

1500, 407 - 2nd Street S.W.
Calgary, Alberta T2P 2Y3
Telephone: (403) 262-3775
Facsimile: (403) 262-2952

Donald C. Edie, Q.C.
Direct Line: (403) 298-8455
edie@c lawyers.com

File No. 17909

July 14, 2006

ALBERTA ENERGY AND UTILITIES BOARD
640 - Fifth Avenue, S.W.
Calgary, AB
T2P 3G4

Attention: Mr. P. Ferensowicz, Energy Team Secretariat

Dear Sirs:

**Re: Proceeding 1457147 (the "Proceeding")
Review and Variance Applications:
Supplemental Requests of Fairborne Energy Ltd. ("Fairborne")**

We are in receipt of a letter dated July 11, 2006 from board counsel, Ms. Brenda Heelan Powell, advising of supplemental submissions made on behalf of Fairborne in a letter dated June 28, 2006 from Al McLarty of Fraser Milner Casgrain LLP, counsel to Fairborne, to the Alberta Energy and Utilities Board (the "Board"). This letter constitutes the response submissions of Carbon Development Partnership ("CDP") to Fairborne's June 28 submissions.

1. CDP has no objection to the Board lifting the suspensions imposed upon licences for the wells 102/10-35-39-24 W4M and 102/12-35-39-24 W4M. As Mr. McLarty correctly pointed out in his June 28 letter, those wells are already incorporated within the Proceeding and are expressly subject to the accord between Fairborne and CDP.
2. CDP opposes the requests of Fairborne for additional well licences and holding orders, as identified in Mr. McLarty's letter. CDP has three fundamental concerns with respect to Fairborne's proposal. First, the determination of entitlement or common ownership, as applicable, is a fundamental prerequisite to any well licence or holding order. Now that entitlement and common ownership are in issue, CDP is concerned that the Board may well lack jurisdiction to grant operational well licences or holding orders in the absence of those determinations, as has been requested by Fairborne. CDP submits that the Board would exceed its jurisdiction if it granted these approvals without due consideration, prior to issuance, of entitlement to produce the CBM or common ownership within the spacing unit, as applicable. Secondly, CDP believes that granting the applications made by

Fairborne will effectively bestow preferential treatment upon Fairborne over other applicants who have had well licence and holding applications placed in abeyance by Bulletin 2006-19 and who do not have concomitant arrangements with CDP or other coal owners. CDP is concerned that this would constitute discrimination against those other applicants. Finally, the accord reached by Prairie Mines and Royalty Ltd. ("PMR") (CDP's predecessor) and CDP with Fairborne was acceptable to PMR and remains acceptable to CDP only because it affected a readily identifiable and small number of wells. Fairborne is effectively attempting to unilaterally amend that accord, through its application to the Board. CDP is not willing to expand the application of the accord. Although the Board has the jurisdiction to condition any approvals as it sees fit, granting Fairborne's application for new well licences and holding orders would effectively interfere with the private contractual relations between Fairborne and CDP.

All of which is respectfully submitted.

Yours truly,

CARSCALLEN LOCKWOOD LLP

(original signed by B. Robinson on behalf of:)

D.C. Edie

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| c. Carbon Development Partnership
1600, 10235 - 101 Street
Edmonton, AB T5J 3G1
Attention: Ms. Julie Lee Harrs | c. Code Hunter LLP
850, 440 - Second Avenue, S.W.
Calgary, AB T2P 5E9
Attention: Mr. Christian Popowich |
| c. Fraser Milner Casgrain LLP
30th Floor, 237 - Fourth Avenue, S.W.
Calgary, AB T2P 4X7
Attention: Mr. A.L. McLarty, Q.C. | c. EnCana Corporation
421 - Seventh Avenue, S.W.
Calgary, AB T2P 2S5
Attention: Mr. Alan Reid |
| c. Fairborne Energy Ltd.
3400, 450 - 1st Street S.W.
Calgary, AB T2P 5H1
Attention: Mr. David Pyke | c. Thackray Burgess
1900, 736 Sixth Avenue, S.W.
Calgary, AB T2P 3T7
Attention: Mr. John Gruber |
| c. Field LLP
1900 - 350 Seventh Avenue, S.W.
Calgary, AB T2P 3N9
Attention: Mr. William Corbett, Q.C. | c. Quicksilver Resources Canada Inc.
2000, 125 - 9th Avenue S.E.
Calgary, AB T2G 0P8
Attention: D. Johnson, Sr. V.P. |

Alberta Energy and Utilities Board

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| c. Freehold Petroleum & Natural Gas Owners Association
1403 – 12 Street N.W.
Calgary, AB T3C 1B3
Attention: E. Pederson | c. Peacock Linder & Halt LLP
1800, 350 – 7th Avenue S.W.
Calgary, AB T2P 3N9
Attention: Peter T. Linder, Q.C.
Attention: J. Patrick Peacock, Q.C. |
| c. Bearspaw Petroleum Ltd.
80, 6712 Fisher Street S.W.
Calgary, AB T2H 2A7
Attention: D. Ostermann | c. McLennan Ross LLP
300 – 5 Avenue S.W.
Calgary, AB T2P 3C4
Attention: Gavin Fitch |
| c. ConocoPhillips Canada Resources Corp.
401 – 9 Avenue S.W.
Calgary, AB T2P 2H7
Attention: J. Riley, D. Allatt | Burnet Duckworth & Palmer LLP
1400, 350 – 7 Avenue S.W.
Calgary, AB T2P 3N9
Attention: J. Lowe |
| c. Macleod Dixon LLP
3700, 400 – 3 Avenue S.W.
Calgary, AB T2P 4H2
Attention: Alan Harvie | Alberta Energy
5th Floor, 9945 – 108 Street
Edmonton, AB T5K 2G6
Attention: Cathy Tuleck |
| c. ARC Resources Ltd.
2100, 440 – 2 Avenue S.W.
Calgary, AB T2P 5E9
Attention: J. Peters | |