

August 29, 2007

Lionhead Engineering
Suite 1430, 717- 7th Avenue SW
Calgary, Alberta T2P 0Z3

Attention: Mr. Kary Cuthill, President

Re: Lionhead Suspended Well Management Performance

Thank you for meeting with us to discuss the well and pipeline suspension work that Lionhead performed over the past 18 months.

We were very pleased with the number of wells and pipelines that were brought into compliance which has kept our inactive well program on track with the requirements of EUB Directive 13. Although some well and pipeline costs exceeded our expectations, overall the well and pipeline suspension and abandonment work was handled very effectively. The communications between our two companies is excellent and Lionhead has always kept us in the know.

Of particular note were the 39 EUB waivers which your engineering staff received approval for. This clearly saved substantial time and money in downhole well work. Also having the Lion's Den reports kept us current with progress of your well inspection work and engineering well reviews.

We are especially pleased with Lionhead's safety performance during the work period. Not a single lost time accident with over 325,000 man-hours worked and 2800 safety inputs.

Your help with our regulatory compliance work is much appreciated and we look forward to having you continue with our compliance needs.

Sincerely,



Jeff Wickens,
Environment & Regulatory Supervisor