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MEDIA RELEASE

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Consortium Buoyed by Industry's Will to Cooperate After AEUB Public Consultations Time and Resources towards Collaborative Solutions Required

Calgary, AB – Opponents to the proposed AEUB policy that would reduce Alberta's natural gas production by two per cent are encouraged that a collaborative solution can be found to avoid an unnecessary \$2 billion risk to Albertans.

"There's a will on industry's part to cooperate," says Susan Riddell Rose, president of Paramount Energy Trust, speaking on behalf of the consortium. "Paramount's suggested process and the further investigation of the AEUB's policy change gained support during the AEUB consultation meeting."

Riddell Rose says the industry generally agrees it is not necessary to issue a blanket shut in of over 900 gas wells that produce over 250 million cubic feet of natural gas per day. Rather, the AEUB should continue gas production and participate with industry in developing a regional geological model before year end to identify the areas, if any, gas production could impact bitumen recovery.

"Of the over 900 operating wells that would be closed down, an overwhelming number have producing zones which have no impact on the bitumen within the 5.5 million-acre parcel in the Athabasca Oil Sands area whatsoever," she says. "What members of the consortium are proposing would allow for a rapid and efficient determination of which zones in specific wells, if any, are posing an unacceptable risk to bitumen recovery. This technical approach would reduce the liability to Albertans for compensation."

Representatives from nearly three dozen gas and bitumen producers, including industry giants Encana, BP and Canadian Natural, came together during the AEUB's public consultation meeting last week to oppose the controversial proposal.

"The outcome of the three day consultation meeting clearly supported industry collaboration to address the technical issues and to avoid shutting in wells unnecessarily," says Riddell Rose. "Last week's consultation showed the will of industry to put resources, time and money towards a collaborative process to ensure a technically sound alternative can be identified."

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The consortium strongly recommended that GB 2003-16 be rescinded. As an alternative, a more comprehensive gas / bitumen policy which addresses in parallel fashion the regional geological model, the criteria for approval of gas production, and the formula for compensation should be considered. It is believed that these components could be addressed by January 15, 2004. At the same time, industry leaders are calling on the Department of Energy to take an active role.

Paramount Energy Trust Chairman, Clay Riddell, says as a veteran oilpatch executive that, "based on my experience, I know first hand that this problem can be solved if all the decision makers, our industry executives and government leaders, are brought together."

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