

June 29, 2001

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland
Securities Registry, Government of the Northwest Territories
Registrar of Securities, Government of the Yukon Territory
Securities Registry, Government of the Nunavut Territory

c/o Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8
Attention: John Stevenson, Secretary

Claude St. Pierre, Secetaire
Commission de valeurs mobilières du Québec
800 Victoria Square
Stock Exchange Tower
P.O. Box 246, 22nd Floor
Montreal Quebec, H4Z 1G3

Gentlemen:

***Re: CSA Request for Comment 52-401
Discussion Paper, "Financial Reporting in Canada's Capital Markets"***

Alberta Energy Company Ltd. (AEC) is the largest Canadian-headquartered producer of North American natural gas and the largest North American independent gas storage operator. AEC's shares trade on The Toronto Stock Exchange (symbol: AEC) and on the New York Stock Exchange (symbol: AOG). In 2000, the Company's shares traded an average of \$150 million per week.

AEC thanks the Canadian Securities Administrators (CSA) for the opportunity to offer comments and responses to the proposed changes to Canadian financial reporting requirements as discussed in your discussion paper 52-401. We have chosen to provide our comments in summary form.

The Canadian capital markets are an important component to the vibrant health of our economy. However, as Canadian companies grow and become world-class, they need access to capital in other markets. The importance of the non-Canadian capital markets to large Canadian companies is critical. Access to them permits successful companies to expand their operations beyond Canadian boundaries.

Therefore, in order for Canadian companies to access foreign capital markets and for non-Canadian companies to access the Canadian capital markets with greater facility and lower cost, AEC supports the discussion paper's suggestions to allow both foreign and Canadian companies the option to file financial statements prepared using a set of generally accepted accounting principles (GAAP) that may differ from the current Canadian standard. As a company that itself is growing in both the domestic and international markets, and whose shareholder base encompasses both Canadians and non-Canadians, we recognize the importance of allowing issuers the option of choosing between Canadian and foreign GAAP.

For many companies who currently access the US financial markets, using US GAAP would be an attractive alternative. Those companies who access other financial markets may prefer to use International Accounting Standards (IAS). Either of these accounting alternatives should be considered appropriate for Canadian securities filings.

We believe that any decision to permit usage of alternate GAAP should be made with the goal of reducing the issuer's burden to reconcile to or from Canadian GAAP.

A company's decision to adopt either U.S. GAAP or IAS should be considered as a choice among acceptable accounting alternatives and disclosed in the notes to their financial statements with a brief conceptual description of the key differences. However, reconciliation to Canadian GAAP should not be required, nor should the company be required to discuss GAAP differences in the Management Discussion and Analysis.

As per your request, we advise that AEC would likely take advantage of the opportunity to prepare U.S. GAAP or IAS financial statements only.

Once again, I want to thank you and the Canadian Securities Administration for this opportunity to comment on significant reporting matters. An e-mail version has also been sent.

Yours truly,

ALBERTA ENERGY COMPANY LTD.

John D. Watson
Vice-President, Finance
and Chief Financial Officer

JDW/cb