



July 3, 2013

Gwichya Gwich'in Renewable Resource Council

General Delivery
Tsiigehtchic, NT
XOE 0B0

Attention: Ms. Rita Carpenter, Renewable Resource Council Coordinator

Ms. Carpenter,

Re: Chinook Energy Inc. – G02A-011 (C-36) and G02A-013 (N-73) Summer 2013 Reclamation Program

Chinook Energy Inc. (Chinook) is providing notification to the Gwichya Renewable Resource Council (GRRC) of upcoming reclamation work occurring under Land Use Permits G02A-011 and G02A-013 for sumps associated with previously drilled & abandoned well sites C-36 and N-73, respectively, in the Gwich'in Settlement Area (GSA) and Land Use Permit S04A-005 for the removal of cement at well site D-07 in the Sahtu Settlement Area (SSA). Chinook has commissioned MWH Canada, Inc. (MWH) to complete the reclamation activities.

The reclamation work will take place over a period of approximately three weeks commencing August 6, 2013. MWH has retained the services of two local companies, Northwind Industries Ltd. and J.B. Firth Enterprises, for required project equipment and personnel.

Community engagement for the proposed reclamation program was conducted August 17, 2011 at the Tsiigehtchic Community Gymnasium and August 18, 2011 at the Nihtat Gwich'in Renewable Resource Council Office. Representatives from Chinook and MWH were present at both meetings. The proposed reclamation plan was presented to the communities followed by an open discussion question and answer period. The attached Reclamation Plan Summary provides a brief description of the information that was presented to the communities.

MWH met with the Aboriginal Affairs and Northern Development Canada (AANDC) Inspector and the Gwich'in Land and Water Board (GLWB) on June 19, 2013 to discuss proposed timelines, anticipated work, and potential community involvement.

If you have any questions or concerns regarding the proposed reclamation activities, please contact the undersigned by phone at (403) 290-4901 or by email at darrent@chinookenergyinc.com.

Sincerely,
Chinook Energy Inc.

Darren Tomecek, P. Geol.
Manager, Environment & Regulatory Compliance

cc: Helga Harlander, GLWB
Jozef Carnogursky, AANDC
Tamara Tiessen, MWH

Attach: Chinook Energy Reclamation Plan

Chinook Energy Inc. 2013 Reclamation Program for NWT Wellsites D-07 (Sahtu Region, NT), C-36 and N-73 (Gwich'in Region, NT)

MWH Canada, Inc. (MWH) is pleased to assist Chinook Energy Inc. (Chinook) with the 2013 Reclamation Program for the Moose Lake D-07 (Sahtu Region, NT), C-36 and N-73 (Gwich'in Region, NT) well sites and associated drilling sumps to comply with the requirements of the Sahtu Land and Water Board (SLWB), Gwich'in Land and Water Board (GLWB), and Aboriginal Affairs and Northern Development Canada (AANDC).

Scope of Work

MWH proposes to conduct the following work at each site (subject to the approvals and conditions set forth from AANDC, the GLWB, and SLWB on the reclamation program design):

Moose Lake D-07

- Break apart approximately 675 (approximately 59,000 lbs) bags of cement and place into sling bags;
- Sling the bags containing the broken cement to the C-36 and N-73 well sites using a helicopter for use in the settled drilling sumps as fill; and,
- Remove 6 skid skis and metal pipe located on the bank of the Mackenzie River and return it to Inuvik for use by the contractor or disposal to a landfill.

Tree River C-36

- Use crushed cement from the Moose Lake D-07 site as the first layer of fill in the sump;
- With a heli-portable excavator and cat, use the berm material around the sump to fill the cell and contour.
- Recontour the area surrounding the sump to help redirect drainage;
- Install erosion control measures (e.g. erosion control blankets and sediment stop wattles) to prevent future erosion of the area;
- Seed the disturbed area with a regulatory approved seed mix, and,

Thunder River N-73

- Chip the existing slash onsite and spread it around to facilitate vegetation establishment;
- Using a heli-portable excavator and cat, recontour the sump area using cement from Moose Lake D-07 site and the material to the east and north of the sump.
- Contour area such that drainage follows the original patterns in order to minimize ponding in the sump area;
- Install erosion control measures (erosion control blankets) to help stabilize disturbed areas;
- Spread any remaining wood chips across the site and, if needed, along the existing access road;
- Seed site with a regulatory approved seed mix

Timeline

The on-site reclamation program is scheduled to commence in early August 2013. The on-site field work is estimated to require approximately 21 to 28 days to complete.