

Via Email

June 30, 2010

TO: PARTIES REGISTERED IN PROCEEDING 169

Dear Sirs and Madams:

**RE ERCB PROCEEDING 169
APPLICATION NO. 1613543 BY SUNSHINE OILSANDS LTD.
APPLICATION NO. 1616123 BY TOTAL E & P CANADA LTD.
APPLICATION NO. 1506272 BY PARAMOUNT ENERGY OPERATING
CORPORATION
GAS PRODUCTION AND SHUT-IN APPLICATIONS
ATHABASCA OIL SANDS AREA**

**APPLICATION NO. 1647807 BY ATHABASCA OIL SANDS CORPORATION
GAS SHUT IN APPLICATION
ATHABASCA OIL SANDS AREA**

On April 15, 2010, Athabasca Oil Sands Corporation (AOSC) filed a submission in ERCB Proceeding 169, asking the Board to shut in gas production on an interim and final basis from 25 wells identified in its submission. It also filed Application No. 1647807, in which it asked the Board to shut in gas production on an interim and final basis from 188 gas wells in the Dover West area of the Athabasca Oil Sands. That application has been assigned to the Board division that is conducting Proceeding 169.

In a letter dated May 27, 2010, Paramount Energy Operating Corporation (PEOC) stated that it objected to additional wells being shut in based on AOSC's submissions. It also indicated that Application No. 1647807 should be included with Proceeding 169 because the issues are similar. It submitted that separate processes and hearings would strain the parties' resources and may lead to inconsistent final outcomes. PEOC encouraged the ERCB to expand the work of the Regional Geological Study to address the geological complexities within the Liege Field.

In letters dated June 2, 2010, AOSC and Sunshine Oilsands Limited (SOL) each responded to PEOC's letter. They acknowledged that Proceeding 169 and Application No. 1647807 had common issues and parties, and indicated it would be appropriate to combine the proceedings. They disagreed with PEOC's submission that the final hearing in Proceeding 169 should be postponed, and instead submitted that the current schedule could be maintained with the two applications combined and heard in November as presently scheduled in Proceeding 169. AOSC reiterated that pressures in the wells identified in Application No. 1648707 are severely depleted and further pressure loss must be stopped immediately. AOSC stated there was no reason to

reconvene the Regional Geological Study, and that doing so may risk further delay and harm to potentially recoverable bitumen.

The Board has considered the parties' comments and has decided that it will reschedule the final hearing in Proceeding 169, in order to first consider the interim shut-in requests made by AOSC. The series of Board decisions on the bitumen conservation issue has established that stopping pressure depletion in gas pools that are or may be associated with potentially recoverable bitumen is a matter of urgent importance. In Application No. 1647807, and in its letter of June 2, 2010, AOSC emphasized that point. The Board agrees that it must consider AOSC's interim shut-in requests as a priority in these proceedings.

The Board next considered if it was appropriate to maintain the current final hearing schedule and establish a concurrent process to consider AOSC's interim shut-in requests. The Board agrees with PEOC that attempting to do so may put undue strain on the parties' resources. It also strains the resources of the ERCB, which has staff members assigned to these applications who are also engaged in other ongoing applications and proceedings. As a result the Board has suspended the existing schedule for Proceeding 169, and has established the following schedule for a written hearing to consider the interim shut-in requests made by AOSC in its April 15th submission in Proceeding 169 and in Application No. 1647807:

Date	Action
July 15, 2010	AOSC to provide the specific intervals in the 188 wells it has requested in Application No. 1647807 to shut in, and to provide the input data files for all the simulation runs that it completed as part of the Application.
October 1, 2010	Parties provide annotated well logs for wells identified in AOSC's interim shut-in requests (25 + 188 wells), and for additional wells to be identified by the Board in early July, 2010
October 29, 2010	AOSC and parties supporting AOSC's shut-in requests file any additional information
November 19, 2010	Other interested parties file submissions
December 3, 2010	AOSC and parties supporting AOSC's shut-in requests file response submission – interim proceeding closed

With respect to the filing of annotated well logs, the Board has been reviewing the wells that are the subject of AOSC's shut-in requests and is in the process of identifying additional wells for which there may be log data that could assist the parties and the Board in these proceedings. The Board expects to issue a list of those additional wells in the week commencing July 5, 2010. The Board requests that the parties file annotated well logs for those additional wells by October 1,

2010, being the same deadline for parties to file their logs for wells that AOSC has requested to be shut in.

Based on the foregoing schedule, the Board expects to issue its decision on AOSC's interim shut-in requests in late January or early February, 2011. To assist parties in their planning, the Board advises that it intends to proceed to the final hearing without delay after it issues the decision on AOSC's interim shut-in requests, subject to giving the parties adequate time to review the Board's interim shut-in decisions. The Board presently considers that additional information requests from interveners and Board staff to the applicants and those supporting the applicants should be due approximately one month after the issuance of the Board's decision on AOSC's interim shut-in requests. The Board intends to have the final hearing resume in as seamless as possible a transition from the upcoming written, interim hearing.

If you have any questions in relation to this letter please feel free to contact me.

Yours truly,

Original signed by

Gary Perkins
Board Counsel