



July 28, 2006

**The Special Committee of the Board of Trustees
of Duke Energy Commercial Trust**
Suite 2600, 425 – 1st Street S.W.
Calgary, Alberta
T2P 3L8

Attention: Mr. John G. Schissel, Chairman

Reference: **Gas Potential Study
Jedney and Highway Areas**

Dear Sir:

Pursuant to your request we have prepared estimates of future natural gas throughput for three of Westcoast Gas Services Inc.'s (WGS) natural gas plants: Jedney 1, Jedney 2 and Highway. In consultation with the management of WGS, we have broken down the forecasts to three different catchment areas referred to as Jedney 1, Jedney 2, and Highway. These areas are shown in Figures 1 and 2. Base, high, and low throughput forecasts for each catchment area are presented in Table 1. Base, high, and low estimated future well additions are presented for each area in Table 2.

The methodology used in estimating the future production forecasts for each catchment area was as follows:

Reserve estimates and production forecasts were first prepared for all existing wells within the catchment areas indicated by WGS to be producing to the three WGS plants using individual decline analysis. The producing wells added over the past 6 years were then examined to determine typical initial rates per well and typical reserves per well (see Table 3). Future development was estimated by assuming a level of development consistent with past trends. Base, high, and low production forecasts were then prepared assuming current, high, and low levels of continuing development. Using historical information and utilizing the methodology described above, the base case represents a best estimate of future development while the low case and the high case represent conservative and optimistic cases, respectively. Keeping within the context of an historical analysis, the base case contains the assumption that average levels of drilling would continue for a certain number of years (depending on the maturity of the area) and then gradually decrease. For the high case, greater than average levels of drilling were assumed and for the low case lower than average levels of drilling were assumed. In each case production forecasts were prepared for the next 10 years.

An explanation of the individual catchment areas is as follows:

Jedney 1

The Jedney 1 catchment area, as agreed to by McDaniel and WGSi, consists of an area approximately 17 sections in size containing 391 wells of which approximately 130 were designated by the various operators to be Jedney plant primary wells and which were assumed to be currently producing to the WGSi Jedney plant. Jedney 1 primary well throughput additions have fluctuated over the past 6 years with a minimum of 3 wells added in 2002 and a maximum of 12 in 2000 (see Table 3). For the base case, future development activity was assumed to be 8 new wells added per year for the next 7 years before gradually decreasing. For the low case, 6 wells per year was assumed and for the high case 10 wells per year was assumed.

Base, high, and low throughput forecasts are presented for the Jedney 1 area in Table 1.

Jedney 2

The Jedney 2 catchment area, agreed to by McDaniel and WGSi, consists of an area approximately 25 sections in size containing 474 wells of which approximately 175 were designated by the various operators to be Jedney plant primary wells and which were assumed to be currently producing to the WGSi Jedney plant. Jedney 2 primary well throughput additions have fluctuated over the past 6 years with a minimum of 5 wells added in 2001 and 2002 and a maximum of 23 in 2003 (see Table 3). For the base case, future development activity was assumed to be 13 new wells added per year for the next 2 years before gradually decreasing. For the low case, 10 wells per year was assumed and for the high case 16 wells per year was assumed.

Base, high, and low throughput forecasts are presented for the Jedney 2 area in Table 1.

Highway

The Highway catchment area, agreed to by McDaniel and WGSi, consists of an area approximately 55 sections in size containing 1,188 wells of which approximately 324 were designated by the various operators to be Highway plant primary wells and which were assumed to be currently producing to the WGSi Highway plant. Highway primary well throughput additions have fluctuated over the past 6 years with a minimum of 11 wells added in 2003 and a maximum of 22 in 2004 (see Table 3). For the base case, future development activity was assumed to be 16 new wells added per year for the next 7 years before gradually decreasing. For the low case, 14 wells per year was assumed and for the high case 19 wells per year was assumed.

Base, high, and low throughput forecasts are presented for the Highway area in Table 1.

It should be noted that, in our opinion, since for all three catchment areas the throughput from currently producing wells represents only a small portion of the total future throughput forecast, there is inherently a significant amount of uncertainty in the throughput forecasts contained in this report because the throughput forecasts are based primarily on a prediction of future development. It is very difficult to accurately forecast future development since the level and type of future activity depends on factors such as price, technology, new discoveries, level of capture both inside and outside the existing catchment areas, etc. As a result, since our historical approach ignores potential additions due to the factors mentioned previously, we would consider the estimates contained in this report to be somewhat conservative in nature.

