Energy and Utilities

Carbon Trading

Energy Survey Quarterly Update

Clearing the air on carbon trading

Carbon trading is one of the most talked about business and economic issues discussed today. The Europeans have it, the U.S. is doing it and Canada is discussing a national system. But how does carbon trading work? Does it really benefit the environment or is it a cash cow? When a business participates in these systems there are great benefits to the earth and the bottom line if it's done properly. However, there are tricks and traps that businesses should be wary of when considering the option.

How carbon trading works

Emission trading is a market-based mechanism used to reduce the amount of pollutants in the atmosphere and is based on the exchange of emission (e.g. carbon) credits for money or technology that enables best environmental practices.

An emissions credit is created when human activity prevents an emission or has removed pollutants from the atmosphere. For instance, the credit can be gained by simply using a compact fluorescent light bulb.

The value of the credit is determined by establishing a target for emitters; these are voluntary or regulated depending on the country and system in which an entity operates. Emitters can then purchase credits in lieu of reducing emissions if they are unable to meet their targets.

This transaction assumes that the environment sees the same benefit no matter who creates the credit or where it is created. It also relies on regulators, NGOs, companies and various other entities to set targets that reduce the balance in the ecological bank account to a sustainable level without significantly hindering their financial viability. Many prefer this type of market-based mechanism because it strives to efficiently allocate costs.

Who's trading what

Carbon trading is by far the most used emissions trading system around the world. In the European Union, a mandatory system of setting emission caps on emitters and a carbon trading market (EU ETS) has been in place since 2005. The EU ETS, which is based on Kyoto mechanisms and stresses trading credits for technology, is one of the first mandatory carbon markets to emerge and the most evolved.

In North America, there are three primary carbon trading systems: Chicago Climate Exchange (CCX), Alberta Specified Gas Emitters Regulation (ABEnv), and bilateral agreements. Each system varies in its characteristics, and credits from one system are not necessarily accepted in another.

Carbon trading is becoming a popular method for offsetting emissions in North America.

Make sure you understand how best to take advantage of the opportunities.

Cover photo credit Petro-Canada Stock Photography

Kyoto in North America?

Kyoto applies to countries that have endorsed the agreement, which in North America includes, Canada and Mexico. Under the agreement, developed countries can obtain credits from each other or a developed country can trade with a non-developed country. Thus in North America, since the U.S. has not signed on, only Mexico—which is classified as developing—and Canada can trade with each other. Furthermore, the Canadian government's policy limits the number of Kyoto credits that can be used for compliance within Canadian systems.

Typically only credits obtained in Canada qualify in Canada. Currently Mexico does not have compliance targets. Yet, given its developing status Mexico has been a prime area for Kyoto credits, which are largely exported to areas that have compliance requirements such as the EU countries.

Assessing the risks

North American companies have many ways to purchase carbon credits. But purchasing carbon is not a risk-free transaction. A company must do its due diligence to ensure that they purchase credits that are appropriate for their goals and have acceptable risks.

These risks could include:

- **Acceptance of the credit**. Is it accepted by the system in which you comply? It's critical to ensure it meets the standards or else it's a wasted investment; and
- **Permanence of the credit**. Buying, for instance, a plot of forest land purchased to sequester CO2 is a risk because it could catch fire and thereby send your investment up in smoke.

Appropriate technology. If the technology platform that you are looking to trade for credits is based on nuclear energy production, for example, it will likely not qualify in many countries for credits. There are a number of other points your organization should consider to get the most value out of carbon credit investments. The following is a recommended eight-step process for purchasing carbon credits and minimizing risks:

- **Determine whether you need or want to purchase carbon credits**. It is critical to understand whether you have mandatory requirements or if you will participate in a voluntary initiative. Mandatory requirements dictate which systems and types of compliance mechanisms are acceptable. Voluntary initiatives give you flexibility in the choice of system but require awareness of the risks.
- **Determine your offset target**. For a mandatory system, the target is determined for you by the regulators. For a voluntary system, the targets are set by your goals.

