

ALBERTA ENERGY AND UTILITIES BOARD

PART 2 OF PROCEEDING NO. 1457147

**BEARSPAW PETROLEUM LTD., CARBON DEVELOPMENT PARTNERSHIP
(SUCCESSOR IN INTEREST TO PRAIRIE MINES AND ROYALTY LTD.,
FORMERLY LUSCAR LTD.), DEVON CANADA CORPORATION, ENCAN
CORPORATION, AND FAIRBORNE ENERGY LTD. CLIVE, EWING LAKE,
STETTLER AND WIMBORNE FIELDS**

SUBMISSION

OF

CANPAR HOLDINGS LTD. ("CANPAR")

AUGUST 25, 2006

1.0 INTRODUCTION

1. In accordance with the Board's Amended Notice of Hearing dated July 27, 2006, Canpar Holdings Ltd. ("Canpar") files herewith its submission.
2. Canpar owns freehold mines and minerals and P&NG in Western Canada. Canpar is a wholly-owned subsidiary of the CN Pension Fund.
3. Canpar has had an opportunity to review the joint submission of the natural gas holders in this proceeding (18-001-2006-08-25-1457147), and the expert report prepared by Mathew Mavor (the "Mavor Report"). Canpar supports the Mavor Report.
4. Canpar's evidence is organized as follows. Section 2 provides the views of Canpar on what the Board should decide in this proceeding. Section 3 sets out the factual circumstances of the mineral interest owned by Canpar in all petroleum and natural gas ("P&NG") in property described as 8-34-26 W4M, the property that covers coalbed methane gas well licenses 1383132, 1383134, 1383136 and 1383137 shown on page 4 of the Board's Notice of Hearing dated June 23, 2006. Section 4 sets out the relief Canpar requests in this proceeding.

2.0 WHAT THE BOARD SHOULD DECIDE IN THIS PROCEEDING

5. As the holder of freehold mines and minerals and P&NG in Alberta, Canpar believes that a stable regulatory environment, which is in harmony with the overall legal and regulatory framework, is in public interest. The Board has the technical expertise to understand the science of coalbed methane and the technical aspects of its development. The Board also has legal expertise to make a correct determination on whether coalbed methane belongs to the holder of P&NG or coal.
6. A determination made by the Board will provide needed certainty to allow split title CBM to be effectively produced in the Province. Canpar requests that the Board carefully consider the Mavor Report and the legal principles and make a practical and workable ruling that the P&NG leaseholders have the right to produce coalbed methane, including from the property described as 8-34-26 W4M.

3.0 CIRCUMSTANCES OF FREEHOLD TITLE HELD BY CANPAR

7. In 1978, Dome Petroleum and CN Pension Fund acquired freehold mines and minerals and P&NG from Seibins Oil & Gas. Under the terms of the arrangement with Dome Petroleum, Canpar retained a 4.704% GORR over all mines and minerals and P&NG on undeveloped lands, including the property described as 8-34-26 W4M.
8. In 1982, Dome Petroleum Ltd. sought to raise funds through the sale of assets that were not encumbered by its bankers. Under the terms of an Agreement dated December 10, 1982 between Dome Petroleum Ltd., Provo Gas Producers Limited, Hudson's Bay Oil & Gas Company Limited, MT Partnership and Canpar, as Vendors, and TransAlta Utilities Corporation, as Purchaser, coal rights sold to TransAlta Utilities Corporation included either or both of "freehold rights" or "freehold leases." These terms were defined as follows:

"Freehold Rights" means the estate in fee simple of all coal within, upon or under the lands described in Schedule "A" hereto.

"Freehold Lease" means the Coal Lease dated the 1st day of November, 1970 from Hudson's Bay Company to Forestburg Collieries Limited of all the coal within, upon, or under the North West quarter of Section twenty-six (26) in Township forty (40), Range sixteen (16), West of the Fourth Meridian, comprising one hundred and sixty (160) acres more or less.

9. The agreements did not define "coal" or the rights associated with the "coal" as including any coalbed methane or any P&NG. For its part, Canpar did not (and did not intend) to sell its interest in CBM methane existing within the coal seams.

4.0 RELIEF REQUESTED

10. Canpar requests a determination in harmony with the scientific, technical and legal principles that the holder of P&NG rights in property described as 8-34-26 W4M has legal entitlement to coalbed methane.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 25th day of August, 2006.