

June 25, 2003

Terry Abel
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Alberta Energy and Utilities Board
640 – 5th Avenue S. W.
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**Re: GB 2003-16 Proposed Conservation Policy – Athabasca Wabiskaw –
McMurray Oil Sands Area**

Taurus Exploration submits a brief letter regarding the captioned topic. Taurus holds a working interest position in the Paramount-operated Liege McMurray C Pool which is in the affected area. Taurus offers its thoughts through this letter but will not be speaking to this submission at the two-day consultation meeting planned to start July 3. Rather, Taurus will defer to its operating partner Paramount for that part of the process.

The issuance of GB 2003-16 with its significant implications and the associated tight, regimented schedule came as a huge surprise to Taurus. In our estimation, it was somewhat out of character of established EUB philosophies and procedures. As a participant in Alberta's oil and gas industry, we have always found the EUB to be very systematic and analytical in its creation and application of policy and regulations. GB 2003-16 departs from that norm. Despite this uncharacteristically drastic edict set forth in GB 2003-16, it is our sincere hope the EUB will establish and maintain due process with respect to this issue. Part of the reason for Taurus' investment presence in Alberta is its high level of comfort and confidence in the Alberta oil and gas industry and its regulatory process.

Taurus is a small, Alberta-based private company with almost all of its resource assets located in Alberta. Approximately 3.5 to 4.0% of our gas production and revenue is sourced from the affected area. The negative investment ramifications concern us, particularly considering the process that has been followed.

Taurus does not have technical expertise regarding the issue of gas production impact to the recovery of an underlying bitumen resource. We do have opinions about the Liege Wabiskaw-McMurray resource that stem from our understanding of that resource and of the physics of fluid flow and recovery. It is our belief the Liege bitumen resource has improbable commercial value now or in the future. Even in the remotest possibility of future commercial value, it is hard for us to fathom any ill-effects of the continued blowdown of a now estimated 60 to 70 psia (400 to 500 kPaa) gas leg to an abandonment level of 10 to 20 psia.

Taurus implores the AEUB to abandon its blanket policy approach to this issue. Instead, it would be much more appropriate and consistent with conventional oil and gas procedures to review and rule on each individual pool on its own characteristics. Each pool has its unique set of rock and fluid properties, fluid configurations and its own prevailing economic criteria. These should be weighed before an appropriate resource development and depletion plan can be borne.

In the eventuality that, after careful technical analysis, certain pools are deemed conclusively to have a commercial bitumen component vulnerable to detrimental gas leg production, gas producer compensation by the Crown is warranted. Historical Crown and EUB behaviour and policy has led investors to make decisions that occurred with a reasonable expectation that gas shut in would not occur. Taurus is adamant that equitable compensation be provided to affected investors.

Taurus trusts the AEUB will proceed on this matter with care and prudence and will not leave the many of its faithful resource companies abandoned and stranded by this abrupt policy change.

Yours truly,

TAURUS EXPLORATION

Scott Robinson, P. Eng.
Vice President, Engineering & Operations

cc: Wade Melnychyn – Epect Exploration Ltd.
Kevin Marjoram – Paramount Energy Trust