MATERIAL CHANGE REPORT

UNDER SECTION 67(1) OF THE *SECURITIES ACT* (BRITISH COLUMBIA) (FORM 26)
UNDER SECTION 118(1) OF THE *SECURITIES ACT* (ALBERTA) (FORM 27)
UNDER SECTION 84(1)(B) OF THE *SECURITIES ACT, 1988* (SASKATCHEWAN) (FORM 25)
UNDER SECTION 75(2) OF THE *SECURITIES ACT* (ONTARIO) (FORM 27)
AND SIMILAR PROVISIONS OF OTHER PROVINCIAL SECURITIES LEGISLATION

ITEM 1 REPORTING ISSUER

Ranchero Energy Inc.
8th Floor, 555 – 4th Avenue S.W.
Calgary, Alberta
T2P 3E7

ITEM 2 DATE OF MATERIAL CHANGE

March 23, 2001

ITEM 3 PRESS RELEASE

On March 23, 2001 at Calgary, Alberta a news release was issued and disseminated respecting the change through Canadian Corporate News.

ITEM 4 SUMMARY OF MATERIAL CHANGE

On March 23, 2001 Cypress Energy Inc. ("Cypress") acquired approximately 96.84% of the outstanding Class A shares (including the associated rights) of Ranchero Energy Inc. ("Ranchero") on the basis of, and at the election of the holder, for each Class A share of Ranchero tendered pursuant to the offer dated February 28, 2001 (the "Offer") by Cypress to purchase all of the issued and outstanding Class A shares of Ranchero: (i) $1.68 in cash; or (ii) 0.1723 of a Class A share of Cypress, subject to an aggregate maximum of 1,076,900 Class A shares of Cypress and subject to proration, as described in the Offer.

On March 26, 2001 Cypress acquired the remaining Class A shares of Ranchero pursuant to the compulsory acquisition provisions of the *Business Corporations Act* (Alberta).

ITEM 5 FULL DESCRIPTION OF MATERIAL CHANGE

On March 23, 2001 Cypress Energy Inc. ("Cypress") acquired approximately 96.84% of the outstanding Class A shares (including the associated rights) of Ranchero Energy Inc. ("Ranchero") on the basis of, and at the election of the holder, for each Class A share of Ranchero tendered pursuant to the offer dated February 28, 2001 (the "Offer") by Cypress to purchase all of the issued and outstanding Class A shares of Ranchero: (i) $1.68 in cash; or (ii) 0.1723 of a Class A share of Cypress, subject to an aggregate maximum of 1,076,900 Class A shares of Cypress and subject to proration, as described in the Offer. Cypress issued approximately 1,042,607 Class A shares of Cypress and paid approximately $ 25,378,132 in cash to acquire such Class A shares of Ranchero.

On March 26, 2001 Cypress acquired the remaining Class A shares of Ranchero pursuant to the compulsory acquisition provisions of the *Business Corporations Act* (Alberta). In total, an aggregate of 1,076,900 Class A shares of Cypress are expected to be issued and approximately $26,000,000 is expected to be paid by Cypress to acquire 100% of the Class A shares of Ranchero.

All of the prior directors of Ranchero have resigned and Donald Archibald, Gary Peddle and Randal Brockway, all of whom are senior executive officers of Cypress, have been appointed as directors of Ranchero.

ITEM 6 RELIANCE ON SECTION 118(2) OF THE ALBERTA *SECURITIES ACT*, SECTION 67(2) OF THE BRITISH COLUMBIA *SECURITIES ACT*, SECTION 84(2) OF THE SASKATCHEWAN *SECURITIES ACT*, SECTION 75(3) OF THE ONTARIO *SECURITIES ACT* AND SIMILAR PROVISIONS OF OTHER PROVINCIAL SECURITIES LEGISLATION

Not Applicable

ITEM 7 OMITTED INFORMATION

Not Applicable

ITEM 8 SENIOR OFFICERS

For further information contact:

Donald F. Archibald
President and Chief Executive Officer
2700, 500 – 4th Avenue S.W.
Calgary, Alberta
T2P 2V6
Tel: (403) 262-8225

ITEM 9 STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to in this material change report.

DATED at Calgary, Alberta this 26th day of March, 2001.

RANCHERO ENERGY INC.

Per: (signed)
Donald F. Archibald
President and Chief Executive Officer

IT IS AN OFFENCE UNDER THE SECURITIES ACT AND THE SECURITIES REGULATIONS FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATIONS THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION