

National Instrument 51-101

This report was prepared for the purpose of evaluating the Company's P&NG reserves according to Canadian Oil and Gas Evaluation Handbook (COGEH) reserve definitions and standards and consistent with National Instrument 51-101 (NI 51-101). In accordance with these standards, and by reference in NI 51-101, certain tables are presented for both forecast and constant prices and costs, which summarize the reserves and net present values, as of March 31, 2007.

Form 51-101F2, which follows, presents a Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor.

Forecast Prices and Costs

Table 1 presents a summary of the various reserves categories. Table 2 presents a summary of net present values of future net revenue, before and after income taxes. Table 3 presents the total future net revenue (undiscounted) for the total proved and total proved plus probable reserves categories. Table 4 presents the net present value of future net revenue by production group for the total proved and total proved plus probable reserves categories. Table 5 presents a summary of pricing and inflation rate assumptions.

Constant Prices and Costs

Constant Prices and Costs are defined in National Instrument 51-101 as the reporting issuer's prices and costs as at the evaluation effective date. The reporting issuer's prices and costs are defined as the actual posted price for oil, natural gas and natural gas by-products, after historical adjustments for transportation, gravity and other factors.

Table 6 presents a summary of the various reserves categories. Table 7 presents a summary of net present values of future net revenue, before and after income taxes. Table 8 presents the total future net revenue (undiscounted) for the total proved and total proved plus probable reserves categories. Table 9 presents the net present value of future net revenue by production group for the total proved and total proved plus probable reserves categories. Table 10 presents the summary of pricing assumptions for constant prices and costs.

Reconciliation

Table 11 presents the Reconciliation of the Company's Net Reserves (After Royalty) by Principal Product Type, using forecast prices and costs.

Table 12 presents the Reconciliation of Changes in Net Present Value of Future Net Revenue, Discounted at 10 Percent per Year, Proved Reserves, using constant prices and costs.

Engagement Agreement

The Engagement Agreement has been included after the tables. The Engagement Agreement presents the terms and conditions of the consulting services and the representations and warranties of the Company.

Table 1
NI 51-101
Summary of Oil and Gas Reserves
as of March 31, 2007
Forecast Prices and Costs

Reserves										
Reserve Category	Light and Medium Oil		Heavy Oil		Natural Gas (non-associated & associated)		Coalbed Methane		Natural Gas Liquids	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)
Proved										
Developed Producing	0	0	0	0	6,659	5,993	0	0	0	0
Developed Non-Producing	0	0	0	0	0	0	0	0	0	0
Undeveloped	0	0	0	0	6,660	5,994	0	0	0	0
Total Proved	0	0	0	0	13,319	11,987	0	0	0	0
Probable	0	0	0	0	4,650	4,185	0	0	0	0
Total Proved Plus Probable	0	0	0	0	17,969	16,172	0	0	0	0

Reference: Item 2.2(1) of Form 51-101F1

<p style="text-align: center;">Table 2 NI 51-101 Summary of Net Present Values of Future Net Revenue as of March 31, 2007 Forecast Prices and Costs</p>										
Net Present Values of Future Net Revenue										
Reserves Category	Before Income Taxes Discounted at (%/Year)					After Income Taxes Discounted at (%/Year)				
	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)
Proved										
Developed Producing	42,844	20,429	12,820	9,371	7,457	29,635	14,926	9,743	7,345	5,992
Developed Non-Producing	0	0	0	0	0	0	0	0	0	0
Undeveloped	52,432	28,335	16,892	10,856	7,387	35,357	18,918	11,112	6,999	4,642
Total Proved	95,276	48,764	29,711	20,227	14,844	64,991	33,844	20,854	14,344	10,635
Probable	42,238	17,685	8,937	5,098	3,143	28,553	11,848	5,900	3,291	1,965
Total Proved Plus Probable	137,515	66,448	38,649	25,325	17,986	93,544	45,692	26,755	17,635	12,600

Reference Item 2.2(2) of Form 51-101F1

Notes:

- NPV of FNR include all resource income:
 - Sale of oil, gas, by-product reserves
 - Processing third party reserves
 - Other income
- Income Taxes
 - Includes all resource income
 - Apply appropriate income tax calculations
 - Include prior tax pools

Table 3 NI 51-101 Total Future Net Revenue Undiscounted as of March 31, 2007 Forecast Prices and Costs								
Reserves Category	Revenue (M\$)	Royalties (M\$)	Opera- ting Costs (M\$)	Develop- ment Costs (M\$)	Well Abandon- ment / Other Costs (M\$)	Future Net Revenue Before Income Taxes (M\$)	Income Taxes (M\$)	Future Net Revenue After Income Taxes (M\$)
Proved	149,910	14,991	31,081	5,860	2,701	95,276	30,285	64,991
Proved Plus Probable	202,914	20,291	33,362	8,776	2,970	137,515	43,971	93,544

