

March 27, 2007



**Alberta Securities Commission**  
400, 300 – 5<sup>th</sup> Avenue SW  
Calgary, AB  
T2P 3C4

ALBERTA SECURITIES COMMISSION - CALGARY	
MAR 29 2007	
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**RE: Proposed National Instrument 41-101 "General Prospectus Requirements"**

Dear Sir or Madam,

In response to the Canadian Securities Administrators Notice and Request for Comment dated December 21, 2006 (the "Notice and Request") we would like to offer the following observations regarding the impact that the Proposed New Rules Governing Prospectuses Filed by Canadian Public Companies and Income Trusts (the "New Rules") will have on the oil and natural gas industry.

For the Canadian oil and natural gas industry the requirements under Part 5.13 "Certificate of Substantial Beneficiary of the Offering" of the New Rules will effectively limit the ability of the oil and gas industry, who have historically relied upon high levels of acquisitions as a means of rejuvenating their prospects, to finance their ongoing business plans in the Canadian capital markets by burdening one party to the transaction, with a potential liability to which it has no means of quantifying.

Within the Notice and Request the following specific question was asked:

1. We believe a person or company that controls the issuer, or a significant business, has the best information about the issuer or significant business. Do you agree? Such a person or company who also receives proceeds from the distribution should be liable for any misrepresentation in the prospectus about the issuer or a significant business. Are the definitions of substantial beneficiary of the offering and significant broad enough to cover this class of persons and companies?
  - While we do agree that a person or company that controls the issuer has the best information about that issuer we do not agree that a person or company who controls a "significant business" immediately prior to its acquisition by the issuer and is a "substantial beneficiary" of any subsequent equity offering has the best information regarding the issuer as a whole.


- Within the context of the oil and natural gas industry it is our belief that the definition of both “substantial beneficiary” and “significant business” does not adequately capture the intent of this legislation. The relationship between the issuer, substantial beneficiary, and the significant business needs to be examined further.

Within the Notice and Request three other specific questions were posed. As we believe Part 5.13 is problematic in its entirety we have not offered a response to the remaining questions.

We are concerned that the certificate requirement under the New Rules will effectively end, or at the least significantly limit, our ability to complete substantial acquisitions when they are primarily financed through a public offering. Not only will the New Rules impair our ability to complete acquisition but will also have a negative affect on the prices realized by private and public sellers of assets and businesses as public entities may effectively be eliminated from the universe of potential buyers unless the seller is willing to assume inordinate risk. The New Rules will affect public issuers’ ability to make acquisitions both domestically and outside Canada and will subject Canadian issuers to rules that do not apply to their U.S. and foreign competitors. The New Rules will adversely affect not only us but also all Canadian public issuers regardless of their business. It will certainly have the greatest impact on the oil and natural gas industry given the historically high levels of continuous asset rationalization common to the industry.

If you care to discuss this matter further please contact Dean Evans at (403) 503-8762 or myself at (403) 503-8772.

Regards,



Van Dafoe,  
Treasurer