

# ENCANA™

Sept. 1, 2005

VIA EMAIL

Applications Branch, Resources Applications Group  
Alberta Energy and Utilities Board  
640 - 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3G4

Attention: Karine Fisher

RE: **Compulsory Pooling Application No. 1406764**  
**T 37 R 21 W4M Sec. 13**  
**Ewing Lake Area, Alberta**

---

EnCana Corporation

EnCana on 7th  
421 7th Avenue SW  
PO Box 2850

Calgary AB Canada T2P 2S5

tel: (403) 645-2000


www.encana.com

Further to your letter dated August 25, 2005 requesting additional information regarding EnCana's position with respect to the subject application we offer the following:

1. A compulsory pooling order would directly and adversely affect EnCana's rights because the terms and provisions that are in our precedent pooling agreement protect our interest as a mineral owner. These provisions and terms are absent in a compulsory pooling order. By law, EnCana cannot physically issue a lease to itself. Therefore we "deem" its issuance as a term of the pooling in our precedent agreement. This allows us to differentiate between a leasehold interest (or lessee's interest under a lease) vs. an interest as mineral owner (or lessor's interest under a lease). Under our pooling agreement the obligation and liability of drilling a well is associated with the "lessee's" interest. This ensures that EnCana, as lessor and mineral owner, is indemnified from harm. The drilling of the well is a "joint operation" with other parties. Each of those parties is obligated to conduct operations within the scope of their respective mineral lease and as such, operations as a whole must be conducted pursuant to each and every lease in the spacing unit. If any issues arise, the mineral owners (lessors) with the exception of EnCana can point to the terms in their lease and be assured that their interests will be protected. EnCana has nothing to point to that protects our interest as mineral owner. Even worse, if we had to go to court for any reason, there is no "context" within which to interpret issues. Without our pooling agreement in place, our intentions of contributing only a "leasehold interest" to the drilling of the well remains silent and our interest as mineral owner is not indemnified. No other mineral owner is forced to assume this kind of risk.
2. EnCana believes that the EUB should not grant the compulsory pooling order to Bearspaw Petroleum Ltd. as the reasons that Mr. Jensen has provided you for our failure to come to an agreement only exist when he wants them to exist. Mr. Jensen has accepted, without complaint, all of the provisions in our pooling precedent on another occasion. In my July 21<sup>st</sup> letter I provided you with an example of a Conoco drafted pooling that contains all the provisions that Mr. Jensen claims is unacceptable in our draft that he whole heartedly accepted in the Conoco agreement. Since it is not the provisions that are troubling him, it must be the source. As such, we can only assume that Mr. Jensen's discriminatory behaviour of finding reasons to force pool that don't exist is intended to intentionally put EnCana at risk as a means of forcing us to accept his unreasonable terms.

Yours truly,

ENCANA CORPORATION

  
Lisa Stebbins  
Contract Analyst

c.c. EnCana - Mike Ponto, Tammy Leskun