



ENVIRONMENTAL IMPACT SCREENING COMMITTEE

September 4, 2008

Submission Number: [03/08-03]

MGM Energy Corp.
Suite 4102
350- 7th Avenue SW
Calgary AB T2P 3N1

ATTENTION: SHIRLEY MAASKANT, MANAGER, REGULATORY & COMMUNITY AFFAIRS

Dear Ms. Maaskant:

**RE: MGM ENERGY CORP. UMIK DRILLING, COMPLETION AND TESTING PROJECT:
2008 - 2011**

During a meeting held August 27-29, 2008, the Environmental Impact Screening Committee (EISC) screened the above-noted project description. Based on the information provided, the EISC decided that the development could have a significant negative impact on the environment or Inuvialuit wildlife harvesting in the Inuvialuit Settlement Region [IFA Section 11.(17)(c)] and is subject to further assessment and review by the Environmental Impact Review Board. A copy of the decision has been attached. The component of the project description that the EISC referred for further assessment is the developer's planned use of multi-season insulated ice pads for equipment storage and extending the drilling season. The EISC is concerned that the use of multi-season insulated ice pads will result in a significant negative impact on the vegetation diversity and thermal stability of the site.

In rendering its decision, the EISC made the following comments:

- The developer's project description stated that: "The Project will use existing proven technology." The EISC is of the understanding that multi-season insulated ice pads have not been used in the Mackenzie River Delta area although they have been used in Alaska. The EISC considers that for the Mackenzie Delta area the use of multi-season ice pads is new technology.
- The EISC is concerned about the consequences of an insulated ice pad failure during the summer. The developer described the monitoring program for the summer months and steps to be taken to prevent the vegetation around the perimeter of the pad from dying. The developer did not outline any contingency plan in the event of the insulated ice pad failing during the summer months, i.e., ice pad thawing.
- The EISC is concerned about the long term vegetation and terrain stability implications from the use of multi-season ice pads. Based on reports conducted at ConocoPhillips, Alaska Inc.'s Puviaq One exploratory well in Alaska by ABR, Inc.— Environmental Research & Services in 2005 and 2006, a large percentage of the vegetation under the insulated ice pad died and was showing slow rates of recovery. The developer did not describe a program for monitoring the site following decommissioning to determine changes in the vegetation community or the ground thermal regime. The developer did not indicate any mitigation plans in the event that the vegetation was killed or the thermal regime effected as a result of the multi-season ice pad.

- The EISC noted that the developer did not indicate the potential effects of climate change on the use of multi-season insulated ice pads over the planned three year time horizon of the drilling program.

The advice received from Fisheries and Oceans Canada, Fisheries Joint Management Committee, Environment Canada, the Department of Environment and Natural Resources (NWT), Indian and Northern Affairs Canada (INAC) and the Inuvik Hunters and Trappers Committee is attached for the consideration of the developer and the regulatory authorities. Also included for your information is a copy of the letter of INAC provided to the NWT Water Board regarding this project description.

The developer and the regulatory authorities are reminded that no permits or approvals are to be issued that would allow the proposed development to proceed pending the outcome of the Environmental Impact Review Board public review [IFA Subsection 11(36)].

If there are any questions on the above, please do not hesitate to contact the EISC office.

Sincerely,



Barb Chalmers
Environmental Assessment Coordinator

c.c. Environmental Impact Review Board (EIRB)
National Energy Board (NEB)
Indian and Northern Affairs Canada (INAC)
Fisheries and Oceans Canada (DFO)
Environment Canada (EC)
Environment and Natural Resources, GNWT (ENR)
NWT Water Board
Inuvialuit Land Administration (ILA)
Fisheries Joint Management Committee (FJMC)
Inuvik Hunters and Trappers Committee (IHTC)
Tuktoyaktuk Hunters and Trappers Committee (THTC)
Aklavik Hunters and Trappers Committee (AHTC)

Attachments: Fisheries and Oceans Canada (DFO)
Fisheries Joint Management Committee (FJMC)
Environment Canada (EC)
Environment and Natural Resources (NWT)
Indian and Northern Affairs Canada (INAC)
Inuvik Hunters and Trappers Committee (IHTC)
Copy of INAC letter to the NWT Water Board
EISC Decision Form