

July 23, 2004

Neil McCrank, Q.C., P.Eng.
Chairman
Alberta Energy and Utilities Board
640 – 5 Avenue SW
Calgary, AB T2P 3G4

Dear Mr. McCrank:

RE: STAFF SUBMISSION GROUP'S ACCESS TO BOARD DATABASE –PHASE 3 FINAL HEARING, BITUMEN CONSERVATION REQUIREMENTS

In my letter of July 12, 2004, I had requested that the SSG be authorized to access and use the Board's database in its preparation for the anticipated Phase 3 Final Hearing. I wish to further confirm that if updated pressure data and related well information are to be reviewed and integrated with current SSG production status recommendations, it will be necessary to access and use the Board's data base system. The system was used in the preparation of the Regional Geological Study. Practically, for the reasons outlined earlier, there is no other system available to the SSG. I note that a pre-hearing meeting for the Final Hearing has been scheduled for September 5, 2004. Significant new data may be available for the final hearing and this access would provide the SSG with an opportunity to incorporate it.

In the SSG's view, it is especially critical given the importance of the Final Hearing to industry, the public and the Board, that the best, most complete evidence be presented at the Final Hearing. This is likely to be achieved, from the SSG's perspective, if the SSG is able to utilize the Board's data base system to integrate the new data into its existing pool recommendations. This review may well result in changes to the SSG recommendations which could have an impact on the scope of the Final Hearing for a number of parties.

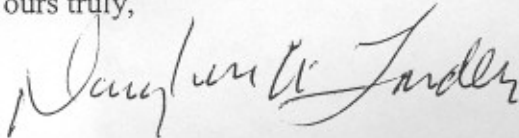
The SSG's use of the database would be restricted to the Wabiskaw-McMurray formation within the RGS area. During the period of access to the database, the SSG would oversee the inputting of data relevant to this area. This is necessary to ensure that changes are not being made to the RGS pooling interpretation without the SSG's knowledge. All other zones and areas would be under normal operation. Operation of the system as it relates to the Wabiskaw-McMurray in the RGS area would return to its routine operational basis upon completion of the Final Hearing.

Neil McCrank, Q.C., P.Eng.
Chairman
July 23, 2004
Page 2

I reiterate that use of the Board's data base system by the SSG will result in pool orders being issued by the system which are publicly available, akin to what occurred as the Regional Geological Study was being completed. There are two important points arising from this publication. First, the fact that the Board's system issues these pool outlines is not binding on the parties nor, of course, on the Panel conducting the Final Hearing. The pool orders or outlines represent the SSG's position and will be subject to challenge, contrary interpretation and argument by parties who disagree with them. Second, the issuance of the publicly available pool orders may provide the other parties with an earlier opportunity to know the SSG's position on any given pool. Pool orders will be issued after inputting the relevant data and for many pools this is likely to occur before the submission of SSG evidence in the Final Hearing.

I look forward to hearing from you.

Yours truly,

A handwritten signature in cursive script, reading "Douglas A. Larder".

Douglas A. Larder
Counsel for the Staff Submission Group