

Via Email

January 31, 2007

To: Legal Counsel (See Attached Schedule A)

RE: PROCEEDING NO. 1457147, COALBED METHANE (CBM) REVIEW HEARING

On December 13, 2006, the Board received:

- a joint reply argument from Canpar Holdings Ltd., Centrica Canada Limited, ConocoPhillips Canada Resource Corp., Devon Canada Corporation, Fairborne Energy Ltd., and Quicksilver Resources Canada Inc. (collectively, the “NGP Joint Reply”); and
- individual reply arguments from ConocoPhillips Canada Resource Corp., Devon Canada Corporation, Fairborne Energy Ltd. and Quicksilver Resources Canada Inc. (collectively, the Individual NGP Replies).

The NGP Joint Reply and the Individual NG Replies alleged that CDP and EnCana had submitted new evidence through their respective arguments dated November 26, 2005 as summarized below:

1. The NGP Joint Reply along with the individual replies of ConocoPhillips Canada Resource Corp., Devon Canada Corporation, Fairborne Energy Ltd. and Quicksilver Resources Canada Inc. refer to U.S. Patent US 6,412,559 (the Sequestration Patent) and other similar evidence used for the first time in CDP's and EnCana's final arguments.
2. The replies of Devon Canada Corporation and Fairborne Energy Ltd. refer to the excerpts from the Whitson and Brule text entitled “Phase Behaviour” submitted by EnCana with its argument.
3. The replies of Devon Canada Corporation, Fairborne Energy Ltd. and Quicksilver Resources Canada Inc. refer to a Gas Research Institute Report titled “A Guide to Coalbed Methane Reservoir Engineering” which was attached to CDP's final argument.

By letter dated December 21, 2006, the Board invited CDP and EnCana to respond to the matters in these December 13, 2006 reply arguments. Responses to the NGP Joint Reply

and the Individual NG Replies were received by the Board from CDP and EnCana on January 4, 2007.

Subsequently, the Board received correspondence from Apache Canada Ltd. on January 8, 2007, ConocoPhillips Canada Resource Corp. on January 5, 2006, Devon Canada Corporation and Fairborne Energy Ltd. on January 9, 2007, and Quicksilver Resources Canada Inc. on January 9, 2007, wherein they raise objections to the January 4, 2007 EnCana Response (the EnCana's Surrebuttal Argument). They submitted, among other things, that nothing in the EnCana's Surrebuttal Argument addressed the matters set out in the Board's letter of December 21, 2006. Rather, they submitted EnCana solely addressed some of the reply arguments made by them in respect of *Continental Resources of Illinois Inc. v Illinois Methane LLC* – a decision raised in EnCana's November 29, 2006 argument. As such, they argued that EnCana's Surrebuttal Argument is contrary to the Board's established hearing process, inconsistent with procedural fairness and should be rejected by the Board.

On the basis of the Board's review of the public record in this proceeding (which includes the transcripts and the exhibits filed) and the above noted submissions, the Board has determined that:

1. Although the submission of EnCana's Surrebuttal Argument deviates from the process established by the Board in this proceeding and EnCana should have asked the Board before it filed it, the Board approves its filing as it may contribute to a better understanding of an important case that EnCana relies upon for its ownership claim. However, Apache Canada Ltd., ConocoPhillips Canada Resources Corp., Devon Canada Corporation, Fairborne Energy Ltd., and Quicksilver Resources Canada Inc. may if they wish, respond to EnCana's Surrebuttal Argument in writing. No further arguments from any party thereafter will be accepted without first obtaining the Board's approval.
2. The issue of the density of molecules in the sorbed state was addressed by both Dr. Levine and Mr. Mavor in their evidence but the Sequestration Patent listed on Mr. Mavor's publication list (Exhibit 18-01) was not specifically exhibited by any of the parties in the oral proceeding nor was it specifically put to Mr. Mavor. The Board will accept CDP's and EnCana's inclusion of the Sequestration Patent in its final argument but will allow the parties who prepared the NGP Joint Reply and the Individual NG Replies to address in writing the arguments made by CDP and EnCana in connection with the Sequestration Patent.
3. The issue of phase behaviour was addressed by Mr. Mavor and Dr. Levine in their evidence but the Whitson and Brule, 2000 Edition, Text on Phase Behaviour, was not exhibited in the proceeding. Specifically, the Board notes that this text was referred to indirectly by Mr. Mavor in evidence obtained under cross-examination (for example, see Volume 2, October 17, 2006, TT 210 Lines 1 to TT 211 Line 4); and was cited in Dr. Levine's evidence obtained directly and under cross-examination (for example, see Volume 6, October 23, 2006, TT 900 to 901; and see

Volume 7, October 24, 2006, TT 953). In these circumstances, the Board finds that its inclusion in final argument is acceptable but that the parties who prepared NGP Joint Reply and the Individual NG Replies may respond to the excerpt from the text. No further arguments will be accepted thereafter without first obtaining the Board's permission.

4. Although the issue of the density of gas in the sorbed state was addressed by Mr. Mavor and Dr. Levine in their evidence, the Board notes that the Gas Research Institute Report titled "A Guide to Coalbed Methane Reservoir Engineering" listed on Mr. Mavor's publication list (Exhibit 18-01) was not specifically exhibited. However, Mr. Mavor in his direct evidence (for example, see Volume 2, October 17, 2006, TT 147 Line 22 to TT 149 Line 4) generally refers to some of his work with GRI and that these works are generally available in the public domain. The Board finds that reference to the Gas Research Institute Report in final argument is acceptable but that the parties who prepared the NGP Joint Reply and the Individual NG Replies be given the opportunity to provide written responses to the specific arguments that reference the Gas Research Institute Report. No further argument will be accepted without first obtaining the Board's permission.

Those parties who have been given the opportunity to provide further written argument shall do so no later than 1:00 pm on February 12, 2007.

In making these decisions, the Board has tried to balance fairness to all parties, the need for finality to its hearing process and the desire of the Board to have a full understanding of the parties' positions on highly significant and complex issues.

Yours truly,

<Original Signed By>

Douglas A. Larder, Q.C.
General Counsel

Schedule A

Registered Party or Third Party Participant	Legal Counsel	Law Firm
Apache Canada Ltd.	A.W. (Sandy) Carpenter	Fasken Martineau DuMoullin LLP
ARC Resources Ltd.	R. Craig Steele	Thackray Burgess
Bearspaw Petroleum Ltd.	John Gruber and Katie Slipp	Thackray Burgess
Canpar Holdings Ltd.	John Lowe	Burnet, Duckworth & Palmer LLP
Centrica Canada Limited	Peter Linder, Q.C., and Johanna Price	Peacock Linder & Halt LLP
Carbon Development Partnership	Mr. Donald Edie, Q.C. Mr. William T. Corbett, Q.C.	Carscallen Lockwood LLP Field LLP
Computershare Trust Company of Canada	Alan Harvie	Macleod Dixon LLP
ConocoPhillips Canada Resources Corp.	Alan Ross	Borden Ladner Gervais LLP
Devon Canada Corporation and Fairborne Energy Ltd.	D. Crowther and T. O'Leary	Fraser Milner Casgrain LLP
EnCana Corporation	Christian Popowich and Katherine Reiffenstein	Code Hunter LLP
Freehold Petroleum and Natural Gas Owners Association	Tibor Osvath	Rae & Company
Quicksilver Resources Canada Inc.	Gavin Fitch and David Farmer	McLennan Ross LLP