

By Fax and Subsequently Mailed

December 8, 2005

EnCana Corporation
421 – 7th Avenue S.W.
Calgary, AB
T2P 4K9

Dear Ms. Meagan McCance:

**RE: APPLICATION NO. 1423722 (WELL)
BEARSPAW PETROLEUM LTD. (BEARSPAW)
APPLICATION FOR APPROVAL TO DRILL A WELL
LSD: 13-21-038-20W4M, STETTLER FIELD**

At a meeting on December 5, 2005 the Alberta Energy and Utilities Board (the Board/EUB) considered Encana's objection contained in a letter dated October 4, 2005. Furthermore, the Board has considered Bearspaw's application, related correspondence and supporting documentation. Prior to reaching its decision on the disposition of the subject application, the Board has satisfied itself that Bearspaw's application meets all of the applicable regulatory requirements.

Pursuant to Section 26 (2) of the *Energy Resources Conservation Act* (ERCA), the Board will hear an application if it appears to the Board that its decision on an application may directly and adversely affect the rights of a person. The Board makes its decision on a case-by-case basis, taking into account the facts of each application.

In considering Encana's objection, the Board notes that Encana is only objecting to the above-referenced application as it pertains to the lands legally described as 13-21-038-20W4M. Encana submits that it has a bona fide objection to these lands as it is the fee simple owner of the coal underlying 21-038-20W4M and is claiming the coal bed methane.

The Board has found that the Petroleum and Natural Gas Leases that Bearspaw submitted in support of its application demonstrates sufficiently the lessee's entitlement to produce all gas from the zones it applied for. The Board noted that:

- Encana does not dispute Bearspaw's right to produce gas;
- there is no settled case law on the issue of ownership of CBM; or
- on the issue of whether natural gas produced from coal is a substance other than natural gas.

Therefore, the Board has determined that Bearspaw has satisfied the Board's statutory requirements by demonstrating that it has the rights to produce the gas that it is applying for.

As Encana's objection rest on the issue of CBM ownership, the Board has dismissed Encana's objection. Encana has not demonstrated that Encana may be directly and adversely affected by the Board's decision with respect to the application, in accordance with section 26 of the ERCA. Accordingly, the Board will issue the applied for a well license to Bearspaw in due course.

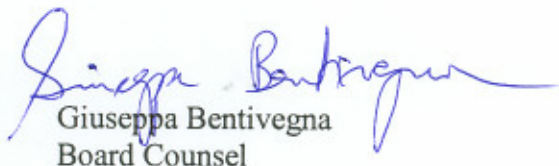
For your information, attached please find an information page listing the appeal and review options of the EUB.

To be considered, your review request must contain new or different information than that which has already been considered by the Board. If you submit that the Board made an error of law or jurisdiction, you must explain the facts on which you base this statement. Otherwise your review request may be dismissed without further process.

In addition, if your review request does not contain the information as required by Section 46 of the *Alberta Energy and Utilities Board Rules of Practice*, your review request may be returned.

If you have any questions, please contact the undersigned at (403) 297-8332, or fax (403) 297-7031, or David Schroeder at (403) 297-8442, or fax (403) 297-4117.

Yours truly,



Giuseppa Bentivegna
Board Counsel

Enclosure

c: Detlef Osterman, Bearspaw, Fax: (403) 258-3197
EUB Red Deer Field Centre, Fax: (403) 340-5136