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February 9, 2004



Alberta Energy and Utilities Board
640 – 5th Avenue S.W.
Calgary, Alberta
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Attention: Mr. Gary Perkins, Board Counsel

Dear Sir:

**Re: General Bulletin 2003-28 (GB 2003-28)
Bitumen Conservation Requirements
Athabasca Wabiskaw-McMurray Phase 3 Proceeding**

We are in receipt of the Board's correspondence of December 17th, 2003 regarding the Phase Three proceedings and your letter of February 4th, 2004. Petro-Canada, on its own behalf and on behalf of its various co-venturers, agrees with the recommendations of the EUB's Staff Submission Group ("SSG") dated January 26, 2004, with the limited exception to eleven (11) specific wells located in the Chard, Hangingstone and Corner areas.

Chard

In the Chard area Petro-Canada shares interests in the bitumen resource with Imperial Oil Resources ("Imperial"), Japan Canada Oil Sands Ltd., ("JACOS") and Nexen Canada Ltd. ("Nexen"). In Chard Petro-Canada has identified four (4) specific wells of concern:

1. RAX PCEG Chard 6-22-80-6 W4;
2. Calpine Chard 3-34-80-7 W4;
3. Calpine Chard 4-35-80-7 W4; and,
4. Calpine Bohn 14-3-81-7 W4.

In order to understand the SSG recommendation to permit continued gas production from the above noted wells and to preserve the opportunity to present evidence, Petro-Canada formally disagrees with the recommendation made by the SSG. To be consistent with the principles that we believe were identified in the Regional Study and used by the SSG, these wells should be shut-in or alternatively a pressure monitoring program should be implemented to ensure that continued gas production will not lead to harmful pressure depletion adversely affecting the bitumen resource.

Hangingsstone and Corner

At Hangingsstone and Corner Petro-Canada holds various interests in the bitumen resource along with Imperial, JACOS and Nexen. Petro-Canada has identified three (3) specific wells of concern at Hangingsstone:

1. 00/07-05-83-8W4;
2. 00/12-01-84-8W4; and,
3. AA/10-22-84-8W4.

Petro-Canada has also identified four (4) wells of specific concern at Corner:

1. 00/09-05-79-10W4M;
2. 00/07-06-79-10W4M;
3. 00/04-19-79-10W4M; and
4. 00/01-25-79-11W4.

Again, in order to understand the recommendation for continued gas production made by the SSG regarding the above mentioned wells and to preserve the opportunity to present evidence, Petro-Canada formally disagrees with the SSG recommendation to permit continued gas production from the above noted wells. To be consistent with the principles that we believe were identified in the Regional Study and used by the SSG, these wells should also be shut-in or alternatively a pressure monitoring program should be implemented to ensure that continued gas production will not lead to harmful pressure depletion adversely affecting the bitumen resource.

General Support For The SSG Recommendations

Petro-Canada and its co-venturers only disagree with the SSG's recommendation to permit production from these identified eleven (11) wells. Of greater note is the fact these parties accept and agree with the process and principles used by the SSG to develop their recommendations to the Board to shut-in associated gas production in order to preserve pressure and the bitumen resource. Overall the recommendations of the SSG with respect to the wells that they have identified to be shut-in are consistent with, and support the general views that have been expressed in the Gas over Bitumen Inquiry, the Surmont Decision and the Chard-Leismer Decision.

Petro-Canada will be filing its submission in relation to these matters by February 23, 2004 and looks forward to receiving advice from the Board concerning the timing of the presentation of its evidence at a subsequent hearing.

Yours truly,

PETRO-CANADA

A handwritten signature in cursive script, appearing to read "S. Miller", is written over a horizontal line. A vertical line is drawn to the right of the signature.

Scott R. Miller
Associate General Counsel

cc: Mr. Doug Schulz - Imperial Resources Ltd.
Mr. Bill Rennie - Japan Canada Oil Sands Ltd.
Ms. Lori Skulski - Nexen Canada Ltd.
Ms. Shannon Young - Nexen Canada Ltd.