

August 29, 2008

Sahtu Land & Water Board
Box 1
Fort Good Hope, NT
X0E 0H0



SLWB File: S03L1-016
NESL File: 6800536

Attention: Rick Walbourne, Hydrologist

Dear Rick:

Re: Apache Canada Ltd. – 2008 Annual Report for Water Licence S03L1-016 (B-23, E-44 and K-14)

Apache Canada Ltd. (Apache) is submitting the following information in response to the requirements outlined under the Terms of Reference and Conditions of Water Licence S03L1-016 (B-23, E-44 and K-14). Part B, Subpart 2 of the Terms and Conditions states that an annual report shall be supplied for the life of the water licence. For ease of review, the response has been presented in the same order as the Sahtu Land and Water Board Water Licence.

a) The monthly and annual quantities in cubic metres of fresh water obtained from all sources.

There was no activity conducted on K-14, B-23 or E-44 during the 2007/08 season. Therefore the monthly and annual quantities were 0m³.

b) The monthly and annual quantities in cubic metres of each and all wastes discharged.

There was no activity conducted on B-23, E-44 and K-14 during the 2007/08 season. Therefore the monthly and annual quantities were 0m³.

c) An itemized list indicating the names, uses and quantities of all substances which were used during the drilling operation.

No drilling operations were conducted on B-23, E-44 and K-14 during the 2007/08 season.

d) A tabular summary of sampling dates and analysis of sump contents.

No sampling of sump contents was conducted on B-23, E-44 and K-14 during the 2007/08 season.

e) A summary of exploration and development activities as they relate to water use and waste disposal.

There were no exploration or development activities conducted on B-23, E-44 and K-14 during the 2007/08 season.

f) A list of unauthorized discharges.

There were no unauthorized discharges conducted on B-23, E-44 and K-14 during the 2007/08 season.

g) Details of all abandonment and restoration activities.

On August 19, 2008 seeding and fertilizing took place on bare areas on the B-23 wellsite, the entire B-23 sump, bare areas on the E-44 wellsite, and the entire E-44 sump. Further details will be provided in the 2008 Summer Site Inspection Report under separate cover.

I trust this meets the information requirements for the annual report under Water Licence S03L1-016. If you have any questions, please contact the undersigned at (403) 303-1952 or by email (ken.brink@apachecorp.com).

Sincerely,
APACHE CANADA LTD.



Ken Brink
Senior Staff Landman, Surface Land
Aboriginal & Community Affairs

cc: Tom Bradbury, Water Licence Inspector (Indian and Northern Affairs Canada)
Jenica von Kuster, Manager, Northern Operations (Northern EnviroSearch Ltd., a wholly owned subsidiary of MWH Canada, Inc.)