



NEXEN CANADA LTD.

Managing Partner for Nexen Petroleum Canada
801-7th Ave SW Calgary AB Canada T2P 3P7
T 403 699.4236 F 403 699.7020 www.nexeninc.com
Email shannon_young@nexeninc.com

October 1, 2003

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

ATTENTION: Ken Schuldhaus, P. Eng.

Dear Sir:

**RE: Bitumen Conservation Requirements
Athabasca Wabiskaw - McMurray
Pressure Data Collection**

Nexen Canada Ltd. would like to respond to the September 24, 2003 request of Paramount EnergyTrust, EnCana Corporation, Devon Canada Corporation and BP Canada Energy Company for a variation of GB 2003-28, Section 4 "Pressure Data Requirements". The variation request is for an extension of the November 1st, 2003 deadline to March 1, 2004, and to reduce the number of wells tested by excluding shut-in wells from the total well count per pool. Nexen supports the Board's directive to collect and submit pressure test data on all subject wells in accordance with the November 1st, 2003 deadline.

Request to extend the November 1st, 2003 Deadline

Nexen is concerned that a delay in the submissions of pressure data would extend the timeline for Phase 3 of the Board's prescribed GB 2003-28 process. If the completion and release of the regional geological study and the EUB's individual well/zone recommendations are delayed by an extension to the pressure submission deadline, there are two primary risks:

- i. wells already identified in the regional geological study to be in potential vertical communication with bitumen, will be allowed to continue to produce until the pressure data is submitted and integrated, and

- ii. wells that contain preserved regional mudstone(s) but would be proven by pressure data to be in lateral communication with potentially recoverable bitumen, will continue to produce, until such data is finally collected and submitted.

If the requested extension for pressure submissions is granted, an interim shut-in should be ordered for any gas wells determined from the regional geological mapping to be in communication with potentially recoverable bitumen, rather than waiting for integration of the pressure data into the mapping study. A final review of the wells would then occur once the pressure surveys are submitted and integrated into the regional geological study. The interim shut-in would prevent a delay in pressure data submissions from allowing ongoing pressure depletion from gas wells that would otherwise be shut in on the basis of the regional mapping.

Request to reduce the number of wells required to be tested

In EUB Decision 2003-23 and General Bulletin (GB) 2003-28, the Board acknowledges the deficiency of existing pressure data and that additional pressure data would enhance the quality of the EUB's regional geological study. Nexen believes that in order to more fully understand inter-well relationships, all wells completed in the Wabiskaw-McMurray including shut-in wells, should be pressure tested annually. Pressure measurements on shut-in wells are just as important as stabilized pressures from producing wells. Annual pressure measurement on shut-in wells will enable parties to determine whether pressure depletion has been arrested with the shut in of gas wells. If annual pressure surveys are only taken in producing wells, there will be little indication of whether the gas well shut in has been effective in protecting the bitumen resource in affected areas. The reduction in the number of wells to be tested, as requested by the gas producers, by excluding the shut-in wells in a pool, would severely limit the usefulness of the data set. If the Board considers amendments to the General Bulletin, it should be in the direction of increased well testing, or optimally, complete field-wide pressure surveys, rather than a reduction in the data collected. Certainly, the Board's GB 2003-28 Pressure Data Collection initiative should not be reduced.

If you have any questions or concerns regarding Nexen's position on the pressure data requirements and the requested amendments, please do not hesitate to contact the undersigned.

Yours truly,

NEXEN CANADA LTD.

Shannon Young

Shannon Young
Counsel