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PLEASE REPLY TO CALGARY OFFICE

July 4, 2006

SENT BY E-MAIL

Alberta Energy and Utilities Board
14th Floor, 640 - 5th Avenue SW
Calgary, AB T2P 3G4

Attention: P. Ferensowicz, Energy Team Secretariat

Dear Mr. Ferensowicz:

**Re: Part 2 of Proceeding No. 1457147
Bears paw Petroleum Ltd., Carbon Development Partnership
(Successor in Interest to Prairie Mines and Royalty Ltd., formerly Luscar Ltd.),
Devon Canada Corporation, EnCana Corporation, and Fairborne Energy Ltd.
Clive, Ewing Lake, Stettler and Wimborne Fields**

Please be advised we have been retained by Quicksilver Resources Canada Inc. ("Quicksilver") with respect to the above-noted matter. Further to the Alberta Energy and Utilities Board's ("EUB") June 23, 2006 Notice of Hearing, please accept this as a request by Quicksilver that it be granted Intervener Status in Part 2 of Proceeding No. 1457147.

It is common ground that the test for third party standing is set out in section 26 of the *Energy Resources Conservation Act*, R.S.A. 2000, c. E-10 ("ERC Act"). To paraphrase, the test is whether a decision by the EUB on an application before it may directly and adversely affect the rights of a person. If so, that person will be entitled to lead evidence, cross-examined and give argument – in short, will be granted the right to full participation at a hearing, or "standing".

Quicksilver respectfully submits that its rights have already been directly and adversely affected by Proceeding No. 1457147. Moreover, depending on the decision the Board makes in Part 2 of Proceeding No. 1457147, the potential exists for even greater and more far-reaching adverse effects to the rights of Quicksilver as the holder of extensive freehold CBM interests in Alberta.

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Quicksilver is a major developer of coalbed methane ("CBM") in the Province of Alberta. A significant portion of Quicksilver's land holdings have identical mineral ownership issues (i.e., "split title") to the properties which are the specific subject of Proceeding No. 1457147. As a major developer of CBM in Alberta, Quicksilver regularly submits applications for well licences, etc. to the EUB. Like the Respondents in this case, Bearspaw Petroleum Ltd. ("Bearspaw"), Devon Canada Corporation ("Devon") and Fairborne Energy Ltd. ("Fairborne"), several of Quicksilver's applications on split title lands have been objected to by the holder of the freehold coal rights.

Like all oil and gas companies operating in Alberta, Quicksilver expects and is in fact entitled to have its applications for well licences, etc., processed by the EUB in a timely fashion. However, as a direct result of Proceeding No. 1457147, this is no longer happening. Pursuant to *Bulletin 2006-19, Applications Involving Objections Relating to the Legal Entitlement of Coalbed Methane*, applications for CBM where split title is an issue are being held in abeyance by the Board.

As noted by the Board itself in the third paragraph of the June 23, 2006 Notice of Hearing, in Bulletin 2006-19 the Board decided that all applications regarding which legal entitlement to coalbed methane is at issue will be held in abeyance "pending issuance of the Board's decision in Part 2 of Proceeding No. 1457147". In other words, the Board is holding these applications in abeyance as a direct result of Proceeding No. 1457147.

Quicksilver has several applications filed with the Board which are now being held in abeyance. In the normal course, several other applications would be filed by Quicksilver over the next several months. As a result of Bulletin 2006-19 and Proceeding No. 1457147, Quicksilver now faces the prospect of either not submitting these applications or submitting them but having them sit unprocessed pending the determination of the Board on Proceeding No. 1457147. The prejudice to Quicksilver is not being able to have well licence applications proceed by the Board should be obvious. Accordingly, there can be no doubt that the rights of Quicksilver have already been directly and adversely affected by Proceeding No. 1457147.

Clearly, the issue of the legal entitlement of CBM is not specific to the currently registered parties to Proceeding No. 1457147. Rather, Proceeding No. 1457147 directly affects other CBM developers such as Quicksilver and, indeed, the entire CBM industry in the Province of Alberta. If this were not the case, why has the Board issued Bulletin 2006-19? That is, the issuance of Bulletin 2006-19 is a clear and explicit recognition by the Board that the issues under consideration in Proceeding No. 1457147 affect the entire CBM industry, not just the currently registered parties to the proceeding. Again, there is simply no doubt that a decision of the Board of Proceeding No. 1457147 could significantly prejudice Quicksilver.

However, there is another reason why the Board should grant Quicksilver Intervener Status in Proceeding No. 1457147. That is because Quicksilver, as the owner of significant mineral holdings that are subject to the same split title issues that are before the Board in this proceeding, is in a unique position to provide the Board with helpful, perhaps even critical evidence regarding these issues. Therefore, the intervention of Quicksilver would be, in our submission, of assistance to the Board in making a determination on the issues before it in Proceeding No. 1457147.

