

June 14, 2006
Via Facsimile

Luscar Ltd.
1600, 10235 – 101 Street
Edmonton, AB T5J 3G1
Attention: Robert Donick

Fraser Milner Casgrain LLP
30th Fl., 237 – 4th Avenue S.W.
Calgary, AB T2P 4X7
Attention: Allan McLarty, Q.C.

Code Hunter LLP
850, 440 – 2nd Avenue S.W.
Calgary, AB T2P 5E9
Attention: Christian J. Popowich

Bearspaw Petroleum Ltd.
80, 6712 Fisher Street S.E.
Calgary, AB T2H 2A7
Attention: R.G. Jensen

EnCana Corporation
421 – 7th Avenue S.W.
Calgary, AB T2P 2S5
Attention: Alan C. Reid

Carscallen Lockwood LLP
1500, 407 – 2nd Street S.W.
Calgary, AB T2P 2Y3
Attention: Donald C. Edie, Q.C.

Field LLP
1900, 350 – 7th Avenue S.W.
Calgary, AB T2P 3N9
Attention: William T. Corbett, Q.C.

Thackray Burgess
1900, 736 – 6th Avenue S.W.
Calgary, AB T2P 3T7
Attention: John Gruber

Dear Sirs:

RE: REVIEW AND VARIANCE APPLICATIONS
9500-1404564 (LUSCAR LTD./FAIRBORNE ENERGY LTD.)
9500-1406894 (LUSCAR LTD./DEVON CANADA CORPORATION)
9500-1456814 (LUSCAR LTD./ FAIRBORNE ENERGY LTD.)
9500-1406721 (ENCANA CORPORATION/DEVON CANADA CORPORATION)
9500-1422781 (ENCANA CORPORATION/ BEARSPAW PETROLEUM LTD.) AND
9500-1439810 (ENCANA CORPORATION/ BEARSPAW PETROLEUM LTD.).

The Board has reviewed the submissions filed to date in the above described proceeding and has decided to cancel the proceeding currently scheduled to commence on June 26, 2006. Part 1 of Proceeding No. 1457147 was originally scheduled to consider whether interim conditions should be imposed for the measurement and accounting of coalbed methane production in connection with certain well licences, compulsory pooling and special well spacing orders. Part 2 was to

consider the issue of legal entitlement to coal bed methane being produced or intended to be produced from the said wells.

The Board is canceling Part 1 because Carbon Development Partnership (CDP), successor in interest to Prairie Mines and Royalty Ltd, formerly Luscar Ltd., has reached agreement with Devon Canada Corporation (Devon) and Fairborne Energy Ltd.(Fairborne) regarding the measurement and accounting of coal bed methane production from the wells in dispute among these three parties. The nature of the agreement is set out in CDP's submission of June 9, 2006.

Further, EnCana Corporation's (EnCana) submission of June 9, 2006 primarily addresses the legal entitlement question which is the subject of Part 2 of the proceeding. EnCana submits that the issue of interim measurement and accounting is irrelevant because the Board does not have the authority to issue well licences where there is a dispute over entitlement to the resource. It also submits that for well licences that have been granted, compulsory pooling orders should be issued where both coal be methane and gas from sands is being produced from the same well bore because title to the coal bed methane is in dispute. The result, it submits, is that revenue from disputed production must be paid to the Provincial Treasurer until the parties resolve the dispute (section 86 of the *Oil and Gas Conservation Act*). These submissions essentially speak to the entitlement issue.

With respect to the measurement and accounting issue, EnCana has not responded to the Devon and Fairborne submissions which assert that they are producing or intend to produce only coal bed methane from the wells in dispute and satisfactory measurement and accounting requirements are in place. Rather, EnCana proposes that all disputed wells be shut in pending the formation of a technical committee composed of industry and board participants who would determine the appropriate measurement requirements and allocation of production where disputes over coal bed methane entitlement exist. The Board is not prepared to accede to this request in the present circumstances.

Given the foregoing, the Board has decided that it is not particularly efficient to conduct a dedicated proceeding to the issue of measurement and accounting of coal bed methane production. Any outstanding measurement and accounting issues will be addressed in Part 2 of Proceeding No. 1457147.

Yours truly

A handwritten signature in cursive script, appearing to read "Douglas A. Larder".

Douglas A. Larder, Q.C.
General Counsel