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December 8, 2006

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

Attention: Ms. Giuseppa Bentivegna

Dear Ms. Bentivegna:

**Re: EUB Application Nos. 1394112, 1409180 and 1481725
Cold Lake Oil Sands Area – Clearwater Deposit**

We are writing on behalf of Husky Oil Operations Limited (“Husky”) in response to your letter of yesterday’s date seeking comments with respect to EnCana’s December 6, 2006 letter. In that letter, EnCana requested the Board to direct Husky to supply its modeling results and provide net bitumen pay maps based on core data before EnCana is required to file its submissions in relation to Husky’s application.

We can advise the Board that Husky and EnCana have discussed to the following schedule, which addresses EnCana’s December 6th request without requiring a delay to the hearing set for February 6, 2007.

- | | |
|-------------------|---|
| January 5, 2007: | EnCana and Husky to file and serve on all parties their respective models, including all input data |
| January 12, 2007: | Information Requests to EnCana and Husky |
| January 19, 2007: | Response to January 12 th Information Requests by EnCana and Husky |
| January 26, 2007: | Reply evidence by EnCana, CNRL and Husky |

In preparing Husky’s modeling, further information from EnCana may be required. We trust that EnCana will accommodate our requests for such information.

We respectfully request that the Board accommodate the above dates in its hearing schedule.

Further, Husky has the following response regarding the use of Core data. Husky disagrees with EnCana’s suggestion that Husky’s application is deficient due in part to its use of log

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analysis, not core data, to determine net bitumen pay. Husky confirms it did make use of “the extensive available core data” in determining net bitumen pay by matching log analysis results to core analysis by varying matrix density for porosity and R_w for S_w . (See Husky’s response to EnCana IR 3 (06.11.10).) The results from this matching, while not exact, are in Husky’s opinion more accurate than using core analysis alone. Further, as all wells were not cored, some form of log evaluation must be applied in these instances.

Having gone through the calibration procedure stated above, Husky is confident of its OBIP calculations. Husky estimates 1.1 billion barrel OBIP determination for Lease 7188110343. The remaining reserves in EnCana gas pools amount to about 5 million BOE. In just one lease Husky has in situ bitumen volume of 220 times this number. Even a conservative recovery figure of 25% puts Husky’s reserves at 55 times the remaining gas reserves. When one considers bitumen volumes in other areas around these gas pools, the numbers will naturally look even more divergent. Consequently, Husky fails to see the point in EnCana’s argument that somehow there is a deficiency in Husky’s OBIP.

Lastly, we confirm that Husky’s previous submissions (whether characterized as an “application” or an “intervention”) constitute Husky’s response to EnCana’s application. In addition, our modeling to be provided as noted above will also constitute part of both Husky’s application and response to EnCana’s application.

Yours truly,

BORDEN LADNER GERVAIS LLP



Randall Block

cc:

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