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Sincerely,

McDaniel & Associates Consultants Ltd.

"signed by P. A. Welch"

P. A. Welch, P. Eng.

PAW:po
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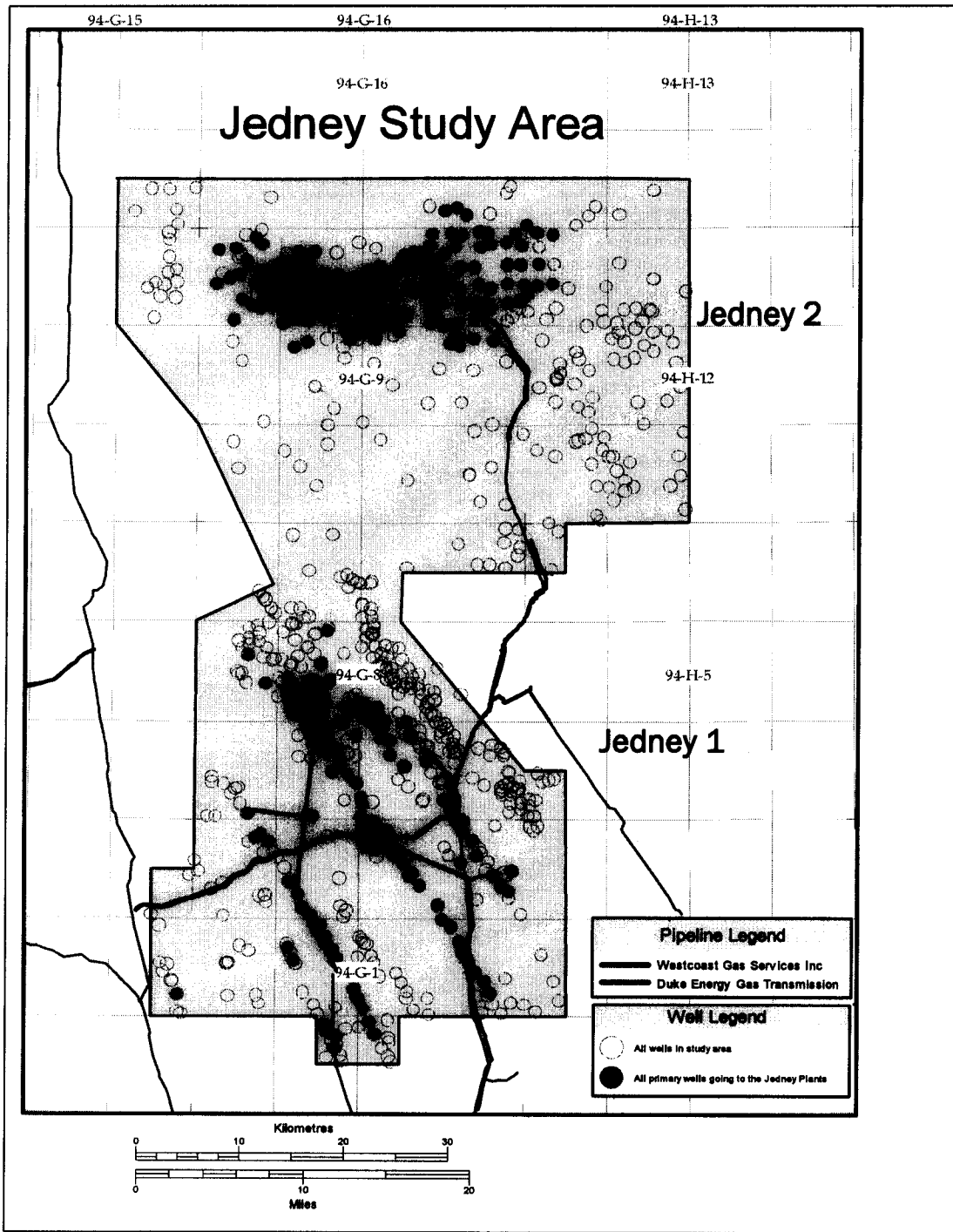
**PERMIT TO PRACTICE
McDANIEL & ASSOCIATES CONSULTANTS LTD.**

Signature "signed by P. A. Welch"

Date Friday, July 28, 2006

PERMIT NUMBER: P 3145

The Association of Professional Engineers,
Geologists and Geophysicists of Alberta