Photo credit Petro-Canada Stock Photography

- **Determine your risk profile**. Your risk profile will determine the systems and the types of credits you are willing to participate within and purchase. If you are interested in high quality credits that are tradable in all markets, Kyoto credits have those characteristics. If you are willing to tolerate more risk, then other systems and credits are available.
- **Determine which carbon trading system(s) you are going to transact in**. Mandatory requirements dictate which system is acceptable, but in voluntary initiatives many are available and the choice usually comes down to risk, accessibility, liquidity, and cost. Liquidity concerns in many markets centres on the availability of credits, and the volume traded is a liquidity indicator. Costs for credits vary depending on if you are trading in a voluntary market (CCX at around US$3/ton of CO2 equivalent) or a mandatory one (EU ETS at around 30/ tonne of CO2e).
- **Determine membership requirements of the system(s)**. In some systems, membership is automatic but in others it must be applied for and there may be criteria for membership. For example, in the Alberta regulatory system, any facility that emits more than 100,000 tonnes of CO2e per annum is automatically entitled to trade carbon.
- **Identify potential credits for purchase in the selected carbon trading market**. For systems that have an official registry for tracking carbon emissions or trades, they usually have a list of available credits. Other companies will issue formal requests or are approached by credit sellers. Memberships to organizations that promote emissions trading such as the International Emissions Trading Association (IETA) will also have contacts for credit providers. We are now seeing public marketing of credits either in conjunction with a product or service (e.g. airline carriers selling credits to offset travel emissions, electric utilities selling green forms of power) or as a distinct carbon product.
- **Conduct due diligence on the credits and credit providers**. Not all systems and credits are created equal. They have different characteristics, qualities, and risk. Due diligence is necessary to ensure that risk factors have appropriate controls and purchaser criteria have been met.
- **Purchase carbon credit through the appropriate mechanism**. Depending on the trading system you decide to trade in, there may be a variety of mechanisms that are used for the transaction. Some trading systems will be conducted through legal contracts drawn up by the purchaser or the credit seller. Other systems may have pre-established agreements that govern all transactions that the parties ascribe to during membership.

Carbon markets and credits are tools to reduce greenhouse gases in the atmosphere. They are critical mechanisms that foster environmental and financial health for the companies that participate, and they are here to stay. Businesses that intend to operate well in a carbon constrained future should be aware of the risks and rewards that carbon markets present.

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Q2 Exploration and Production Financial Results
Top 50

