

:

Good afternoon. My name is

25

Louis Dufresne. I'm a unit holder of

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01

Paramount Energy Trust.

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Thank you for allowing me to

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speak at this public consultation. I wish I did not

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have to, but I find I had little choice given the

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seriousness of the matter.

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I also must say as one of my

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opening remarks that I'm most displeased that the

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government of the Alberta, through its Ministry of

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Energy, the most interested party by far, is not

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participating directly in this process.

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Since there may be some very

12

significant legal consequences to these proceedings,

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I suggest that the ministry and to the Board that

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they make all their discussions, past and future, on

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this issue public. I waive none of my legal rights

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or remedies I may have available in order to protect

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or redress my interests by participating at this

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meeting.

19

I am here because generally the

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system works. Sometimes it needs to be fixed;

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sometimes it needs an overhaul. I'm also confident

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that the Board, experienced as it is, can recognize

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mistakes, including its own mistakes, and will move

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swiftly to admit and correct those when faced with

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the simple reality of being wrong, such as the

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01 issuance of GB 2003-16.

02 Again, that is why I'm here,
03 trying to help you see the outside world as investors
04 and as the capital markets see you.

05 Mr. Chairman, I was born and
06 raised in the province of Quebec. I attended
07 engineering school in Waterloo, Ontario. I have been
08 involved in the oil and gas industry for 25 years
09 having worked for Petrofina, Gulf Canada, and
10 Direct Energy.

11 Today I am an independent
12 businessman. As a private citizen, I have been a
13 great ambassador of the province of Alberta and a
14 very strong proponent of the Alberta advantage.

15 In short I'm a very proud
16 Albertan: proud of my own successes, and particularly
17 proud of my direct contribution to the economy and
18 well-being of the province of Alberta.

19 As a result of the issuance of
20 GB 2003-16, I've experienced a significant erosion of
21 my capital invested, an overnight reduction of
22 37 percent in market price. This, in addition to an
23 unexpected 50 percent reduction in future income
24 streams to be generated by the underlying assets of
25 Paramount Energy Trust.

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01 This dramatic impact has taken
02 place with thousands of unit holders of the trust in
03 a variety of jurisdictions, not only here in

04 Alberta.

05 My father resides in Quebec.
06 My wife and children, friends, some retired, all
07 counting on the income the units generate, as well as
08 others working in other provinces, have experienced
09 the same destructive, reckless impact.

10 One theme, one question keeps
11 popping up. I keep being asked, Louis, this is
12 happening in Alberta. Things work there. What's
13 happened?

14 I can't answer the question. I
15 have the same question myself. How does the Board
16 propose this question be answered? How does our
17 government, absent at this crucial meeting, plan to
18 explain it to the residents and taxpayers of the
19 province? How do they plan to explain this to our
20 customers in other provinces? How about to our
21 customers south of the border?

22 If GB 2003-16 is allowed to
23 proceed as proposed, these questions and many more
24 will have to be answered. Some would include
25 grandfathering. Production grandfather is just that.

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01 To try to redefine it now is not going to fly in the
02 investment community and in the capital markets.

03 As indicated in my submission,
04 the Board has confirmed the status of the grandfather
05 production several times. As an investor, and like
06 all other investors, I have the legal right to rely

07 on these statements and decisions to make my
08 investment decisions. To argue the opposite, just
09 send everyone home packing and the Alberta energy
10 industry in the sewer.

11 I will quote from the home
12 page of the Ministry of Energy of Alberta. (Quoted as
13 read):

14 "Energy is the engine of Alberta's economy.
15 Energy accounts for approximately
16 one-quarter of our gross domestic product,
17 one-third of the revenue allocated under
18 Alberta's provincial budget, and just over
19 half of the value of our province's total
20 exports. Energy also employs directly and
21 indirectly nearly one in every six workers
22 in Alberta."

23 I'm confused. Are we trying to
24 promote this or permanently damage it by removing any
25 credibility we have by walking on our own words?

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01 Second, the claim that the
02 bitumen reserves at risk are 600 times greater than
03 the gas to be shut in is, in my opinion, a fairy
04 tale. And I'll leave myself a little room to
05 manoeuvre here, and submit that if I am wrong, then
06 it is astounding that no one has expressed a
07 commercial interest in acquiring the gas rights
08 which should be shut in, if you believe in the
09 science involved in being pushed.

13 production shut-in in a matter of weeks' notice.
14 Increased gas prices in an environment of record gas
15 prices, it's not good news to residents and
16 businesses of Alberta, increased pipeline
17 transportation costs. And I think worst of all, the
18 impact to the investment community and on the capital
19 markets.

