

January 20, 2004

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Attention: Mr. L.M. Sali, Q.C.

Dear Sir:

RE: General Bulletin 2003-28 (GB 2003-28), Regional Geological Study (RGS)

I have been asked to provide you with the Board's response to your letter of January 7, 2004, addressed to our Chairman Neil McCrank, Q.C.

With respect to your concern over the time given to your client to respond to EUB staff recommendations, the Board notes that parties have already undertaken a well-by-well assessment of whether gas is associated with potentially recoverable bitumen, at least for the wells they have exempted. Parties were required to do this prior to filing exemptions in September, 2003.

Interim proceedings under Phase 3 of GB 2003-28 will commence on March 8, 2004. The Board is not able to give more specific directions on those proceedings before February 9, 2004, when notices from parties disagreeing with EUB staff recommendations are due to be filed. Following that date, the Board assigned to the Phase 3 proceedings will issue further directions. The Phase 3 interim proceedings will consider whether gas is associated with potentially recoverable bitumen, and where that relationship is believed to exist, gas production may be shut-in. Following the Board's decisions from the interim proceedings, a final hearing may be scheduled that would allow Paramount Energy Trust, and others, to bring forward all the issues relevant to the matter of gas production from the Wabiskaw-McMurray in the area of concern.

Mr. McCrank's letter of January 2, 2004 confirms the schedule that was provided on December 17, 2003 in a letter from the EUB's General Counsel, Michael Bruni, Q.C. The schedule honours the commitment the Board made on July 22, 2003, when it stated in GB 2003-28 that it

intends to decide the status of all exempted gas production by April 1, 2004, whether on an interim or a final basis. The Board does not see a need to deviate from that schedule or from the commitments it made in GB 2003-28.

Yours truly,

Gary D. Perkins
Board Counsel

cc: Neil McCrank, Q.C., EUB Chairman
Michael Bruni, Q.C., EUB General Counsel