



Calgary Office 640 - 5 Avenue SW Calgary, Alberta Canada T2P 3G4 Tel 403 297-6311 Fax 403 297-7336

By Fax Only

March 9, 2006

Brenda Mason
Luscar Ltd.
Fax: (780) 420-5835

Dear Ms. Mason:

**RE: FAIRBORNE ENERGY LTD
APPLICATION NOS. 1446453, 1446462 AND 1446465, CLIVE FIELD**

At a meeting on March 8, 2006 the Alberta Energy and Utilities Board (the Board/EUB) considered Luscar's objection contained in its letters of May 26, 2005 and October 24, 2005. Furthermore, the Board has considered Fairborne'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 Fairborne'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 Luscar's objection, the Board notes that Luscar is only objecting to the above-referenced application as it pertains to the lands legally described as 2-27-39-24W4M, 3-17-39-24W4M and 5-35-39-24W4M. Luscar submits that it has a bona fide objection to these lands as it is the fee simple owner of the coal underlying Sections 27, 17 and 35-39-24W4M and is claiming the coal bed methane.

The Board has found that the Petroleum and Natural Gas Leases submitted by Fairborne 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:

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

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

As Luscar's objection rests on the issue of CBM ownership, the Board has dismissed Luscar's objection. Luscar has not demonstrated that it 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 well licence to MGCV in due course.

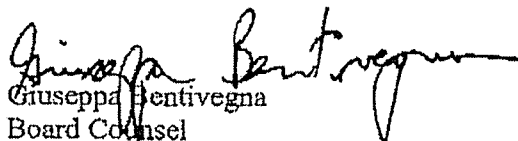
For your information, attached please find an information page listing the appeal and review options of the EUB.

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 Jessica Schlager at (403) 297-8451, or fax (403) 297-4117.

Yours truly,


Giuseppa Bentivegna
Board Counsel

Enclosure

c: Pat Oscienny, Fairborne, Fax: (403) 290-7724
EUB Red Deer Field Centre, RedDeer.FieldCentre@gov.ab.ca

APPEAL AND REVIEW OF EUB DECISIONS

Decisions of the Alberta Energy and Utilities Board may be appealed or reviewed. What follows is a brief description of the appeal and review process, but in no way is meant to be an exhaustive explanation of either process.

APPEAL

In certain situations a party may appeal a Board decision to the Alberta Court of Appeal. In order to proceed with such an appeal you must first obtain permission from the Alberta Court of Appeal and an application requesting leave must be filed within 30 days from the date the Board's decision is issued.

REVIEW

1. The Board itself has the power to review, rescind, change, alter or vary any order or direction that it makes. In order to seek such a review, a person must provide the following to the Board in writing:
 - a) a clear and concise statement of facts relevant to your application;
 - b) the grounds on which your application is made;
 - c) a brief explanation as to the nature of the prejudice or damage that has resulted or will result from the order, decision or direction;
 - d) a brief description of the remedy sought; and
 - e) your name, address, telephone number, fax number and an available email address;

The information set out above must also be sent to all other persons who are involved in the original application that resulted in the order, decision, or direction was made.

Upon receiving this application and after requesting submissions from all other interested parties, the Board will first review the application to determine whether it raises a substantial doubt as to the correctness of the original decision or that new facts or circumstances exist since the original decision was made. To be successful a person will have to show that the Board has either erred and that that error has impacted the decision or that the new facts or changes in circumstances could lead the Board to change the decision.

2. In addition to the above, where a Board decision was made without a hearing a person may apply to the Board for a review. Such a request must be made to the Board in writing within 30 days after the decision was made. An application for a review must contain the same information as above, in #1.

To be successful a person must show the Board how the subject of the decision (i.e. the well or pipeline) potentially directly and adversely affects him or her.