20 Mr. Chairman, the damage is
21 done. Percolating through the financial community
22 are questions, ideas, theories as to what the Board
23 may do, what the government may say. The uncertainty
24 of these issues spells risk, and risk brings a
25 discount to the capital markets, which means it costs

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01 more or is more difficult or even impossible to
02 borrow or raise money to conduct business exploration
03 in Alberta.

04 By way of example, I am the
05 promoter of a capital pool company about to begin
06 trading on the TSX Venture Exchange. The company
07 called "Juno Capital Corp." is built as a blind pool,
08 which means it can choose to become involved in
09 various industries.

10 Many times these CPCs become
11 oil and gas companies, and some of them become very
12 significant parties in the province's energy
13 industry.

14 Up until June 3rd, 2003, that
15 was an area of investment to be considered by

16 Juno Capital. Since that day, I'm very doubtful that
17 Juno will become an oil and gas company, as I am
18 highly concerned about its ability to raise funds
19 from the public to invest in the Alberta oil and gas
20 industry.

21 There is now a new risk in
22 operating an oil and gas entity in Alberta, and
23 somebody could call it "regulatory hi-jacking."

24 I have an investment in a
25 company which operates oil and gas properties in

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01 Cuba. In doing so, I knew the risks involved. It is
02 a dictatorial regime. That is why this particular
03 company trades on the TSX at 1.5 times cash flow.

04 And investing in the Alberta
05 oil and gas industry, I certainly understood the
06 cash-flow multiple. What I didn't know was the
07 regime this industry operates under.

08 Today I'm none the wiser. I
09 just now know what I don't know. I hope the latest
10 trend stops and is reversed at once. Markets don't
11 like uncertainty, and today, thanks to GB 2003-16, we
12 don't know if we're coming or going.

13 I would like to place a
14 question on the public record to TransCanada, NOVA.
15 Their submission to GB 2003-16 indicates that the
16 Fort McMurray area will not be served by natural gas
17 delivered by them. I would like them to elaborate on
18 the impact of that in addition to the increased tolls

19 forecasted as a result of GB 2003-16.

20 Part of my submission has been
21 derived as a result of this very meeting. When I
22 hear that the Board has an immediate concern, perhaps
23 a solution on an interim basis, not a grandfathered
24 one, is to explore the possibility of providing any
25 and all gas producers in the area of concern the
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01 opportunity to voluntarily shut in gas production
02 they may believe to be affecting bitumen reserves or
03 production.

04 In exchange for this, the Crown
05 would provide them immediate monthly equivalent
06 payments, plus a significant bonus as an inducement,
07 such as a royalty holiday or equivalent, to
08 participate to this. So, effectively, the concept
09 would be that their gas production would be replaced
10 by production payments from the Crown, plus a bonus.

11 Of course taxpayers should be
12 kept totally insulated from such a scheme, and as
13 such, the parties which have so much to gain, the
14 bitumen reserve owners, should provide all
15 compensation. The shoe would now be on the other
16 foot, and I suspect we would move away from
17 regulatory paralysis we seem to be under.

18 I also put on the public record
19 the following two questions to the commercial
20 entities supporting GB 2003-16: namely, Petro-Canada,
21 Nexen, ConocoPhillips, Imperial Oil, and lastly,

22 Japan Canada Oil Sands.

23 First question: What dollar
24 amount of your company's latest reported balance
25 sheet represents your company's ownership in bitumen
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01 reserves in the area of concern in these
02 proceedings?

03 The second question: What
04 marginal adjustment of this amount would be required
05 if (a) GB 2003-16 proceeds as proposed, and (b)
06 GB 2003-16 is withdrawn, and no similar concept was
07 to ever return?

08 I don't expect an answer on the
09 spot at this meeting, but I believe that under full,
10 true, and plain disclosure requirements that such
11 info should be put forward.

12 Perhaps negotiations to reach
13 commercial solutions has been attempted and could not
14 be reached. If that is the case, then I submit that
15 with 600-to-1 type ratio equivalent in terms of
16 terminal equivalency, the bitumen rights' holders
17 were likely not negotiating in good faith and were
18 hoping instead for a disturbing regulatory change
19 bolstering their balance sheets.

20 Lastly, I submit that the
21 expropriation of my trust units entitlement to gas
22 production rights followed by some form of
23 negotiation for compensation thereafter with the
24 Ministry of Energy is no different than taking my

25 wallet and pointing a gun to my head and stating,
0258

01 Now, let's negotiate.

02 Mr. Chairman, I would be
03 pleased to answer any questions you may have now or
04 at a later date.

05 THE CHAIRMAN: Thank you, Mr. Dufresne.

06 Mr. Dufresne, we don't have any
07 questions at this time.

08 I think, just for the record,
09 as I've done with the others, you've taken
10 14 minutes, which is fine for your presentation, and
11 we look forward to a response later, if you wish to
12 have a reply.

13 Thank you, Mr. Dufresne.