MATERIAL CHANGE REPORT

Under Section 85(1) of the *Securities Act* (British Columbia), Section 118(1) of the *Securities Act* (Alberta), Section 84(1) of the Securities Act (Saskatchewan) and Section 75(2) of the *Securities Act* (Ontario)

1. Reporting Issuer

Ranchero Energy Inc.
800, 555 - 4th Avenue S.W.
Calgary, Alberta
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2. **Date of Material Change**

February 26, 2001

3. **Publication of Material Change**

Press release disclosing this material change was issued on February 28, 2001

4. **Summary of Material Change**

Ranchero Energy Inc. ("Ranchero") announced that it had entered into an agreement (the "Fox Creek Asset Sale Agreement") for the sale of certain of its assets to Fox Creek Petroleum Corp. ("Fox Creek"), a wholly-owned subsidiary of Ranchero, and an agreement (the "Fox Creek Share Sale Agreement") for the sale thereafter of all of the shares of Fox Creek to a corporation ("Newco") formed by Robert P. Heisler, Managing Director of Ranchero, on behalf of himself and certain other directors and officers of Ranchero and certain other third parties arm's length to Ranchero. The execution of such agreements are a condition precedent to the making of the offer by Cypress Energy Inc. ("Cypress") to acquire all of the issued and outstanding Class A Shares of Ranchero (the "Cypress Offer") pursuant to the terms of the Pre-Acquisition Agreement dated February 16, 2001 between Ranchero and Cypress (the "Pre-Acquisition Agreement"), which was previously announced jointly by Ranchero and Cypress.

Under the terms of the Fox Creek Asset Sale Agreement, Ranchero and Fox Creek have agreed that Ranchero will sell to Fox Creek, prior to the initial take-up date under the Cypress Offer, certain assets of Ranchero as more particularly described below (the "Fox Creek Assets"), effective as of February 1, 2001, for a consideration of $4.8 million, which consideration will be paid by the issuance by Fox Creek to Ranchero of common shares of Fox Creek. At the time of the completion of the sale of the Fox Creek Assets, Fox Creek will not have carried on any business. Under the terms of the Fox Creek Share Sale Agreement, the parties thereto have agreed that, upon the closing of the sale of the Fox Creek Assets to Fox Creek pursuant to the Fox Creek Asset Sale Agreement, Newco will purchase all of the outstanding shares of Fox Creek (the "Fox Creek Shares") from Ranchero for the payment of cash consideration to Ranchero in the amount of $4,080,000.

5. **Full Description of Material Change**

Ranchero announced that it had entered into the Fox Creek Asset Sale Agreement for the sale of certain of its assets to Fox Creek and the Fox Creek Share Sale Agreement for the sale thereafter of all of the shares of Fox Creek to Newco, a corporation formed by Robert P. Heisler, Managing Director of Ranchero, on behalf of himself and Terry J. Owen, a director of Ranchero, Donald J. Almond, Vice President Operations of Ranchero, Nigel T. Hopkins, Vice President Geophysics of Ranchero and Bradley B. Wright, Vice President Exploration of Ranchero and certain other parties arm's length to Ranchero. The percentage interests that each of the above individuals are proposed to hold at the time of the completion of the sale of the Fox Creek Shares is: Robert Heisler - 30.95%, Terry Owen - 4.76%, Donald Almond - 2.38%, Nigel Hopkins - 4.76% and Bradley Wright - 5.95%, for a total of 48.8%. The remaining 51.2% interest is proposed to be held by arm's length third parties to Ranchero. The execution of such agreements are a condition precedent to the making of the Cypress Offer for the Ranchero Class A Shares. Upon the completion of the Fox Creek Share Sale, Messrs. Heisler, Owen, Almond, Hopkins and Wright, along with the arm's length third parties, will own, through Newco, the Fox Creek Assets.

