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ROBERT J. PELLATT
COMMISSION SECRETARY

March 6, 1995

Mr. Gerry O'Reilly
Vice-President, Exploration
Target Carbons Ltd.
320, 1035 - 7th Avenue S.W.
Calgary, Alberta
T2P 3E9

Dear Mr. O'Reilly:

Re: Application for Common Carrier and Common Processor Declarations
Under Sections 82 and 84 of the Utilities Commission Act
With Respect to Petro-Canada's Facilities in the Laprise Creek Area

The Commission has reviewed your January 31, 1995 application pursuant to Sections 82 and 84 of the Utilities Commission Act requesting the settlement of issues related to the use of Petro-Canada's Laprise Creek facilities. The Commission notes your concern that these matters be resolved promptly as construction in the summer months in this area is questionable.

The Commission believes that it would be premature to set down a hearing on the application at this time. The Commission notes that Target does not yet have a completed gas well on which to base its claim of competitive drainage. Moreover, the filed information indicates a lack of substantive discussions between Target and Petro-Canada to resolve the matter. In the Commission's view, the preferable course of action is for these issues to be resolved by negotiations in good faith between the parties that are directly involved.

As it appears the number of interested parties and the number of outstanding issues may be limited, the Commission anticipates that, if a hearing is necessary, the application can be addressed by a written proceeding. It is expected that a hearing decision may be made effective on the later of the date of your application or the date that you successfully complete a well in the pool and construct all of your facilities needed for deliveries from the well. Consequently, the timing you cite with respect to pipeline construction should not constrain the Commission's review.

In the event of a hearing, Commission staff intends to retain an external consultant to assist in the preparation and analysis of information requests. As indicated to you in preliminary discussions with Brian Williston of Commission staff, the costs of addressing this application will be billed to the parties with cost sharing dependent on the outcome.

The Commission strongly encourages Target to continue to discuss the matter with Petro-Canada and any other interested parties. If any issues remain unresolved 30 days after the completion of Target's gas well in the Laprise Baldonnel "B" pool, you should file with the Commission a summary of the discussions that you have had regarding the use of Petro-Canada's facilities and indicate that you wish to proceed with this application. In the event that no communication on the matter is received from Target by June 30, 1995, the application will be considered to have been withdrawn.

Yours truly,



Robert J. Pellatt

JBW/ssc

cc: Mr. Drew Tumbach, Petro Canada Inc.
Mr. Blair Longdow, Ranchmans Resources
Mr. David Esau, Westcoast Energy Inc.