

EMAILED

March 3, 2003

To: Participating Parties and Counsel

**RE: GENERAL BULLETIN 2003-28 (GB 2003-28)
BITUMEN CONSERVATION REQUIREMENTS
ATHABASCA WABISKAW-MCMURRAY
APPLICATION NO. 1333566: PHASE 3 PROCEEDINGS
AND APPLICATIONS NO. 1067996, 1283132, 1290220, 1294457 AND 1299696
FOR APPROVAL TO PRODUCE GAS**

On February 12, 2004 the Board received a letter from Paramount Energy Trust (PET) requesting that gas pools with average pressures exceeding 600 kPaa be excluded from the upcoming Phase 3 hearing because PET had concluded that the risk to incremental potentially recoverable bitumen from gas pools which exceed 400-600 kPaa should not be considered urgent. PET also indicated it would be prepared to commence an Appropriate Dispute Resolution (ADR) program with the Staff Submission Group (SSG) and other parties having an interest in the pools.

On February 18, 2004 the SSG responded in a letter indicating that any Wabiskaw-McMurray gas production associated with potentially recoverable bitumen presents an unacceptable risk to SAGD bitumen recovery. The SSG also indicated that it was not opposed to participating in a preliminary ADR meeting, provided that all wells/intervals recommended for shut-in be shut-in and remain so until a final determination of their production status was made by the Board.

In Decision 2003-23, the Board stated that it continued to believe that the minimum steam chamber pressure required for artificial lift to be technically feasible would be in the range of 400 to 600 kPaa, as previously stated in Decision 2000-22. The Board also stated that where gas is associated with bitumen, gas zone depressuring should be minimized to better ensure successful SAGD operations in terms of resource recovery and minimizing the technical difficulty of lifting SAGD fluids.

The Board remains concerned that there is an urgent need to deal with bitumen conservation issues even in the case of pools with average pressures exceeding 600 kPaa. The Board is, however, prepared to defer consideration of the production status of any well or wells in respect

of which the SSG has made a recommendation in order to allow ADR or any similar process to proceed, provided that the parties affected accept the following requirements:

- In those cases where the SSG has recommended that the well be shut-in, the well must be shut-in and not placed on production until the Board has made a decision on the production status of that well;
- In the case of a single well, the well must be in a single-well pool as defined in the EUB's current pooling orders;
- In the case of a well or wells in a multiple-well pool (as defined by the EUB's current pooling orders), consideration of every well in the pool must be deferred and all production from the pool must remain shut-in.

Any party who wants the Board to defer consideration of its well or wells, and is prepared to accept the requirements outlined in this letter, should contact me with that advice.

Yours truly,

Gary D. Perkins
Board Counsel

Attachment: List of Participating Parties

cc: Parties' Counsel (via email)