Reference Item 2.2(3)(b) of Form 51-101F1

Table 4 NI 51-101 Net Present Value of Future Net Revenue by Production Group as of March 31, 2007 Forecast Prices and Costs		
Reserves Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$)
Proved	Light and Medium Crude Oil (including solution gas and associated by-products)	0
	Heavy Oil (including solution gas and associated by-products)	0
	Natural Gas (including associated by-products)	29,711
	Coalbed Methane (including associated by-products)	0
Proved Plus		
Probable	Light and Medium Crude Oil (including solution gas and associated by-products)	0
	Heavy Oil (including solution gas and associated by-products)	0
	Natural Gas (including associated by-products)	38,649
	Coalbed Methane (including associated by-products)	0

Reference Item 2.1(3)(c) of Form 51-101F1

Table 5
NI 51-101
Summary of Pricing and
Inflation Rate Assumptions
as of March 31, 2007
Forecast Prices and Costs

Year	Oil			Natural Gas ¹ AECO Gas Prices (\$Cdn/MMBtu)	Pentanes Plus FOB Field Gate (\$Cdn/bbl)	Butanes F.O.B. Field Gate (\$Cdn/bbl)	Inflation Rate ² (%/Yr)	Exchange Rate ³ (\$US/\$Cdn)
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40° API (\$Cdn/bbl)	Cromer Medium 29.3° API (\$Cdn/bbl)					
Historical								
2002	26.09	40.12	35.46	4.04	40.80	25.39	2.7	0.637
2003	31.14	43.23	37.53	6.66	44.16	34.55	2.5	0.716
2004	41.42	52.91	45.72	6.87	53.91	41.37	1.3	0.770
2005	56.46	69.29	57.36	8.58	69.13	45.20	1.6	0.826
2006	66.09	73.30	62.35	7.16	75.03	59.32	2.7	0.882
Forecast								
2007	63.55	71.58	61.56	7.67	73.31	53.35	4.6	0.870
2008	66.52	74.98	64.48	8.51	76.79	55.88	4.0	0.870
2009	63.53	71.52	61.50	8.15	73.24	53.30	3.0	0.870
2010	58.37	65.56	56.38	7.55	67.14	48.86	2.0	0.870
2011	55.20	61.90	53.23	7.72	63.39	46.14	2.0	0.870
Thereafter	Various Escalation Rates							

- (1) This summary table identifies benchmark reference pricing schedules that might apply to a *reporting issuer*.
- (2) Inflation rates for forecasting prices and costs.
- (3) Exchange rates used to generate the benchmark reference prices in this table.

Notes:

Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.

Reference Item 3.2 of Form 51-101F1

Table 6
NI 51-101
Summary of Oil and Gas Reserves
as of March 31, 2007
Constant Prices and Costs

Reserves										
Reserve Category	Light and Medium Oil		Heavy Oil		Natural Gas (non-associated & associated)		Coalbed Methane		Natural Gas Liquids	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)
Proved										
Developed Producing	0	0	0	0	6,665	5,998	0	0	0	0
Developed Non-Producing	0	0	0	0	0	0	0	0	0	0
Undeveloped	0	0	0	0	6,660	5,994	0	0	0	0
Total Proved	0	0	0	0	13,325	11,992	0	0	0	0
Probable	0	0	0	0	4,650	4,185	0	0	0	0
Total Proved Plus Probable	0	0	0	0	17,974	16,177	0	0	0	0

Reference: Item 2.2(1) of Form 51-101F1

Table 7 NI 51-101 Summary of Net Present Values of Future Net Revenue as of March 31, 2007 Constant Prices and Costs										
Net Present Values of Future Net Revenue										
Reserves Category	Before Income Taxes Discounted at (%/Year)					After Income Taxes Discounted at (%/Year)				
	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)
Proved										
Developed Producing	44,362	21,995	14,195	10,521	8,423	32,107	16,484	10,958	8,325	6,804
Developed Non-Producing	0	0	0	0	0	0	0	0	0	0
Undeveloped	53,172	29,739	18,287	12,087	8,441	37,157	20,633	12,556	8,185	5,620
Total Proved	97,534	51,733	32,482	22,609	16,864	69,264	37,117	23,514	16,511	12,424
Probable	38,402	17,295	9,241	5,512	3,534	26,858	12,015	6,351	3,730	2,341
Total Proved Plus Probable	135,936	69,028	41,723	28,121	20,397	96,122	49,132	29,865	20,241	14,765

Reference Item 2.2(2) of Form 51-101F1

Notes:

- NPV of FNR include all resource income:
 - Sale of oil, gas, by-product reserves
 - Processing third party reserves
 - Other income
- Income Taxes
 - Includes all resource income
 - Apply appropriate income tax calculations
 - Include prior tax pools