Highway Study Area

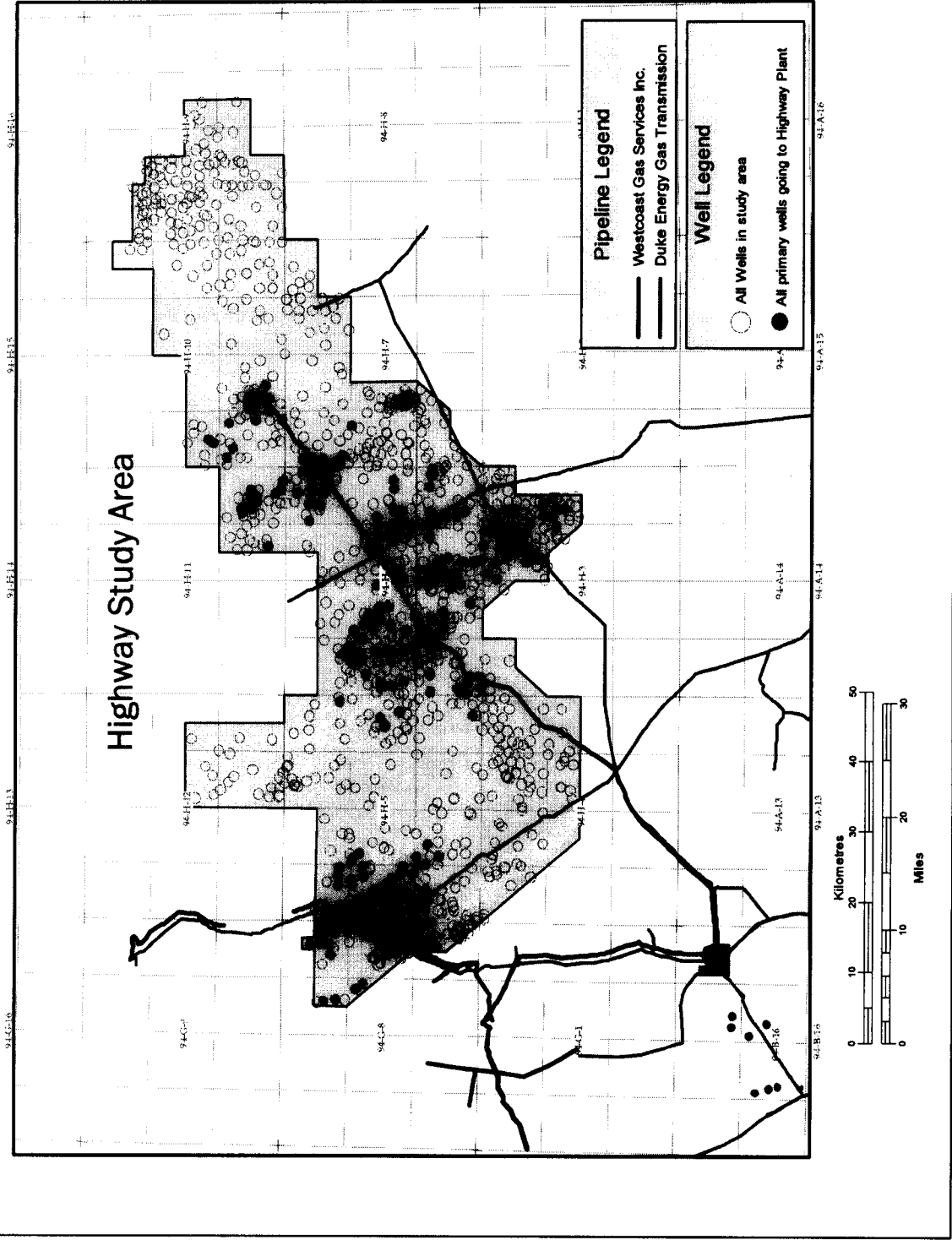


Table 1

Duke Energy Gas Transmission

Production Rates (mmcf/day)											
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
<u>McDaniel Existing Production</u>											
Jedney 1											
McDaniel Existing	50.15	44.21	38.97	34.62	30.67	27.17	24.03	21.38	19.02	16.88	
Jedney 2											
McDaniel Existing	69.45	59.21	50.77	44.00	38.09	33.12	28.73	25.10	21.99	19.05	
Highway											
McDaniel Existing	81.57	69.41	59.35	51.36	44.43	38.38	33.25	29.06	25.16	21.61	
<u>McDaniel Future Development Forecasts</u>											
Jedney 1											
McDaniel High Case	0.00	8.18	14.90	20.42	25.02	28.89	32.16	33.30	32.72	31.51	12%
McDaniel Base Case	0.00	6.33	11.48	15.67	19.13	22.02	24.45	26.51	26.66	24.45	12%
McDaniel Low Case	0.00	4.46	8.07	10.99	13.39	15.39	17.06	18.46	18.18	16.51	12%
Jedney 2											
McDaniel High Case	0.00	15.53	27.18	34.26	38.63	40.99	40.13	38.54	34.67	31.03	16.50%
McDaniel Base Case	0.00	11.68	20.36	25.02	28.64	29.67	29.55	28.55	26.10	23.58	16.50%
McDaniel Low Case	0.00	8.19	14.23	17.76	20.48	21.65	22.63	21.82	19.67	17.46	16.50%
Highway											
McDaniel High Case	0.00	14.86	26.00	34.40	40.87	45.93	49.94	51.59	51.48	49.23	15%
McDaniel Base Case	0.00	11.78	20.55	27.12	32.16	36.09	39.19	39.45	37.61	34.90	15%
McDaniel Low Case	0.00	8.62	15.25	20.36	24.37	27.57	30.14	32.24	32.73	31.99	15%
<u>McDaniel Total Forecast</u>											
Jedney 1											
McDaniel High Case	50.15	52.39	53.87	55.04	55.69	56.06	56.19	54.69	51.74	48.39	
McDaniel Base Case	50.15	50.54	50.44	50.29	49.80	49.20	48.48	47.90	45.68	41.33	
McDaniel Low Case	50.15	48.67	47.04	45.61	44.06	42.56	41.09	39.85	37.20	33.40	
Jedney 2											
McDaniel High Case	69.45	74.74	77.95	78.26	76.71	74.10	68.86	63.64	56.66	50.08	
McDaniel Base Case	69.45	70.88	71.13	69.03	66.73	62.79	58.28	53.65	48.09	42.63	
McDaniel Low Case	69.45	67.39	65.00	61.77	58.56	54.77	51.36	46.92	41.66	36.51	
Highway											
McDaniel High Case	81.57	84.27	85.35	85.76	85.30	84.31	83.20	80.65	76.64	70.84	
McDaniel Base Case	81.57	81.19	79.90	78.49	76.59	74.47	72.44	68.51	62.77	56.51	
McDaniel Low Case	81.57	78.03	74.60	71.72	68.80	65.95	63.40	61.30	57.89	53.60	

Table 3

Duke Energy Gas Transmission

Historical Statistics Used for Type Well Determination

Jedney 1 Type Well Statistics

	Avg. Initial Rate (mcf/d)	Avg. Ultimate (mmcf)	No. Drilled
Sour Summary			
2000	878.6	1,454.9	7
2001	916.7	2,302.6	6
2002	1,250.0	2,708.3	3
2003	872.5	3,757.4	2
2004	900.0	1,800.0	2
2005	437.5	421.3	4
Six Year Average	875.9	2,074.1	4.0

Assume	Rate (mcf/d)	Reserves (mmcf)	Wells Per Year
Low Case	850	1900	3
Base Case	875	2075	4
High Case	900	2200	5

	Avg. Initial Rate (mcf/d)	Avg. Ultimate (mmcf)	No. Drilled
Sweet Summary			
2000	990.0	2,220.0	5
2001	1,100.0	1,785.0	5
2002	0.0	0.0	0
2003	195.0	500.0	1
2004	650.0	651.0	4
2005	1,383.3	1,590.0	3
Six Year Average	863.7	1,349.2	3.0

Assume	Rate (mcf/d)	Reserves (mmcf)	Wells Per Year
Low Case	800	1200	3
Base Case	875	1350	4
High Case	900	1500	5

Jedney 2 Type Well Statistics

	Avg. Initial Rate (mcf/d)	Avg. Ultimate (mmcf)	No. Drilled
Sour Summary			
2000	985	1,789	4
2001	575	1,150	2
2002	1760	2,270	10
2003	1446	2,069	16
2004	1200	1,305	9
2005	1320	1,090	5
Six Year Average	1214.4	1609.0	7.67

	Rate (mcf/d)	Reserves (mmcf)	Wells Per Year
Low Case	1100	1400	5
Base Case	1200	1600	6
High Case	1300	1800	7

	Avg. Initial Rate (mcf/d)	Avg. Ultimate (mmcf)	No. Drilled
Sweet Summary			
2000	350.0	625.0	1
2001	866.7	858.3	3
2002	1500.0	2000.0	1
2003	1113	1226	7
2004	1069	1193	9
2005	903.8	961.9	13
Six Year Average	967.1	1144.1	5.67

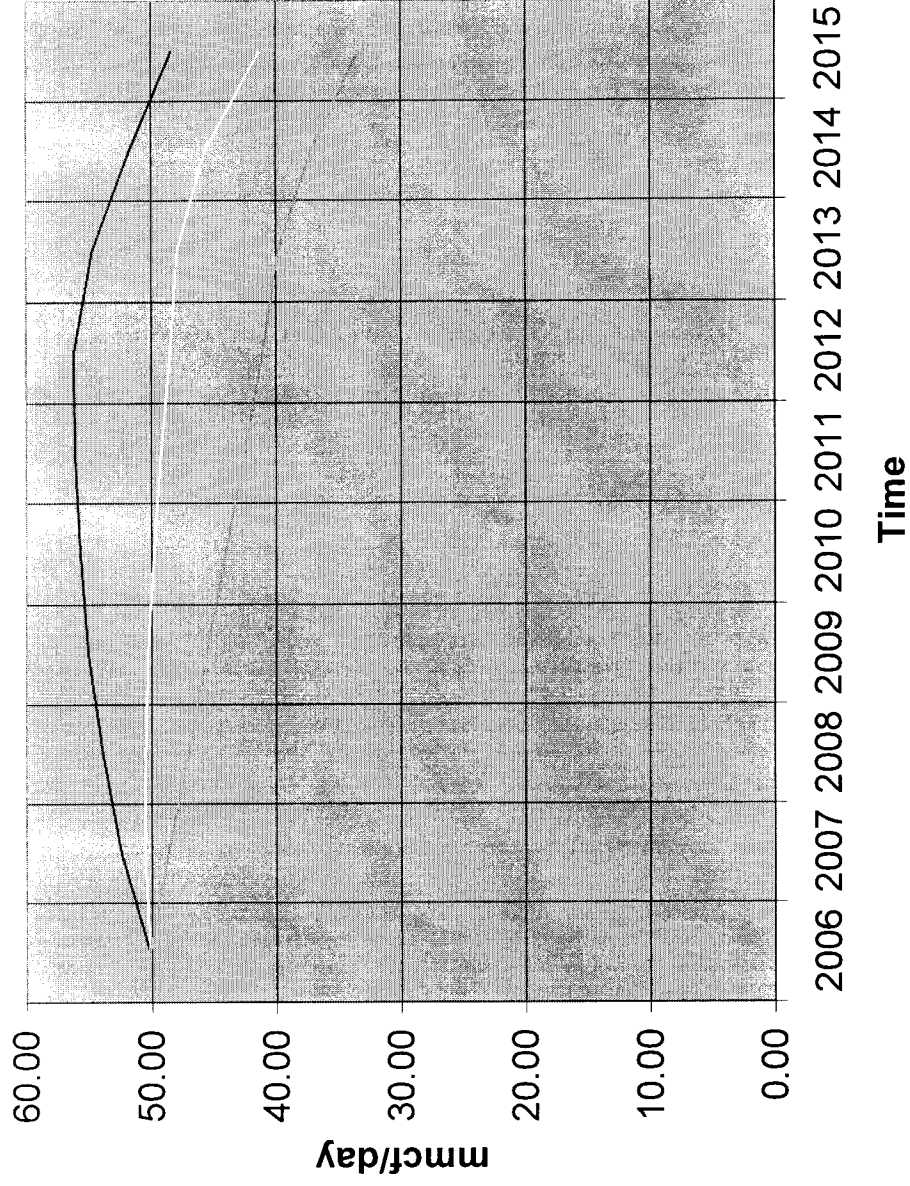
	Rate (mcf/d)	Reserves (mmcf)	Wells Per Year
Low Case	800	1000	5
Base Case	900	1150	7
High Case	975	1300	9

Highway Type Well Statistics

	Avg. Initial Rate (mcf/d)	Avg. Ultimate (mmcf)	No. Drilled
Sweet Summary			
2000	746.8	1,089.4	19
2001	1,136.8	1,201.0	19
2002	868.6	1,089.1	14
2003	437.3	629.7	11
2004	882.3	1,457.2	22
2005	940.0	1,178.2	13
Six Year Average	835.3	1,107.4	16.3

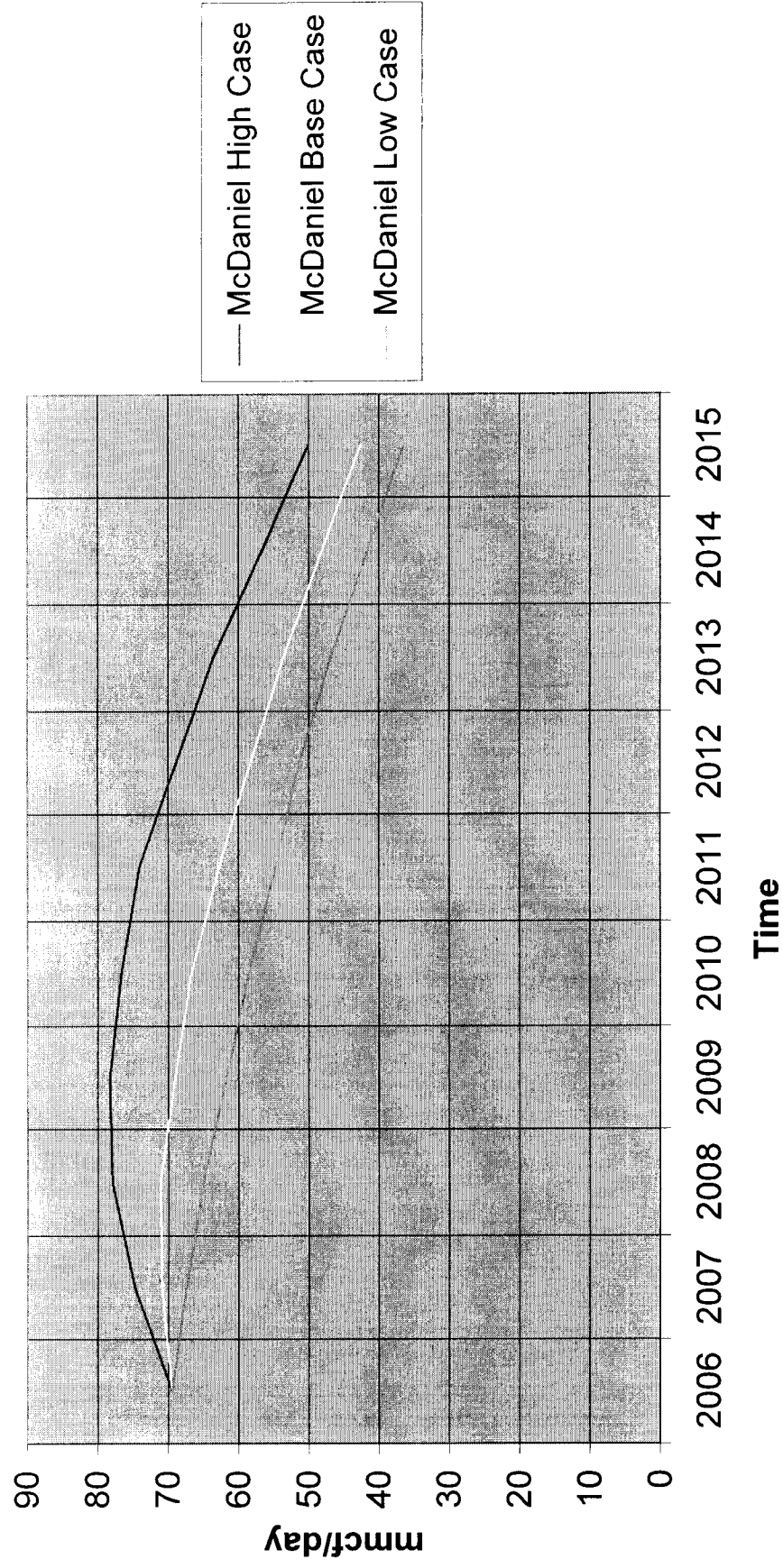
Assume	Rate (mcf/d)	Reserves (mmcf)	Wells Per Year
Low Case	700	1000	14
Base Case	850	1100	16
High Case	900	1200	19

Jedney 1
McDaniel Throughput Forecasts



— McDaniel High Case
- - - McDaniel Base Case
... McDaniel Low Case

Jedney 2 McDaniel Throughput Forecasts



Highway McDaniel Throughput Forecasts