Under the terms of the Fox Creek Asset Sale Agreement, Ranchero and Fox Creek have agreed that Ranchero will sell to Fox Creek, prior to the initial take-up date under the Cypress Offer, the Fox Creek Assets, effective as of February 1, 2001, for a consideration of $4.8 million, which consideration will be paid by the issuance by Fox Creek to Ranchero of common shares of Fox Creek. At the time of the completion of the sale of the Fox Creek Assets, Fox Creek will not have carried on any business. The Fox Creek Assets consist of (i) certain oil and gas assets of Ranchero located in the Provost, Lloydminister and Fox Creek areas in Alberta and related undeveloped land, (ii) all office furnishings and office equipment and related computer equipment and software held by Ranchero, (iii) all rights and obligations under Ranchero's existing office lease, and (iv) all rights and obligations to the library seismic card that Ranchero has with Request Seismic Ltd. Under the terms of the Fox Creek Share Sale Agreement, the parties thereto have agreed that, upon the closing of the sale of the Fox Creek Assets to Fox Creek pursuant to the Fox Creek Asset Sale Agreement, Newco will purchase all of the outstanding Fox Creek Shares from Ranchero for the payment of cash consideration to Ranchero in the amount of $4,080,000.

It is a condition of the initial take-up by Cypress of the Class A Shares of Ranchero under the Cypress Offer that the transactions contemplated by the Fox Creek Asset Sale Agreement and the Fox Creek Share Sale Agreement have been completed. Under the terms of the Fox Creek Asset Sale Agreement and the Fox Creek Share Sale Agreement, the transactions contemplated therein will be closed in escrow and the closing documents related thereto will be held in escrow and released once all of the conditions to the initial take-up by Cypress of the Ranchero Shares on the Take-up Date under the Cypress Offer have been satisfied or waived. In the event that the Pre-Acquisition Agreement has been terminated under the terms thereof, the escrow will be terminated and the transactions contemplated by the Fox Creek Asset Sale Agreement and the Fox Creek Share Sale Agreement will not be completed.

A special committee of the board of directors of Ranchero consisting of Charles Berard, Kelly Ogle and Glen Roane (the "Special Committee") was formed to review the above transactions. The Special Committee recommended to the Board of Directors that the proposed consideration to be paid for the Fox Creek Shares is fair and that such consideration represents the fair market value thereof. The Special Committee based its recommendations on its consideration of the independent engineering report prepared by McDaniel & Associates Consultants Ltd. ("McDaniel") evaluating the oil and gas assets comprised in the Fox Creek Assets as at February 1, 2001 (see below), the historical production information with respect to the Fox Creek Assets, drilling prospects and other opportunities located on the lands comprising the Fox Creek Assets, the historical cost of acquiring such lands, the negative adjustments necessary to reflect both the loss of certain tax pools by Fox Creek and the additional tax payable by Ranchero on the sale of the Fox Creek Shares as a result of the capital gain on such sale and other related information.

Based on the recommendation of the Special Committee, the board of directors of Ranchero determined that the sale of the Fox Creek Shares to Newco was the best alternative available to enhance the value to be received by holders of Ranchero Class A Shares pursuant to the Cypress Offer. Pursuant to the Pre-Acquisition Agreement, Cypress agreed to increase the consideration offered under the Cypress Offer for the Ranchero Class A Shares by the amount of the proceeds to be received by Ranchero pursuant to the sale of the Fox Creek Shares. The board of directors of Ranchero determined that the purchase price to be paid to Ranchero for the sale of the Fox Creek Shares under the terms of the Fox Creek Share Sale Agreement represents the fair market value thereof and that such sale, in combination with the Cypress Offer, is in the best interests of the holders of the Ranchero Class A Shares. Messrs. Heisler and Owen, being two of the parties proposing to acquire an interest in the Fox Creek Shares pursuant to the sale, abstained from the above approval of the board of directors.

