



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 33rd 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 a copy of the CAODC drilling rig inspection report and confirmation that all corrective actions have been satisfactorily implemented prior to spud.