



WID # 2078  
16 January 2013

Mr. Dick Heenan  
Drilling Manager  
MGM Energy Corp.  
4100, 350 - 7th Avenue S.W.  
Calgary, AB T2P 3N9

Dear Mr. Heenan:

**Approval to Drill a Well (ADW) Application MGM Energy Corp. (MGM)  
for the MGM-Shell East Mackay I-78 Well**

MGM is hereby granted approval to drill the above referenced well. Please find the attached ADW form for the proposed work and note that the ADW is subject to the terms and conditions provided on the attachment. In addition, the well approval is granted under Operations Authorization OA-1202-002 and is subject to the terms and conditions of that OA.

Any change or deviation from the approved program will require the additional specific approval of the Chief Conservation Officer.

All oil and gas activities are to meet the requirements of the *Canada Oil and Gas Drilling and Production Regulations*, *Canada Labour Code, Part II* and the *Oil and Gas Occupational Safety and Health Regulations*.

If you have any questions, please contact Gary Woo, Project Manager, at 403-299-3143.

Yours truly,

Patrick Smyth  
Chief Conservation Officer

**Attachment**  
**Approval to Drill a Well Terms and Conditions for:**  
**MGM-Shell East Mackay I-78**

1. A copy of the *Canada Oil and Gas Drilling and Production Regulations*, the *Canada Labour Code Part II* and the *Oil and Gas Occupational Safety and Health Regulations* are to be kept at the well site and shall be made available on request by any person at the well site.
2. MGM shall report by March 31 of each year on the results of its monitoring and inspection of each suspended well as required by section 57 of the *Canada Oil and Gas Drilling and Production Regulations*.
3. MGM shall submit two paper copies and one electronic (on CD/DVD, in PDF format) of all the data for the "Well History Report" within 45 days after the rig release date. In addition, MGM shall submit one LAS copy of final log prints on compact disc. Please ensure compact discs are maximized and submitted with the final report.
4. MGM shall submit, with the Well History Report, a final well survey certified by a person licensed under the *Canada Land Surveyor Act*.
5. MGM shall include a report on the potable water zones with the Well History Report that includes identification and evaluation of the potable water zones of the MGM-Shell East Mackay I-78.
6. MGM shall deliver all drill cuttings and core that are collected during drilling or well operations to the Geological Survey of Canada in Calgary at 3303 33<sup>rd</sup> Street NW to the attention of the Head, Core and Sample Repository. Copies of the transmittal letters for the collected samples are to be forwarded to the Chief Conservation Officer.
7. MGM shall submit to [dailyreports@neb-one.gc.ca](mailto:dailyreports@neb-one.gc.ca) a copy of the CAODC drilling rig inspection report and confirmation that all corrective actions have been satisfactorily implemented prior to spud.



APPROVAL TO DRILL A WELL

APPLICATION

This application is submitted under Section 10 of the *Canada Oil and Gas Drilling and Production Regulations* (SOR/2009-0315). When granted under Section 13 of the Regulations, this form is the requisite approval for the commencement of well operations. An approved copy of this notice is to be posted at each drill site.

Well Name	MGM - Shell East MacKay I-78	Operator	MGM Energy Corp.
Well Type	Exploratory Well	If Other Type, please specify	N/A
NEB Operating Licence No.	1202	Operations Authorization No.	Pending
Drilling Rig or Unit	37	Contractor	Akita Sahtu Drilling
Licence No.	Exploration Licence 466	Estimated Well Cost	\$\$\$35,000,000.00
Station Keeping	Not Applicable	Land Structure	Conventional Land
Land Use Permit No.	S12A-001	Issued by:	Sahtu Land and Water Board
Water Licence No.	S12L1-001	Issued by:	Sahtu Land and Water Board
Location	Unit I Section 78	Grid	64 50 125 30
Coordinates (NAD 27)	Surface Lat 64 ° 47 ' 42.1 "	Long	125 ° 43 ' 19.1 "
	Bottom Hole Lat 64 ° 47 ' 42.1 "	Long	125 ° 43 ' 19.1 "
Region	NWT Mainland		
Target Formation	Canol & Bluefish	Field/Pool	/
Well Path	Vertical	Discovery Well	
Elevation KB/RT	160.7 m	Ground Level / Seafloor	155 m
Approximate Spud Date	Jan 15 2013	Est. Days on Location	60 days
Anticipated Total Depth	2020 m KB		

EVALUATION PROGRAM

Sample Type	Top to Bottom Interval (m KB)	Sample Interval (m)	Comments
Select	20-2020	5.0	Interval may be altered by geologist due to recovery / penetration
Other	40-2020	Other	50m to 1800 & 5m to TD - mud gas isotubes
Select	-	Select	
Conventional Cores	1817-1965	Other	78 mm core as warranted
Logs and Tests	20-2020	Other	all SP-DIL-sonic-density- plus MREX-FLEX main hole

CASING PROGRAM

O.D. (mm)	Weight (kg/m)	Grade	Setting Depth (m KB)
244	59.5	L-80	400 (or comperant formation)
178	38.7	L-80	2020

Additional Information

"I certify that the information provided on this form is true and correct"

Name	Richard Heenan	Telephone	(403) 781-7819 Ext
Job Designation	Drilling Manager	E-Mail	dick.heenan@mgmenergy.com
Operator	MGM Energy Corp.		
Signature		Date	2012/12/13
	Responsible Officer of Company		

NATIONAL ENERGY BOARD APPROVAL

(Board Use Only)

This well approval is granted under section 13 of the *Canada Oil and Gas Drilling and Production Regulations* (SOR/2009-0315) and is subject to the terms and conditions attached to this approval and Operations Authorization No. 0A-1202-002

Job Designation	Chief Conservation Officer	Well Identifier	2078	Unique Well Identifier	300I.786450125300
Signature		Date	16 January 2013		
	NEB Authority				