McDaniel & Associates Consultants Ltd., independent petroleum engineering consultants based in Calgary Alberta ("McDaniel") prepared independent engineering evaluations evaluating the oil, natural gas liquids and natural gas reserves and the estimated future net cash flow from such reserves, attributable to the oil and gas properties comprised in the Fox Creek Assets, effective February 1, 2001, utilizing constant and escalating pricing assumptions (the "McDaniel Reports"). The following tables summarize the reserve determinations, as at February 1, 2001 contained in the McDaniel Reports and the estimated future net cash flow therefrom, both on an escalating and constant pricing basis. The tables summarize the information contained in the McDaniel Reports and, as a result, may contain slightly different numbers than the McDaniel Reports due to rounding. The estimated future net cash flow figures included in the tables below are stated prior to a provision for income taxes and indirect costs and after deduction of royalties, estimated future capital expenditures and well abandonment costs and may not necessarily be representative of the fair market value of the reserves. It should not be assumed that the estimated future net cash flows shown below are representative of the fair market value of the reserves. There is no assurance that the price and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of the crude oil, natural gas liquids and natural gas reserves referred to below are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates referred to below.

FOX CREEK PETROLEUM CORP.

Total Fox Creek Reserves and Present Worth Values
Constant Prices as of February 1, 2001
Proved & Probable Reserves - Unrisked

Total Of All Areas

	Fox Creek Share of Remaining Reserves (mbbl, mmcf, mlt)		Fox Creek Share of Present Worth Values Before Income Tax (8)(9)(10)(12)(13)(14)(15)(16) (m$)				
			discounted at				
	Gross (1)	**Net (2)**	**@0.0%**	**@10.0%**	**@12.0%**	**@15.0%**	**@20.0%**
Proved Producing Reserves(3)							
Natural Gas	1,363.3	1,056.4	4,546.6	3,964.1	3,867.7	3,733.0	3,532.0
Royalty Tax Credit			338.7	301.2	294.9	286.0	272.7
Total			**4,885.4**	**4,265.3**	**4,162.6**	**4,019.1**	**3,804.6**
Proved Non-Producing Reserves(4)							
Natural Gas	469.8	346.6	1,487.9	1,162.3	1,113.4	1,047.3	953.4
Natural Gas Liquids	6.6	4.4	195.5	154.6	148.5	140.1	128.3
Royalty Tax Credit			164.0	133.7	129.0	122.6	113.3
Total			**1,847.4**	**1,450.6**	**1,390.8**	**1,310.0**	**1,195.0**
Total Proved Reserves(5)							
Natural Gas	1,833.1	1,403.0	6,034.6	5,126.4	4,981.0	4,780.4	4,485.4
Natural Gas Liquids	6.6	4.4	195.5	154.6	148.5	140.1	128.3
Royalty Tax Credit			502.8	434.9	423.9	408.6	386.0
Total			**6,732.8**	**5,715.9**	**5,553.4**	**5,329.1**	**4,999.7**
Total Probable Reserves(6)							
Natural Gas	327.8	253.3	1,038.6	709.1	663.6	603.8	522.4
Natural Gas Liquids	1.6	1.1	48.9	29.4	26.9	23.7	19.6
Royalty Tax Credit			89.9	64.8	61.2	56.4	49.9
Total			**1,177.4**	**803.3**	**751.6**	**684.0**	**591.9**
Total Proved & Probable Reserves							
Natural Gas	2,160.8	1,656.3	7,073.1	5,835.5	5,644.6	5,384.2	5,007.8
Natural Gas Liquids	8.2	5.5	244.4	184.0	175.4	163.9	147.9
Royalty Tax Credit			592.7	499.6	485.0	465.0	435/8
Total			**7,910.2**	**6,519.2**	**6,305.0**	**6,013.1**	**5,591.6**
BOE Reserves & PWV/BOE (7)							
Proved Producing	136.3	105.6	35.84	31.29	30.54	29.48	27.91
Proved Non-Producing	53.5	39.1	34.50	27.09	25.97	24.46	22.32
Total Proved	189.9	144.7	35.46	30.10	29.25	28.07	26.33
Total Probable	34.4	26.4	34.22	23.34	21.84	19.88	17.20
Total Proved & Probable	224.3	171.1	35.27	29.06	28.11	26.81	24.93

FOX CREEK PETROLEUM CORP.

