-one.gc.ca	Work: (403) 292-6614 Cell: (403) 818-2403 Home: (403) 275-6256
Pam Romanchuk Environmental Specialist	promanchuk@neb-one.gc.ca	Work: (403) 299-3906 Cell: Home: (403) 253-3128
Anne-Marie Buchwald Environmental Specialist	abuchwald@neb-one.gc.ca	Work: (403) 292-4931 Home: (403) 366-9899
Chief Conservation & Safety Officers	Internet	Telephone Numbers
Bharat Dixit Exploration and Production, Team Leader Chief Conservation Officer	bdixit@neb-one.gc.ca	Work: (403) 299-2792 Cell: (403) 617-3887 Home: (403) 239-1093
Alan Murray Professional Leader, Engineering Chief Safety Officer	amurray@neb-one.gc.ca	Work: (403) 299-3903 Cell: (403) 815-6661 Home: (403) 282-5637
NEB OPERATIONS PHONE NUMBERS	Main Office: (403) 292-4800 Operations Fax: (403) 292-5876 Alternate Fax: (403) 292-5875	



NT-NU SPILL REPORT

NT-NU 24-HOUR SPILL REPORT LINE

TEL: (867) 920-8130

FAX: (867) 873-6924

EMAIL: spills@gov.nt.ca

REPORT LINE USE ONLY

PAGE 1 OF

Instructions for Completing the NT-NU Spill Report Form

This form can be filled out electronically and faxed to the spill line at 867-873-6924. Commencing on January 2, 2007, the form can also be e-mailed as an attachment to spills@gov.nt.ca. Until further notice, please verify receipt of e-mail transmissions with a follow-up telephone call. Spills can still be phoned in by calling collect at 867-920-8130.

A. Report Date/Time	The actual date and time that the spill was reported to the spill line. If the spill is phoned in, the Spill Line will fill this out. Please do not fill in the Report Number: the spill line will assign a number after the spill is reported.
B. Occurrence Date/Time	Indicate, to the best of your knowledge, the exact date and time that the spill occurred. Not to be confused with the report date and time (see above).
C. Land Use Permit Number /Water Licence Number	This only needs to be filled in if the activity has been licenced by the Nunavut Water Board and/or if a Land Use Permit has been issued. Applies primarily to mines and mineral exploration sites.
D. Geographic Place Name	In most cases, this will be the name of the city or town in which the spill occurred. For remote locations – outside of human habitations – identify the most prominent geographic feature, such as a lake or mountain and/or the distance and direction from the nearest population center. You must include the geographic coordinates (Refer to Section E).
E. Geographic Coordinates	This only needs to be filled out if the spill occurred outside of an established community such as a mine site. Please note that the location should be stated in degrees, minutes and seconds of Latitude and Longitude.
F. Responsible Party Or Vessel Name	This is the person who was in management/control/ownership of the substance at the time that it was spilled. In the case of a spill from a ship/vessel, include the name of the ship/vessel. Please include full address, telephone number and e-mail. Use box K if there is insufficient space. Please note that, the owner of the spilled substance is ultimately responsible for any spills of that substance, regardless of who may have actually caused the spill.
G. Contractor involved?	Were there any other parties/contractors involved? An example would be a construction company who is undertaking work on behalf of the owner of the spilled substance and who may have contributed to, or directly caused the spill and/or is responding to the spill.
H. Product Spilled	Identify the product spilled; most commonly, it is gasoline, diesel fuel or sewage. For other substances, avoid trade names. Wherever possible, use the chemical name of the substance and further, identify the product using the four digit UN number (eg: UN1203 for gasoline; UN1202 for diesel fuel; UN1863 for Jet A & B)
I. Spill Source	Identify the source of the spill: truck, ship, home heating fuel tank and, if known, the cause (eg: fuel tank overfill, leaking tank; ship ran aground; traffic accident, vandalism, storm, etc.). Provide an estimate of the extent of the contaminated/impacted area (eg: 10 m ²)
J. Factors Affecting Spill	Any factors which might make it difficult to clean up the spill: rough terrain, bad weather, remote location, lack of equipment. Do you require advice and/or assistance with the cleanup operation? Identify any hazards to persons, property or equipment: for example, a gasoline spill beside a daycare centre would pose a safety hazard to children. Use box K if there is insufficient space.
K. Additional Information	Provide any additional, pertinent details about the spill, such as any peculiar/unique hazards associated with the spilled material. State what action is being taken towards cleaning up the spill; disposal of spilled material; notification of affected parties. If necessary, append additional sheets to the spill report. Number the pages in the same format found in the lower right hand corner of the spill form: eg. "Page 1 of 2", "Page 2 of 2" etc. Please number the pages to ensure that recipients can be certain that they received all pertinent documents. If only the spill report form was filled out, number the form as "Page 1 of 1".
L. Reported to Spill Line by	Include your full name, employer, contact number and the location from which you are reporting the spill. Use box K if there is insufficient space.
M. Alternate Contact	Identify any alternate contacts. This information assists regulatory agencies to obtain additional information if they cannot reach the individual who reported the spill.
N. Report Line Use Only	Leave Blank. This box is for the Spill Line's use only.