

September 26, 2003

To: Interested Parties (list attached)

**BITUMEN CONSERVATION REQUIREMENTS
ATHABASCA WABISKAW-MCMURRAY
PRESSURE DATA COLLECTION**

The Alberta Energy and Utilities Board (EUB) has received a letter (attached), dated September 24, 2003, from Paramount Energy Trust, EnCana Corporation, Devon Canada Corporation, and BP Canada Energy Company requesting a variance in the pressure survey requirement announced in *General Bulletin 2003-28*.

The EUB would be interested in receiving submissions from other parties on this request. If you would like to file a submission, please send a copy, along with an electronic version, on or before 1:00 p.m., Wednesday, October 1, 2003, to

Attention: Ken Schuldhaus, P. Eng.
Resources Applications
Alberta Energy and Utilities Board
640 – 5 Avenue SW
Calgary, Alberta T2P 3G4
E-Mail: <ken.schuldhaus@gov.ab.ca>

Any submissions filed should contain information detailing the desired disposition of the request and the supporting reasons.

Questions respecting this matter may be directed to Ken Schuldhaus at (403) 297-3572.

Yours truly,

W. A. Warren, P. Eng.
Bitumen Conservation Project Sponsor

1. Canadian Natural Resources Limited
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Corporate Representative & Advisor

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2. Canadian Natural Resources Limited (CNRL)
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3. EnCana Corporation
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4. EnCana Corporation
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6. Petro-Canada
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8. Nexen Canada Ltd.
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9. ConocoPhillips Canada Resources Corp.
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10. Devon Canada Corporation
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Home Oil Company Limited
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11. Paramount Energy Operating Corp.

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12. Viking Energy Ltd.
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16. Paramount Resources Ltd.

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17. BP Canada Energy Company

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21. Stylus Exploration Inc.

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23. Taurus Exploration Canada Ltd.
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24. Giant Grosmont Petroleums Ltd.
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27. Superman Resources Inc.
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28. Canadian Forest Oil Ltd.
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29. Small Explorers and Producers Association of Canada SEPAC
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30. NOVA Gas Transmission Ltd.
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31. AltaGas Services Inc.
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32. PrimeWest Energy Inc.
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Attn: Tim Granger

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33. Purcell Energy Ltd.
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34. Paramount Energy Trust
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Attn: Sue Showers

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35. Calpine Canada Resources Company
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36. Northstar Energy Corporation
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Attn: John Hagg, President and CEO

September 24, 2003

Mr. Andy Warren
Alberta Energy and Utilities Board
640 – 5 Avenue SW
Calgary, AB T2P 3G4

Dear Mr. Warren:

RE: VARIATION OF GB 2003-28, Section 4 “Pressure Data Requirements”

Paramount Energy Trust (Paramount), EnCana Corporation (EnCana), Devon Canada Corporation (Devon) and BP Canada Energy Company (BP) are asking the EUB for a variation from the requirements stated in Appendix 2 of GB 2003-28 under Section 4 “Pressure Data Requirements”. We are requesting an extension of the November 1, 2003 deadline for conducting and submitting the required pressure surveys until March 1, 2004 and reduction in the number of wells required to be tested.

The following concerns are the reason for the variation:

- 1) The environmental impact we would have in the area by conducting this survey.
 - We have developed a strong relationship with the Alberta Forest Service and try to limit our activities to the winter months to reduce the environmental impact on lease roads and well sites. In order to meet the EUB deadline for this requirement we are going to have a greater environmental impact in this area that can be reduced by delaying our activity for four months.
- 2) The limited time we have to conduct a large pressure survey.
 - Currently there are 5 portable skid-mounted heli-slickline units available within the area of concern, for all four parties. From a timing perspective, an average of two to three static gradients per day can be done by each unit (helicopter, ground personnel), if the wells are located reasonably close together and the weather is not a factor, this translates into approximately 17 days just for these four companies to conduct the pressure surveys using the available helicopters. This does not take into consideration adverse weather conditions, daylight limitations, and the time required for compiling, analyzing and submitting the necessary data for the EUB.
 - A number of the wells that EnCana needs to test are on the Cold Lake Air Weapons Range where they currently have only weekend access to the wells. EnCana will have more access to the wells once freeze up occurs and they begin their winter program.
- 3) The economic burden created by testing these wells before the winter freeze up.
 - In order to conduct the required pressure surveys before winter access is available, each company needs to mobilize equipment, personnel and air support to perform static gradients on the required number of wells (Paramount needs to conduct approximately 100 static gradients, EnCana approximately 60 static gradients, Devon approximately 60 static gradients, and BP approximately 35 static gradients). The cost per well has been estimated to be in the order of \$4500 to \$5000, compared to \$500 to \$1000 per well during the winter access season (late November to March).
- 4) The number of wells that we are required to test.
 - We request that the Board only require 25 per cent of the producing wells for the pools requested to be surveyed. The additional pressure surveys are not going to have a significant impact on determining the pool pressures but will create unnecessary costs in order to do the surveys. EUB Guide 40, states that for gas pools the pressure survey requirement is “25 per cent of the producing well count based on one section spacing”. As an example, for the Liege McMurray C Pool, there are 93 producing wells versus 108 wells that are completed in the Wabiskaw-McMurray. The difference results in the gas producers having to survey an additional 4 wells at a cost of approximately \$20,000, (23 wells versus 27 wells). The Liege McMurray C Pool covers an area of approximately 144 sections and surveying 25 per cent of the 93 producing wells will more than adequately result in understanding the pressure distribution within the pool boundaries. An additional 4 wells would not change the isobaric map for the C pool significantly.

We request that the EUB re-evaluate the GB 2003-28 pressure data requirements and take into account our concerns. The variation we are proposing is to extend the deadline from November 1, 2003 to March 1, 2004 and require that only 25 per cent of the producing gas wells be surveyed.

If you have any questions or concerns, please contact the following people:

Paramount	Larry Martinuzzi at 269-4448
EnCana Corporation	Bill Shearer at 645-5050
Devon	Don Spencer at 515-5706
BP Canada	John Hasson at 233-1270

Yours truly,

PARAMOUNT ENERGY OPERATING CORP.
as trustee of Paramount Operating Trust

ENCANA CORPORATION

Kevin J. Marjoram
Vice President, Operations

Larry Weiers,
Vice President, Athabasca Unit

BP CANADA ENERGY COMPANY

DEVON CANADA CORPORATION

Greg Grabowski
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