Total Fox Creek Reserves and Present Worth Values
Escalating Prices as of February 1, 2001
Proved & Probable Reserves - Unrisked

Total Of All Areas

	Fox Creek Share of Remaining Reserves (mbbl, mmcf, mlt)		Fox Creek Share of Present Worth Values Before Income Tax (8)(9)(10)(11)(13)(15)(16) (m$)				
			discounted at				
	Gross (1)	**Net (2)**	**@0.0%**	**@10.0%**	**@12.0%**	**@15.0%**	**@20.0%**
Proved Producing Reserves(3)							
Natural Gas	1,363.3	1,056.4	4,664.0	4,183.2	4,101.7	3,986.9	3,813.3
Royalty Tax Credit			392.2	354.8	348.5	339.5	325.8
Total			**5,056.2**	**4,538.0**	**4,450.1**	**4,326.4**	**4,139.1**
Proved Non-Producing Reserves(4)							
Natural Gas	469.8	346.6	1,292.3	1,060.1	1,024.3	975.5	905.2
Natural Gas Liquids	6.6	4.5	148.2	118.3	113.8	107.7	99.0
Royalty Tax Credit			160.6	134.7	130.7	125.1	116.9
Total			**1,601.1**	**1,313.2**	**1,268.8**	**1,208.3**	**1,121.1**
Total Proved Reserves(5)							
Natural Gas	1,833.1	1,403.0	5,956.3	5,243.3	5,126.0	4,962.5	4,718.5
Natural Gas Liquids	6.6	4.5	148.2	118.3	113.8	107.7	99.0
Royalty Tax Credit			552.7	489.6	479.1	464.6	442.8
Total			**6,657.3**	**5,851.2**	**5,718.9**	**5,534.7**	**5,260.3**
Total Probable Reserves(6)							
Natural Gas	327.8	253.3	805.0	576.7	544.5	501.9	443.2
Natural Gas Liquids	1.6	1.1	36.3	21.7	19.9	17.5	14.5
Royalty Tax Credit			79.9	59.5	56.5	52.6	47.2
Total			**921.2**	**657.9**	**620.9**	**572.0**	**504.9**
Total Proved & Probable Reserves							
Natural Gas	2,160.8	1,656.3	6,761.3	5,820.0	5,670.5	5,464.4	5,161.7
Natural Gas Liquids	8.2	5.6	184.5	140.0	133.7	125.2	113.5
Royalty Tax Credit			632.7	549.0	535.7	517.2	490.0
Total			**7,578.5**	**6,509.1**	**6,339.9**	**6,106.8**	**5,765.2**
BOE Reserves & PWV/BOE (7)							
Proved Producing	136.3	105.6	37.09	33.29	32.64	31.74	30.36
Proved Non-Producing	53.5	39.1	29.90	24.52	23.69	22.56	20.94
Total Proved	189.9	144.8	35.06	30.82	30.12	29.15	27.70
Total Probable	34.4	26.4	26.77	19.12	18.04	16.62	14.67
Total Proved & Probable	224.3	171.2	33.79	29.02	28.27	27.23	25.70

Notes:

(1) "Gross Reserves" are the aggregate of Fox Creek's working interests and royalty interest reserves before deductions of royalties payable to others.

(2) "Net Reserves" are gross reserves less all royalties payable to others.

(3) "Proved Producing Reserves" are those proved reserves that are actually on production or, if not producing, that could be recovered from existing wells or facilities and where the reasons for the current non-producing status is the choice of the owner rather than the lack of markets or some other reason. An illustration of such a situation is where a well or zone is capable but is shut-in because its deliverability is not required to meet contract commitments.

(4) "Proved Non-Producing Reserves" are those non-producing proved reserves recoverable from existing wells that require relatively minor capital expenditures to produce.

(5) "Proved Reserves" are those reserves estimated as recoverable under current technology and existing economic conditions, from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including the reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir.

(6) "Probable Reserves" are those reserves which analysis of drilling, geological, geophysical and engineering data does not demonstrate to be proved under current technology and existing economic conditions, but where such analysis suggests the likelihood of their existence and future recovery. Probable additional reserves to be obtained by the application of enhanced recovery processes will be the increased recovery over and above that estimated in the proved category which can be realistically estimated for the pool on the basis of enhanced recovery processes which can be reasonably expected to be instituted in the future.

(7) Barrels of Oil Equivalent based on 10.0:1 for Natural Gas, 1.00:1 for Condensate and C5+, 1.00:1 for Ethane, 1.00:1 for Propane, 1.00:1 for Butanes, 1.00:1 for NGL Mix, 1.00:1 for Sulphur, PWV/BOE based on Gross BOE reserves.

(8) No allowance was made for the degree of risk associated with any of the reserve categories.

(9) Includes allowance for Alberta Royalty Tax Credit ("ARTC").

(10) Costs associated with extraction of natural gas products have in most cases been deducted from the natural gas reserves.

(11) The McDaniel Reports make certain assumptions regarding future increases in the prices of oil and natural gas and takes into account inflation with respect to future operating and capital costs. The natural gas price and product price forecasts, respectively, as used in the escalating price evaluations are as follows:

Summary of Natural Gas Price Forecasts
January 1, 2001

Year	U.S. Henry Hub Gas Price $US/ Mmbtu	AECO Spot Price $C/GJ	Alberta Average Plantgate $C/ Mmbtu (1)	Aggregator Plantgate $C/ Mmbtu	Alberta Spot Sales Plantgate $C/ Mmbtu	Sask. Spot Prov. Gas Plantgate $C/ Mmbtu	Sask. Spot Sales Plantgate $C/ Mmbtu	British Columbia CanWest Plantgate $C/ Mmbtu	British Columbia CanWest Wellhead $C/Mcf	B.C. Spot Sales Plantgate $C/Mmbtu
History										
1986	1.75	-	2.35	2.59	-	2.51	-	-	-	-
1987	1.50	-	1.64	1.82	-	1.86	-	-	-	-
1988	1.85	-	1.44	1.66	1.21	1.86	-	-	-	-
1989	1.68	-	1.47	1.57	1.28	1.60	-	-	-	-
1990	1.67	-	1.45`	1.64	1.20	1.67	-	-	-	-
1991	1.54	-	1.18	1.31	0.97	1.61	-	-	-	1.13
1992	1.79	-	1.22	1.30	1.04	1.51	-	1.47	1.11	1.10
1993	2.13	-	1.89	1.60	2.16	2.16	-	1.73	1.37	2.13
1994	1.92	1.88	1.83	1.81	1.86	1.92	-	1.81	1.45	1.87
1995	1.62	1.12	1.18	1.23	1.02	1.35	-	1.29	0.90	1.12
1996	2.50	1.39	1.54	1.63	1.34	1.52	-	1.51	1.12	1.47
1997	2.59	1.71	1.84	1.86	1.67	1.85	-	1.78	1.39	1.98
1998	2.06	1.96	1.90	1.88	1.84	2.05	-	1.94	1.55	2.00
1999	2.28.	2.79	2.60	2.46	2.78	2.82	2.96	2.52	2.14	2.77
2000	4.00	5.12	4.95	4.60	5.25	5.00	5.05	4.70	4.40	4.90
Forecast										
2001	5.00	6.68	6.70	6.50	6.90	6.65	7.05	6.40	6.24	6.90
2002	4.00	5.08	5.10	5.00	5.20	5.15	5.35	4.90	4.67	5.20
2003	3.70	4.52	4.60	4.60	4.60	4.76	4.76	4.50	4.25	4.60
2004	3.40	3.99	4.05	4.05	4.05	4.21	4.21	3.95	3.67	4.05
2005	3.33	3.83	3.90	3.90	3.90	4.06	4.06	3.80	3.50	3.90
2006	3.40	3.91	3.95	3.95	3.95	4.12	4.12	3.85	3.54	3.95
2007	3.47	4.00	4.05	4.05	4.05	4.22	4.22	3.95	3.64	4.05
2008	3.55	4.08	4.15	4.15	4.15	4.32	4.32	4.05	3.73	4.15
2009	3.62	4.17	4.20	4.20	4.20	4.38	4.38	4.10	3.78	4.20
2010	3.69	4.25	4.30	4.30	4.30	4.48	4.48	4.20	3.87	4.30
2011	3.77	4.34	4.40	4.40	4.40	4.58	4.58	4.30	3.96	4.40
2012	3.84	4.42	4.50	4.50	4.50	4.69	4.69	4.40	4.06	4.50
2013	3.91	4.51	4.55	4.55	4.55	4.74	4.74	4.45	4.10	4.55
2014	3.99	4.59	4.65	4.65	4.65	4.84	4.84	4.55	4.19	4.65
2015	4.06	4.67	4.75	4.75	4.75	4.95	4.95	4.65	4.29	4.75
2016	4.15	4.78	4.85	4.85	4.85	5.05	5.05	4.75	4.38	4.85
2017	4.24	4.88	4.95	4.95	4.95	5.16	5.16	4.85	4.47	4.95
2018	4.32	4.98	5.05	5.05	5.05	5.26	5.26	4.95	4.57	5.05
2019	4.41	5.08	5.15	5.15	5.15	5.36	5.36	5.05	4.66	5.15
2020	4.50	5.18	5.25	5.25	5.25	5.47	5.47	5.15	4.75	5.25
Thereaf-ter	4.50	5.18	5.25	5.25	5.25	5.47	5.47	5.15	4.75	5.25

(1) This forecast also applies to direct sales contracts and the Alberta gas reference price used in the crown royalty calculations.

