



# QUICKSILVER

RESOURCES

May 15, 2006

Alberta Energy and Utilities Board  
Applications Branch  
Resources Applications Group  
640 – 5 Avenue SW  
Calgary, Alberta T2P 3G5

**Attention: Karine Fisher, Applications Coordinator**

Dear Ms. Fisher:

Re: Request for Intervener Status  
EUB Public Hearing of Proceeding No. 1457147

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Quicksilver Resources Canada Inc. ("QRCI", formerly MGV Energy Inc.) hereby requests the Alberta Energy and Utilities Board (the "Board") to grant intervener status to QRCI in the EUB Proceeding No. 1457147 (the "Proceeding") as QRCI will be directly and adversely affected by the decision of the Board in such matter. QRCI notes that the Board has split the proceeding into two parts: (1) Part 1- The Board will consider whether interim conditions should be imposed for the measurement and accounting of coalbed methane ("CBM") production in connection with wells that have been licensed to Bearspaw Petroleum Ltd., Devon Canada Corporation (Devon), or Fairborne Energy Ltd. (Fairborne); and (2) Part 2- The Board will consider the issue of legal entitlement to CBM produced or intended to be produced from certain lands and wells at issue in the Proceeding (collectively, the "Properties").

QRCI is a key CBM player in the Province of Alberta and a significant portion of its land holdings have identical mineral ownership issues to those of the Properties. Additionally, QRCI owns mineral lands directly offsetting the Properties. QRCI firmly believes that the operational issues and the issues relating to legal entitlement to CBM that will be determined by the Board in Parts 1 and 2 respectively of the Proceeding are not only critical to QRCI, but also germane to the entire CBM industry. Given QRCI's CBM lands immediately adjacent to or nearby the Properties, its large CBM land holdings throughout the entire Province of Alberta, as well as its long-term experience

**Quicksilver Resources Canada Inc.**

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with and recognized expertise in CBM related matters, QRCI does hereby request that the Board grant it intervener status for both Parts 1 and 2 of the Proceeding, or in the alternative, Part 2 of the Proceeding.

The Board should grant QRCI intervener status in the Proceeding for the following reasons:

**1. QRCI and the QRCI Adjacent Lands will be directly affected by the Board's holding in the Proceeding.**

QRCI currently has CBM land interests and either current or future wells proposed for drilling in Sections 13-34-26W4, 23-34-26W4, 7-34-24W4, 9-39-24W4, and 19-39-24W4 (collectively, the "QRCI Adjacent Lands") which directly offset the Properties. The QRCI Adjacent Lands have production and reservoir characteristics similar to the Properties; therefore, the Board's holding in this Proceeding regarding the measurement and accounting measures for CBM production will apply to CBM production from QRCI Adjacent Lands. QRCI currently measures the vast majority of its CBM wells using group meters and, except in a few unusual circumstances, no CBM wells have individual metering facilities. If the Board holds that each CBM well is required to be equipped with an individual metering facility, the financial and operational burden of such a holding could constitute a precedent that would directly and negatively impact QRCI. Further, QRCI operations and finances would also be directly and negatively impacted if the Board disallows the current commingling of CBM production with production from natural gas producing sands (the "Sands") and requires all CBM production to be segregated. In most cases, segregating the CBM from the Sands production is physically impossible because the completed sands occur nearby and are interbedded with the coals; one stream cannot be separated out from the other stream. Any changes from the current methods of measurement and accounting for CBM production will directly impact QRCI and may cause undue financial hardship. Therefore, QRCI requests the right to intervene in the Proceeding to provide evidence and information relating to these matters.

**2. QRCI and all of QRCI's CBM holdings will be directly affected by the Board's decision in the Proceeding regarding the CBM entitlement issue.**

The issue of legal entitlement to CBM is not limited to the specified applicants, but rather directly affects QRCI and the entire CBM industry in the Province of Alberta. If the Board were to conduct the Proceeding without affording QRCI the opportunity to participate and contribute to the process, QRCI and its operations could be significantly prejudiced. QRCI has significant land holdings that are subject to similar CBM ownership issues as the Properties and is in a position to put helpful, even critical, evidence respecting these issues before the Board. QRCI therefore submits to the

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Board that it should be afforded the opportunity to present evidence and information that will be pertinent to this critical issue.

QRCI strongly urges the Board to grant it intervener status for the aforementioned reasons. As the determinations of the Board emanating from the Proceeding will inevitably impact QRCI's operations, QRCI expresses its confidence that the Board will allow it the opportunity to participate in the Proceeding.

Please contact me at (403) 537-2455 if you have any questions or require additional information relating to this request.

Yours sincerely,

**QUICKSILVER RESOURCES CANADA INC.**



Dana Johnson  
Sr. Vice President & COO

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