

December 15, 2005

To: See Attached List

**RE: BITUMEN CONSERVATION REQUIREMENTS
PEACE RIVER AND COLD LAKE OIL SANDS AREAS
CONSULTATION MEETING**

The Alberta Energy and Utilities Board (EUB/Board) have received from industry two applications for the shut-in of gas production – one in the Peace River Oil Sands Area (OSA) in the Bluesky-Gething Deposit and one in the Cold Lake OSA in the Clearwater Deposit. The EUB has also received an application to produce gas in the Cold Lake OSA (Clearwater Deposit) that has objections from oil sands lease holders.

The applicants for the shut-in of gas are arguing that gas production will negatively impact bitumen recovery using primary production and cyclic steam simulation (CSS) processes. These are new technical arguments respecting bitumen conservation. In the Athabasca OSA, the argument was that associated gas production would impact bitumen recovery using steam-assisted gravity drainage (SAGD).

The Board believes that decisions on these applications could result in broader bitumen conservation policy considerations and affect more parties than the applicants and interveners of the current applications.

The Board has a process in mind for dealing with these broader issues and is interested in obtaining input on it. As such, I invite you and other senior representatives from gas and bitumen operators in the Peace River and Cold Lake OSAs (see attached list) to discuss the regulatory process the Board might follow to enable it to exercise its conservation mandate.

The details of the meeting are:

Place: EUB Offices
Energy Resources Building
640 – 5th Avenue S.W.
Calgary, Alberta

Date: January 24, 2006

Time: Commencing at 2:30 p.m.

Please contact Ken Schuldhaus by phone at (403) 297-3572 or by email at ken.schuldhaus@gov.ab.ca by January 12, 2006 to register your interest in participating in this meeting.

Sincerely,

< original signed by >

Neil McCrank

Enclosures

Bitumen Conservation Consultation Meeting – List of Invitees

- | | |
|--|---|
| 1. Acclaim Energy Trust
1900, 255 – 5 th Avenue S.W.
Calgary, Alberta, T2P 3G6

Pres./CEO: J. Paul Charron | 7. Challenger Development Corp.
64 Christie Cairn Square S.W.
Calgary, Alberta, T3H 2Z2

Gen. Mgr.: Brent Hepfner |
| 2. Atlas Energy Ltd.
800, 407 – 2 nd Street S.W.
Calgary, Alberta, T2P 2Y3

Pres./CEO: Richard Lewanski | 8. Crescent Point Energy Trust
3500, 500 – 4 th Avenue S.W.
Calgary, Alberta, T2P 2V6

Pres./CEO: Scott Saxberg |
| 3. Baytex Energy Trust
2200, 205 – 5 th Avenue S.W.
Calgary, Alberta, T2P 2V7

Pres./CEO: Raymond T. Chan | 9. Daylight Energy Trust
2100, 144 – 4 th Avenue S.W.
Calgary, Alberta, T2P 3N4

Pres./CEO: Anthony Lambert |
| 4. BlackRock Ventures Inc.
2600, 605 – 5 th Avenue S.W.
Calgary, Alberta, T2P 3H5

Pres.: John Festival | 10. Devon Canada Corporation
2000, 400 – 3 rd Avenue S.W.
Calgary, Alberta, T2P 4H2

CEO: John Richels
Pres.: Chris Seasons |
| 5. BP Canada Energy Company
240 – 4 th Avenue S.W.
Calgary, Alberta, T2P 2H8

Pres./CEO: Brian Frank | 11. Dual Exploration Inc.
1400, 333 – 5 th Avenue S.W.
Calgary, Alberta, T2P 3B6

Pres./CEO: Martin Cheyne |
| 6. Canadian Natural Resources
Limited
2500, 855 – 2 nd Street S.W.
Calgary, Alberta, T2P 4J8

Pres./CEO: Steve W. Laut | 12. EnCana Corporation
1800, 855 – 2 nd Street S.W.
Calgary, Alberta, T2P 2S5

Pres./CEO: Gwyn Morgan |

Bitumen Conservation Consultation Meeting – List of Invitees

13. EOG Resources Canada Inc.
1300, 700 – 9th Avenue S.W.
Calgary, Alberta, T2P 3V4

Sr. Vice-Pres./Gen. Mgr.:
Lanny E. Fenwick
14. Galleon Energy Inc.
500, 311 – 6th Avenue S.W.
Calgary, Alberta, T2P 3H2

Pres./CEO: Steve Sugianto
15. Husky Oil Operations Limited
707 – 8th Avenue S.W.
Box 6525, Station “D”
Calgary, Alberta, T2P 3G7

Pres./CEO: John C. S. Lau
16. Imperial Oil Resources Limited
237 – 4th Avenue S.W.
Calgary, Alberta, T2P 0H6

Sr. Vice Pres. Resources Div.:
J. M. Yeager
17. Iteration Energy Ltd.
700, 700 – 2nd Street S.W.
Calgary, Alberta, T2P 2W1

Pres./CEO: Brian Illing
18. Kaiser Energy Ltd.
1000, 700 – 4th Avenue S.W.
Calgary, Alberta, T2P 3J4

Manager Exploration:
Doug Gundy
19. Koch Exploration Canada Corporation
1500, 111 – 5th Avenue S.W.
Calgary, Alberta, T2P 3Y6

Pres.: Dale Schlinsog
20. Murphy Oil Company Ltd.
1700, 555 – 4th Avenue S.W.
Calgary, Alberta, T2P 3E7

Pres.: Harvey Doerr
21. Penn West Energy Trust
2200, 425 – 1st Street S.W.
Calgary, Alberta, T2P 3L8

Pres.: William E. Andrew
22. Shell Canada Limited
400 – 4th Avenue S.W.
Calgary, Alberta, T2P 0J4

Pres./CEO: H. C. (Clive) Mather
23. Talisman Energy Inc.
3400, 888 – 3rd Street S.W.
Calgary, Alberta, T2P 5C5

Pres./CEO: J.W. Buckee