Summary of Price Forecasts
January 1, 2001

Year	WTI Crude Oil $US/BBL	Edmonton Light Crude Oil $C/BBL	Medium Crude Oil $C/BBL	Heavy Crude Oil $C/BBL	Alberta Average Natural Gas $C/Mmbtu	Edmonton Cond. & Natural Gasolines $/Bbl	Edmonton Propane $/Bbl	Edmonton Butanes $/Bbl	Edmonton NGL Mix $/Bbl	Sulphur $/LT	Inflation %	US/CAN Exchange Rate $US/$CAN
	(1)	(2)	(3)	(4)	(5)				(6)			
History												
1986	15.00	20.50	15.11	na	2.35	20.10	13.96	17.30	16.40	129.40	4.1	0.719
1987	19.30	24.30	20.79	na	1.64	23.80	9.98	16.80	15.10	89.20	4.4	0.755
1988	16.00	18.70	14.41	na	1.44	18.30	8.19	12.95	11.90	75.95	4.1	0.812
1989	19.60	22.20	18.09	na	1.47	21.80	8.14	10.35	11.60	72.00	5.0	0.844
1990	24.50	27.60	21.06	16.00	1.45	27.00	13.67	16.21	17.20	59.60	4.8	0.857
1991	21.40	23.40	15.07	9.05	1.18	22.90	11.91	15.25	15.30	54.15	5.6	0.873
1992	20.55	23.50	17.52	12.95	1.22	23.00	10.55	14.05	14.30	21.00	1.5	0.828
1993	18.60	21.90	16.70	13.30	1.89	21.50	14.10	13.55	15.40	-4.90	1.8	0.775
1994	17.20	22.20	18.43	15.00	1.83	21.75	12.50	13.45	14.70	11.65	0.2	0.732
1995	18.45	24.25	20.80	17.25	1.18	23.76	13.90	13.80	15.80	24.64	2.0	0.729
1996	22.10	29.35	25.11	20.05	1.50	28.75	22.20	17.15	21.70	12.63	2.0	0.733
1997	20.55	27.80	21.75	14.40	1.85	27.25	18.60	19.05	20.50	11.41	2.0	0.722
1998	14.40	20.35	14.60	9.40	1.90	20.00	10.95	11.90	13.10	8.54	2.0	0.687
1999	19.25	27.60	23.55	19.65	2.60	27.00	15.45	17.73	18.60	14.67	2.0	0.673
2000	30.50	44.90	36.00	28.50	4.95	44.90	28.50	30.10	32.30	15.00	2.0	0.673
Forecast												
2001	25.00	36.90	26.90	19.90	6.70	36.90	31.70	28.40	31.60	15.00	2.0	0.660
2002	23.00	32.80	25.80	18.80	5.10	32.80	24.90	24.00	26.20	15.00	2.0	0.680
2003	22.40	31.00	26.00	19.50	4.60	31.00	22.80	21.60	24.00	20.00	2.0	0.700
2004	22.30	29.90	24.90	18.40	4.05	29.90	21.10	19.70	22.40	25.00	2.0	0.720
2005	22.70	30.00	25.00	18.50	3.90	30.00	20.80	18.70	21.90	30.00	2.0	0.730
2006	23.20	30.70	25.70	19.20	3.95	30.70	21.20	19.10	22.40	31.80	2.0	0.730
2007	23.70	31.30	26.30	19.80	4.05	31.30	21.70	19.50	22.90	33.70	2.0	0.730
2008	24.20	32.00	27.00	20.50	4.15	32.00	22.20	19.90	23.40	35.70	2.0	0.730
2009	24.70	32.70	27.70	21.20	4.20	32.70	22.60	20.40	23.90	37.80	2.0	0.730
2010	25.20	33.30	28.30	21.80	4.30	33.30	23.10	20.70	24.30	40.10	2.0	0.730
2011	25.70	34.00	29.00	22.50	4.40	34.00	23.60	21.20	24.80	42.50	2.0	0.730
2012	26.20	34.60	29.60	23.10	4.50	34.60	24.00	21.50	25.20	45.10	2.0	0.730
2013	26.70	35.30	30.30	23.80	4.55	35.30	24.40	22.00	25.70	47.80	2.0	0.730
2014	27.20	36.00	31.00	24.50	4.65	36.00	24.90	22.40	26.20	50.70	2.0	0.730
2015	27.70	36.60	31.60	25.10	4.75	36.60	25.40	22.80	26.70	53.70	2.0	0.730
2016	28.30	37.40	32.40	25.90	4.85	37.40	25.90	23.30	27.30	56.90	2.0	0.730
2017	28.90	38.20	33.20	26.70	4.95	38.20	26.50	23.80	27.90	60.30	2.0	0.730
2018	29.50	39.00	34.00	27.50	5.05	39.00	27.00	24.30	28.50	63.90	2.0	0.730
2019	30.10	39.80	34.80	28.30	5.15	39.80	27.60	24.80	29.10	67.70	2.0	0.730
2020	30.70	40.60	35.60	29.10	5.25	40.60	28.10	25.30	29.60	71.80	2.0	0.730
Thereafter	30.70	40.60	35.60	29.10	5.25	40.60	28.10	25.30	29.60	71.80	0.0	0.730

(1) West Texas Intermediate at Cushing Oklahoma
(2) Edmonton price for 40 API, 0.5% sulphur crude
(3) Bow River 26 degrees/2.1% sulphur crude oil at Hardisty Alberta
(4) Heavy crude oil 12 degrees at Hardisty Alberta
(5) Average Alberta field price
(6) NGL Mix based on 45 percent propane, 35 percent butane and 20 percent natural gasolines

(12) The constant price assumptions at February 1, 2001 for the McDaniel Reports are as set forth below:

Crude Oil Prices	
West Texas Intermediate ($U.S./bbl)	30.45
Edmonton Light Crude ($Cdn./bbl)	44.70
Bow River Medium Crude ($Cdn./bbl)	34.83
Hardisty Heavy ($Cdn./bbl)	27.57
Natural Gas (@ Field Gate $Cdn./Mmbtu)	
Alberta Average	4.98
Transcanada Gas Services Ltd.	4.76
Pan Alberta Gas Ltd.	4.47
Spot Sales	5.38
Saskatchewan Average	5.00

CanWest Plant Gate (British Columbia)	4.30
Natural Gas Liquids (Edmonton Reference Price $Cdn./bbl)	
Propane	30.00
Field Butane	33.97
NGL Mix	34.14
Natural Gasolines & Condensate	43.80
Sulphur (Alberta Average @ Plant Gate $Cdn./LT)	10.00

(13) The McDaniel Reports estimate total capital expenditures (net to Fox Creek) to achieve estimated present worth values in the proved plus probable case in the escalating price report to be $134,300, with $89,300 of such costs estimated for the 2001 calendar year and $45,000 thereafter; and in the constant price report to be $87,500 of costs estimated for the 2001 calendar year and $40,000 thereafter.

(14) In the constant price case, estimates of the applicable capital expenditures and operating costs with no allowance for inflation were deducted in arriving at Fox Creek's share of future net revenue.

(15) An allowance for future well abandonment costs was made for all of Fox Creek's working interest wells, however, no allowance was made for the abandonment of any additional facilities.

(16) ARTC: The Alberta Royalty Tax Credit was based on the applicable regulations in effect at February 1, 2001. The ARTC program was assumed to continue indefinitely.

(17) The McDaniel Reports were based upon data supplied by Fox Creek with respect to interests owned, revenues and contractual commitments. No field inspection was made of the properties, nor was any investigation made into the legal titles held, or into any operating agreements relating to the subject properties.

This material change report is being filed less than 21 days prior to the closing of the transactions referred to in the Fox Creek Asset Sale Agreement and the Fox Creek Share Sale Agreement. As referred to above, it is a condition of the initial take-up by Cypress of the Class A Shares of Ranchero under the Cypress Offer that the transactions contemplated by the Fox Creek Asset Sale Agreement and the Fox Creek Shares Sale Agreement have been completed. As the initial take-up by Cypress of the Cypress Shares under the Cypress Offer may occur as early as March 22, 2001, the transactions under the Fox Creek Asset Sale Agreement and the Fox Creek Share Sale Agreement are required to be closed prior to that time. Under the terms of the Fox Creek Asset Sale Agreement and the Fox Creek Share Sale Agreement, the transactions thereunder are proposed to be closed in escrow, as discussed above, on March 21, 2001.

A copy of the McDaniel Reports are available for viewing at the offices of Ranchero at the address set out above.

Ranchero will provide, without charge, a copy of the McDaniel Reports to any registered holder of Ranchero Class A Shares that requests a copy of the same.

6. **Reliance on Confidential Filing Provision**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Senior Officers**

Joseph Durante, Managing Director and Chief Financial Officer of Ranchero is knowledgeable about the material change set forth herein and can be reached at (403) 781-1277.

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at the City of Calgary, in the Province of Alberta, this 8th day of March, 2001.

RANCHERO ENERGY INC.

(signed) "Joseph Durante"

Per:__________________________________

Joseph Durante
Managing Director and Chief
Financial Officer