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Via E-mail (Gary.Perkins@gov.ab.ca) and Courier

January 30, 2004

Alberta Energy and Utilities Board
640 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G4

Attention: Mr. Gary D. Perkins,
Board Counsel

Dear Sirs:

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

Further to your letter in the above-matter dated January 26, 2004, this is to advise that Stylus Exploration Inc. ("Stylus") has now had an opportunity to review and consider the correspondence forwarded under cover of your January 26, 2004 letter, together with the documentation referenced therein. Our comments with respect to the matters raised in the correspondence are as follows:

1. On page 3 of GB 2003-28, the Alberta Energy and Utilities Board (the "EUB") states as follows, "The Board believes there is a deficiency in pressure data that must be addressed. These data need to be collected and submitted to the Board as soon as practical to allow for their integration into the geological study."

In paragraph 1b) on page 2 of the January 26, 2004 letter from EnCana Corporation, BP Canada Energy Company, Devon Canada Corporation and Paramount Energy Operating Corp. (the "EnCana et al Letter"), it is clearly indicated that much of the pressure data required to be filed with the EUB will not be available until March 1, 2004. It is also clear from a review of correspondence issued by the EUB from and after the issuance of GB 2003-28 that when it became clear to the EUB that the majority of the pressure data would not be received in sufficient time in order to be integrated into the Regional Geological Study ("RGS"), the decision was made to proceed with completion and issuance of the RGS and the recommendations of the Staff Submission Group ("SSG") without the benefit of such information and without any explanation as to why such information was no longer viewed as important.

In these circumstances, Stylus submits that the deadline for parties to file their objections to the SSG's recommendations should be delayed until after the pressure data is received, i.e. until some time after March 1, 2004. In the alternative, at the very least, parties objecting to the recommendations of the SSG should have until some time after March 1, 2004 to file evidence in support of their cases so that they have the ability to include pressure data with their evidence.

2. Regardless of whether the EUB agrees with the position of Stylus set forth in point #1 above, Stylus supports the position taken in the January 7, 2004 letter to the EUB from counsel for Paramount Energy Trust (the "PET Letter"), in the January 19, 2004 letter to the EUB from counsel for Canadian Natural Resources Limited and in the EnCana et al Letter that the two week periods for filing objections to the SSG's recommendations and providing evidence in support are too tight given the amount of work that must be done to assess the RGS and the SSG's recommendations in order to decide the cases in respect of which objections should be filed and then to prepare the evidence to be filed in support of the filed objections. In that regard, Stylus agrees that the current schedule offered by the EUB does not satisfy the requirements of a fair hearing and due process. Furthermore, Stylus agrees with point #2 on page 3 of the EnCana et al Letter that the tight schedule offered by the EUB is not warranted in light of the protection afforded by the Phase 2 process outlined in GB 2003-28, which can be continued until the interim and/or final hearing in this matter is concluded.
3. Under the description of Phase 3 in the December 17, 2003 letter to Industry from the EUB, it is stated that following the release of the RGS and the SSG's recommendations "... there will be an interim hearing with limited scope and timelines to address wells in dispute on an interim basis ..." In the January 20, 2004 letter issued by EUB Counsel in response to the PET Letter, it is stated that the Board assigned to the Phase 3 Proceedings will issue further directions with respect to the interim proceedings following February 9, 2004.

In the submission of Stylus, the scope and timelines for the interim hearing must be clearly stated and communicated prior to commencement of preparation of evidence in support of objections filed in response to the SSG's recommendations in order to ensure that time is not wasted preparing evidence that will not be considered at the interim hearing. Accordingly, in the submission of Stylus, the deadline for filing evidence in support of objections should, at a very minimum, be extended lock-step after March 1, 2004 for each day beyond February 9, 2004 that directions for the interim proceedings are not issued by the EUB.

Yours truly,



David W. Rowbotham
Counsel for Stylus Exploration Inc.

DWR:sjp

cc: Stylus Exploration Inc.
Attn: Mr. P. Evans, President