



PRIMEWEST

September 7, 2004

Alberta Energy and Utilities Board
640 – 5th Avenue SW
Calgary, Alberta T2P 3G4

FAXED TO 297-7031

ATTENTION: GARY PERKINS – BOARD COUNSEL

Dear Sirs:

**RE: PHASE 3 PROCEEDINGS – FINAL PROCEEDINGS
PROCEEDING NO. 1347905 - BITUMEN CONSERVATION REQUIREMENTS
ATHABASCA WABISKAW-MCMURRAY AREA**

This letter is further to the Notice of Pre-Hearing Meeting issued by the Alberta Energy and Utility Board (the "Board") on June 8, 2004 as well as our previous correspondence relating to the Phase 3 Proceedings.

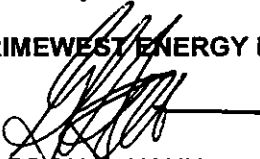
As you know, as a party with interests in various Ells Area wells operated by our partner, EnCana Corporation, PrimeWest Energy Inc. has been a participant in the Bitumen Conservation Requirements Hearing Process. However, because we have not been in a position to provide detailed technical evidence, we have not been actively involved in such Hearings. Notwithstanding the foregoing, and in relation to the Final Proceedings, PrimeWest wishes to confirm that it is concerned with and remains very much interested in the outcome of such Proceedings. We also wish to confirm that PrimeWest supports EnCana in all of its submissions with respect to the approval to continue to produce gas from our Ells Area wells.

On September 2, 2004, our wholly owned subsidiary, PrimeWest Gas Corp., acquired all of the oil and gas assets of Calpine Canada Natural Gas Partnership, including various wells in the Athabasca Wabiskaw-McMurray Area, some of which remain on production and some of which have been shut in by the Board. Because this transaction was completed very recently, PrimeWest has not yet had an opportunity to fully assess these new wells. We intend to conduct a thorough review of such wells in order to determine whether or not we will actively participate in the Final Proceedings. We will provide the Board with our decision in this regard in the near future. Notwithstanding our final position with respect to PrimeWest's level of participation in the Final Proceedings, we wish to confirm that we support all submissions in favour of the continued gas production from all wells in which we have acquired an interest from Calpine.

If you have any questions or concerns regarding the foregoing, please do not hesitate to contact the writer at (403) 699-7246.

Yours truly,

PRIMEWEST ENERGY INC.


GORDON D. HAUN
Corporate Counsel & Secretary