Table 8 NI 51-101 Total Future Net Revenue Undiscounted as of March 31, 2007 Constant Prices and Costs								
Reserves Category	Revenue (M\$)	Royalties (M\$)	Opera- ting Costs (M\$)	Develop- ment Costs (M\$)	Well Abandon- ment / Other Costs (M\$)	Future Net Revenue Before Income Taxes (M\$)	Income Taxes (M\$)	Future Net Revenue After Income Taxes (M\$)
Proved	135,113	13,511	17,813	5,200	1,056	97,534	28,270	69,264
Proved Plus Probable	182,261	18,226	19,169	7,752	1,178	135,936	39,814	96,122

Reference Item 2.2(3)(b) of Form 51-101F1

Table 9 NI 51-101 Net Present Value of Future Net Revenue by Production Group as of March 31, 2007 Constant Prices and Costs		
Reserves Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$)
Proved	Light and Medium Crude Oil (including solution gas and associated by-products)	0
	Heavy Oil (including solution gas and associated by-products)	0
	Natural Gas (including associated by-products)	32,482
	Coalbed Methane (including associated by-products)	0
Proved Plus		
Probable	Light and Medium Crude Oil (including solution gas and associated by-products)	0
	Heavy Oil (including solution gas and associated by-products)	0
	Natural Gas (including associated by-products)	41,723
	Coalbed Methane (including associated by-products)	0

Reference Item 2.1(3)(c) of Form 51-101F1

Table 10
NI 51-101
Summary of Pricing Assumptions
as of March 31, 2007
Constant Prices and Costs

	Oil		Gas		Natural Gas Liquids		
Year	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40° API (\$Cdn/bbl)	Natural Gas Down Spot Day Price (\$Cdn/MMBtu)	Natural Gas ¹ AECO Gas Prices (\$Cdn/MMBtu)	Pentanes Plus FOB Field Gate (\$Cdn/bbl)	Butanes F.O.B. Field Gate (\$Cdn/bbl)	Exchange Rate (\$US/\$Cdn)
Historical							
Mar. 31, 2002	26.33	40.79	5.22	4.43	40.52	22.07	0.627
Mar. 31, 2003	31.03	49.26	7.88	6.07	46.56	36.37	0.681
Mar. 31, 2004	34.95	48.47	7.55	6.35	49.26	34.54	0.763
Mar. 31, 2005	55.41	67.38	9.13	7.97	67.22	47.09	0.827
Mar. 31, 2006	66.66	73.10	8.15	6.65	79.93	55.19	0.857
Constant							
Mar. 31, 2007	65.98	72.15	8.84	7.51	71.67	61.14	0.867

(1) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.

Notes:

Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.

Table 11
NI 51-101
Reconciliation of Company Net Reserves (After Royalty)
by Principal Product Type
as of March 31, 2007
Forecast Prices and Costs¹

Factors	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Net Proved (Mbbbl)	Net Probable (Mbbbl)	Net Proved Plus Probable (Mbbbl)	Net Proved (Mbbbl)	Net Probable (Mbbbl)	Net Proved Plus Probable (Mbbbl)	Net Proved (MMcf)	Net Probable (MMcf)	Net Proved Plus Probable (MMcf)
March 31, 2006	-	-	-	-	-	-	11,491	3,442	14,934
Extensions	-	-	-	-	-	-	729	987	1,716
Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	-	-	-	-	-	-	396	364	760
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	(430)	(608)	(1,038)
Production	-	-	-	-	-	-	(199)	-	(199)
March 31, 2007							11,987	4,185	16,172

(1) A reconciliation of reserves estimates may be presented using either *constant prices and costs* or *forecast prices and costs* provided that the price and cost case is indicated in the disclosure.

Reference: Item 4.1 of Form 51-101F1

Table 12
NI 51-101
Reconciliation of Changes in
Net Present Values of Future Net Revenue
Discounted at 10% Per Year
Proved Reserves
as of March 31, 2007
Constant Prices and Costs

Factors	(M\$)
Estimated Future Net Revenue After Tax as of March 31, 2006	22,608
Sales and Transfers of Oil and Gas Produced, Net of Production Costs and Royalties ⁽¹⁾	(1,509)
Net Change in Prices, Production Costs and Royalties Related to Future Production ⁽²⁾	(3,010)
Changes in Previously Estimated Development Costs Incurred During the Period ⁽¹⁾	706
Changes in Future Development Costs ⁽²⁾	(1,685)
Extensions, Infill Drilling and Improved Recovery ⁽²⁾	2,243
Discoveries	-
Acquisitions of Reserves ⁽²⁾	-
Dispositions of Reserves ⁽²⁾	-
Accretion of Discount ⁽³⁾	3,205
Other Significant Factors ⁽²⁾	-
Net Change in Income Taxes for Current Period ⁽⁴⁾	(50)
Net Change in Income Taxes for Future Forecast ⁽⁴⁾	(710)
Changes Resulting from Technical Reserves Revisions Plus Effects of Timing ⁽²⁾	1,716
Estimated Future Net Revenue After Tax as of March 31, 2007	23,514

(1) Undiscounted before income tax.

(2) Discounted before income tax.

(3) Ten percent (10%) of beginning of year net present value, before income tax.

(4) Discounted.

Reference Item 4.2 of Form 51-101F1