Company[1,2,3]	Gross Revenues (thousands) 6 months ended June 30 2008	Gross Revenues (thousands) 6 months ended June 30 2007	Change %	Net Income/(Loss) (thousands) 6 months ended June 30, 2008	Net Income/(Loss) (thousands) 6 months ended June 30, 2007	Change %	Cash Flow from Ops. (thousands) 6 months ended June 30, 2008[2]
Imperial Oil Limited	15,849,000	12,066,000	31%	1,829,000	1,486,000	23%	1,717,000
Petro-Canada	14,383,000	10,396,000	38%	2,574,000	1,435,000	79%	3,831,000
Husky Energy Inc.	13,366,000	6,840,000	95%	2,250,000	1,375,000	64%	3,631,000
EnCana Corporation	12,695,548	11,918,334	7%	1,317,377	2,181,566	-40%	5,291,723
Canadian Natural Resources Limited	9,079,000	6,270,000	45%	380,000	1,110,000	-66%	3,590,000
Suncor Energy Inc.	8,865,000	7,097,000	25%	1,537,000	1,192,000	29%	2,566,000
Talisman Energy Inc.	6,329,000	4,476,000	41%	892,000	1,070,000	-17%	2,923,000
Nexen Inc.	4,196,000	3,130,000	34%	1,010,000	489,000	107%	1,959,000
Addax Petroleum Corporation	2,653,804	1,549,440	71%	534,370	202,101	164%	995,582
InterOil Corporation	436,148	297,805	46%	13,239	(10,147)	-230%	16,434
Petrobank Energy and Resources Ltd.	415,395	66,330	526%	93,173	20,303	359%	301,996
Oilexco Incorporated	400,065	45,877	772%	22,657	22,990	-1%	307,118
Compton Petroleum Corporation	349,230	267,048	31%	(6,942)	59,026	-112%	147,503
Highpine Oil & Gas Limited	331,745	188,436	76%	41,988	(5,346)	-885%	186,588
TriStar Oil & Gas Ltd.	318,274	46,881	579%	(61,269)	(78)	78450%	170,348
Connacher Oil and Gas Limited	301,128	162,041	86%	4,850	27,212	-82%	28,375
NuVista Energy Ltd.	258,858	110,457	134%	10,054	14,510	-31%	143,016
Galleon Energy Inc.	222,118	113,709	95%	16,090	7,192	124%	115,408
Iteration Energy Ltd.	183,697	50,545	263%	2,362	(4,308)	-155%	81,447
Paramount Resources Ltd.	179,878	159,679	13%	(69,930)	654,911	-111%	75,777
Arawak Energy Corporation	162,553	74,613	118%	17,817	1,770	907%	36,421
Fairborne Energy Ltd.	157,134	99,746	58%	13,862	13,899	-	93,559
Celtic Exploration Ltd.	137,591	65,354	111%	(16,491)	107	-15512%	65,085
Birchcliff Energy Ltd.	129,465	51,831	150%	13,604	(2,080)	-754%	68,940
TransGlobe Energy Corporation	127,006	63,740	99%	(909)	9,345	-110%	36,391
Pearl Exploration and Production Ltd.	117,669	30,687	283%	2,898	(22,891)	-113%	47,475
Crew Energy Inc.	111,705	68,134	64%	6,356	2,670	138%	62,483
ProEx Energy Ltd.	110,736	65,871	68%	7,181	11,630	-38%	58,327
West Energy Ltd.	105,079	35,273	198%	7,027	(2,277)	-409%	65,007
Anderson Energy Ltd.	88,057	37,392	135%	10,205	335	2946%	44,912
Petro Andina Resources Inc.	84,481	35,023	141%	4,923	(4,819)	-202%	55,470
Breaker Energy Ltd.	84,437	41,767	102%	20,767	1,336	1454%	50,355
Vero Energy Inc.	74,608	40,304	85%	12,523	1,224	923%	44,647
Storm Exploration Inc.	73,664	50,614	46%	15,889	7,898	101%	42,768
Delphi Energy Corp.	70,968	46,729	52%	(690)	(10,856)	-94%	37,024
Bow Valley Energy Ltd.	70,054	9,175	664%	6,594	(4,256)	-255%	55,858
Pebercan Inc.	69,185	60,205	15%	25,414	19,730	29%	46,865
Pan Orient Energy Corp	67,984	4,384	1451%	11,881	(1,942)	-712%	21,560
Bankers Petroleum Ltd	62,758	26,556	136%	1,359	(505)	-369%	28,108
Cadence Energy Inc.	62,335	92,557	-33%	(10,334)	613	-1786%	26,928
Angle Energy Inc.	61,748	-	100%	10,511	-	100%	33,096
Petrolifera Petroleum Ltd.	60,683	74,135	-18%	5,328	19,519	-73%	25,387
Gentry Resources Ltd.	59,042	32,842	80%	(2,473)	(256)	864%	24,753
TUSK Energy Corporation	55,402	36,352	52%	2,077	(1,564)	-233%	30,499
Solana Resources Ltd.	48,064	3,145	1428%	27,316	(8,460)	-423%	33,290
Orleans Energy Ltd.	46,355	24,370	90%	(2,732)	(1,041)	162%	22,948
Berens Energy Ltd.	45,801	32,327	42%	(7,026)	(3,603)	95%	21,839
Buffalo Resources Corp.	44,880	18,418	144%	6,927	(2,140)	-424%	20,657
ProspEx Resources Ltd.	43,252	30,941	40%	151	441	-66%	24,153
Alberta Clipper Energy Inc.	42,635	18,791	127%	3,141	(1,684)	-287%	22,739
Average	**1,865,764**	**1,330,457**	**40%**	**251,662**	**226,981**	**11%**	**586,517**

[Note]

[1] Unless otherwise indicated, data has been prepared by the Canoils Database — www.canoils.com

[2] Data prepared by PricewaterhouseCoopers LLP

[3] All USD balances were translated per Canoils.

Cash Flow from Ops. (thousands) 6 months ended June 30, 2007[2]	Change %	CFPS 6 months ended June 30, 2008	CFPS 6 months ended June 30, 2007	Change %	Market Capitalization (Thousands) June 30, 2008	Market Capitalization (Thousands) December 31, 2007	Change %
1,823,000	-6%	1.92	1.94	-1%	49,537,220	49,336,225	-
2,516,000	52%	7.92	5.08	56%	27,663,173	25,744,198	7%
2,581,000	41%	4.28	3.04	41%	41,455,176	37,855,140	10%
4,312,183	23%	7.05	5.65	25%	70,038,672	50,638,500	38%
3,097,000	16%	6.64	5.74	16%	54,531,549	39,173,531	39%
1,852,000	39%	2.76	2.01	37%	55,298,569	49,938,914	11%
2,181,000	34%	2.87	2.09	38%	23,002,412	18,731,875	23%
1,302,000	50%	3.70	2.47	50%	21,561,306	16,958,584	27%
551,430	81%	6.40	3.56	80%	7,664,260	6,684,806	15%
8,839	86%	0.52	0.30	74%	1,009,346	585,294	72%
40,203	651%	3.70	0.54	583%	4,397,937	4,498,702	-2%
12,094	2439%	1.39	0.06	2303%	4,312,663	2,894,418	49%
119,082	24%	1.14	0.92	23%	1,686,025	1,179,956	43%
90,754	106%	2.74	1.34	105%	911,553	677,502	35%
25,342	572%	1.63	0.98	66%	2,270,461	858,520	164%
27,857	2%	0.13	0.14	-4%	907,417	795,791	14%
58,227	146%	2.05	1.13	81%	1,384,658	690,422	101%
62,547	85%	1.68	1.07	57%	1,500,047	979,841	53%
26,876	203%	0.63	0.45	41%	1,371,328	337,391	306%
57,861	31%	1.12	0.82	37%	1,404,907	927,303	52%
15,922	129%	0.21	0.09	127%	447,779	418,371	7%
51,580	81%	1.10	1.03	7%	1,135,293	552,047	106%
41,290	58%	1.59	1.23	29%	811,736	421,859	92%
27,037	155%	0.65	0.42	55%	1,730,590	691,192	150%
25,677	42%	0.61	0.43	41%	309,166	301,116	3%
6,267	658%	0.25	0.06	290%	397,408	580,893	-32%
37,684	66%	1.13	0.87	30%	1,088,068	387,362	181%
36,773	59%	1.07	0.84	27%	1,329,912	621,405	114%
16,230	301%	0.82	0.25	233%	306,628	182,660	68%
17,595	155%	0.51	0.31	66%	468,803	251,408	86%
22,083	151%	1.33	0.65	104%	483,356	490,692	-1%
20,967	140%	1.36	0.57	137%	457,022	217,283	110%
20,197	121%	1.44	0.74	95%	357,767	167,707	113%
29,338	46%	0.96	0.68	40%	856,075	396,335	116%
22,134	67%	0.54	0.34	60%	212,890	124,568	71%
6,073	820%	0.65	0.08	721%	535,760	542,488	-1%
42,288	11%	0.63	0.57	11%	201,375	132,013	53%
1,456	1381%	0.48	0.04	1211%	466,852	685,518	-32%
7,664	267%	0.06	0.02	213%	2,923,210	330,228	785%
44,273	-39%	0.46	0.77	-41%	328,935	226,153	45%
15,430	114%	0.95	-	-	328,822	INA	INA
39,119	-35%	0.50	0.85	-41%	476,195	494,753	-4%
13,372	85%	0.45	0.32	40%	222,271	126,084	76%
16,619	84%	0.34	0.19	80%	263,187	128,428	105%
(806)	-4230%	0.27	(0.01)	-3305%	718,104	290,697	147%
11,209	105%	0.54	0.34	61%	240,801	83,033	190%
14,752	48%	0.23	0.16	48%	110,386	57,767	91%
4,734	336%	0.30	0.11	177%	97,412	69,644	40%
19,047	27%	0.43	0.35	20%	197,909	169,359	17%
9,217	147%	0.40	0.20	103%	192,572	108,992	77%
427,610	**37%**	**1.61**	**1.06**	**52%**	**7,792,099**	**6,374,739**	**22%**

Q2 Exploration and Production Financial Results
Top 15 Trusts

Company[1,2,3]	Gross Revenues (thousands) 6 months ended June 30 2008	Gross Revenues (thousands) 6 months ended June 30 2007	Change %	Net Income/(Loss) (thousands) 6 months ended June 30, 2008	Net Income/(Loss) (thousands) 6 months ended June 30, 2007	Change %	Cash Flow from Ops. (thousands) 6 months ended June 30, 2008[2]
Harvest Energy Trust	3,138,644	2,262,159	39%	(162,409)	76,098	-313%	368,841
Penn West Energy Trust	2,448,000	1,190,700	106%	(245,000)	(88,900)	176%	1,385,000
Canadian Oil Sands Trust	2,312,000	1,591,000	45%	795,000	(133,000)	-698%	990,000
Provident Energy Trust	1,750,036	1,177,130	49%	(150,465)	9,260	-1725%	421,717
Enerplus Resources Fund	1,251,539	773,797	62%	233,624	147,957	58%	697,702
Keyera Facilities Income Fund	1,082,143	705,111	53%	78,231	(40,858)	-291%	98,094
Pengrowth Energy Trust	1,023,489	885,835	16%	(175,233)	201,825	-187%	491,333
ARC Energy Trust	919,900	613,400	50%	138,600	268,200	-48%	478,900
Avenir Diversified Income Trust	919,885	466,402	97%	48,188	13,002	271%	33,986
Bonavista Energy Trust	657,942	449,100	47%	101,580	95,566	6%	339,044
Crescent Point Energy Trust	636,664	273,059	133%	(395,124)	39,771	-1093%	298,654
Baytex Energy Trust	595,808	257,261	132%	70,265	54,833	28%	226,765
Vermilion Energy Trust	570,864	313,670	82%	128,485	72,397	77%	309,743
Enterra Energy Trust	131,319	114,386	15%	(13,762)	(54,872)	-75%	55,844
Zargon Energy Trust	121,895	77,745	57%	44	16,855	-100%	57,254
Average	**1,170,675**	**743,384**	**57%**	**30,135**	**42,917**	**-30%**	**388,669**

[Note]

[1] Unless otherwise indicated, data has been prepared by the Canoils Database — www.canoils.com

[2] Data prepared by PricewaterhouseCoopers LLP

[3] All USD balances were translated per Canoils.

Cash Flow from Ops. (thousands) 6 months ended June 30, 2007[2]	Change %	CFPS 6 months ended June 30, 2008	CFPS 6 months ended June 30, 2007	Change %	Market Capitalization (Thousands) June 30, 2008	Market Capitalization (Thousands) December 31, 2007	Change %
458,402	-20%	2.44	3.51	-30%	3,780,105	3,059,247	24%
637,000	117%	3.76	2.68	41%	13,018,435	6,270,416	108%
563,000	76%	2.06	1.17	76%	26,510,000	18,557,574	43%
185,543	127%	1.66	0.87	92%	2,999,875	2,521,295	19%
430,381	62%	4.47	3.42	31%	7,770,971	5,175,644	50%
68,831	43%	1.60	1.13	42%	1,361,731	1,219,161	12%
399,291	23%	1.98	1.63	21%	5,104,346	4,349,434	17%
351,400	36%	2.26	1.71	32%	7,236,612	4,288,733	69%
30,843	10%	0.81	0.74	9%	346,660	323,340	7%
254,623	33%	3.06	2.43	26%	3,519,663	2,444,075	44%
151,123	98%	2.43	1.62	50%	5,040,257	2,822,404	79%
112,406	102%	2.61	1.48	77%	3,290,786	1,606,260	105%
161,039	92%	4.49	2.46	82%	3,090,280	2,304,892	34%
38,461	45%	0.91	0.66	37%	294,834	70,651	317%
42,827	34%	3.23	2.53	28%	INA	393,773	INA
242,856	**60%**	**2.52**	**1.87**	**35%**	**5,557,637**	**3,693,793**	**50%**

Q2 Exploration and Production Operating Results
Top 50

Company[1,2,3]	Oil & Liquid Production bbls/d June 30, 2008	NG Production mmcf/d June 30, 2008	Total Production boe/d June 30, 2008	Total Production boe/d Dec 31, 2007	Change %	Liquids Price per bbl June 30, 2008	Liquids Price per bbl Dec 31, 2007	Change %	NG Price per mcf June 30, 2008	NG Price per mcf Dec 31, 2007
Imperial Oil Limited	253,000	318.0	306,000	351,333	-13%	103.41	69.79	48%	9.15	6.95
Petro-Canada	302,500	709.0	420,667	418,433	1%	104.67	72.66	44%	8.56	6.32
Husky Energy Inc.	254,000	604.2	354,700	376,583	-6%	93.26	58.24	60%	8.11	6.19
EnCana Corporation	132,446	3,787.0	763,613	728,487	5%	89.11	50.50	76%	8.91	5.89
Canadian Natural Resources Limited	323,147	1,532.0	578,480	609,206	-5%	91.11	55.45	64%	8.83	6.85
Suncor Energy Inc.	214,400	207.0	248,900	271,400	-8%	106.85	73.84	45%	8.45	6.32
Talisman Energy Inc.	217,966	1,246.0	425,633	451,614	-6%	110.16	75.00	47%	9.38	6.99
Nexen Inc.	218,700	252.0	260,700	253,767	3%	105.50	73.44	44%	9.09	6.85
Addax Petroleum Corporation	136,000	INA	136,000	125,900	8%	110.80	72.94	52%	INA	INA
InterOil Corporation	INA	INA	INA	INA	INA	INA	INA	INA	INA	INA
Petrobank Energy and Resources Ltd.	20,765	14.6	23,190	10,243	126%	103.79	73.41	41%	8.73	6.43
Oilexco Incorporated	18,326	3.4	18,893	11,748	61%	INA	INA	INA	INA	INA
Compton Petroleum Corporation	5,326	160.0	31,993	31,333	2%	103.13	62.28	66%	8.39	6.33
Highpine Oil & Gas Limited	13,923	25.9	19,909	17,736	12%	105.24	72.50	45%	9.96	7.39
TriStar Oil & Gas Ltd.	14,418	32.8	19,881	8,521	133%	101.37	72.05	41%	8.76	6.19
Connacher Oil and Gas Limited	4,936	12.4	6,995	2,321	201%	65.70	52.80	24%	8.00	6.38
NuVista Energy Ltd.	6,206	99.2	22,746	13,847	64%	83.66	53.68	56%	8.74	6.77
Galleon Energy Inc.	7,714	53.3	16,599	13,429	24%	85.48	59.75	43%	8.70	6.54
Iteration Energy Ltd.	4,154	62.2	14,517	6,622	119%	97.66	55.94	75%	9.62	6.76
Paramount Resources Ltd.	3,711	66.7	14,828	16,668	-11%	102.14	68.74	49%	9.13	6.77
Arawak Energy Corporation	12,073	INA	12,073	10,204	18%	80.15	48.84	64%	INA	INA
Fairborne Energy Ltd.	3,063	58.2	12,758	11,786	8%	91.88	67.33	36%	9.14	7.16
Celtic Exploration Ltd.	3,338	41.8	10,302	7,874	31%	85.87	68.95	25%	9.05	7.76
Birchcliff Energy Ltd.	3,167	38.2	9,527	6,712	42%	107.11	76.10	41%	9.65	6.82
TransGlobe Energy Corporation	7,034	4.4	7,776	5,692	37%	103.05	71.30	45%	8.88	6.64
Pearl Exploration and Production Ltd.	7,679	10.1	9,359	6,405	46%	72.41	40.14	80%	8.73	6.43
Crew Energy Inc.	1,921	48.7	10,030	8,696	15%	79.98	62.44	28%	9.32	6.81
ProEx Energy Ltd.	779	58.2	10,471	8,508	23%	97.89	72.60	35%	8.88	6.64
West Energy Ltd.	4,752	7.3	5,964	3,543	68%	104.85	74.20	41%	10.17	7.13
Anderson Energy Ltd.	1,305	39.5	7,896	5,327	48%	90.55	63.13	43%	8.92	6.48
Petro Andina Resources Inc.	10,452	0.1	10,467	6,045	73%	44.35	41.41	7%	INA	6.49
Breaker Energy Ltd.	2,826	16.0	5,492	4,406	25%	111.31	73.17	52%	9.05	6.07
Vero Energy Inc.	1,393	27.2	5,929	4,709	26%	102.21	68.56	49%	9.59	7.27
Storm Exploration Inc.	872	32.7	6,315	5,775	9%	105.05	72.85	44%	9.53	7.08
Delphi Energy Corp.	822	31.8	6,128	5,322	15%	98.04	61.77	59%	9.32	8.05
Bow Valley Energy Ltd.	3,231	2.7	3,675	2,981	23%	106.81	81.62	31%	3.58	6.35
Pebercan Inc.	6,706	INA	6,706	7,215	-7%	57.17	41.84	37%	INA	INA
Pan Orient Energy Corp	4,249	INA	4,249	974	336%	87.91	67.45	30%	INA	INA
Bankers Petroleum Ltd	5,645	0.9	5,790	4,787	21%	60.23	35.73	69%	8.45	5.73
Cadence Energy Inc.	2,612	7.1	3,798	8,820	-57%	104.17	70.87	47%	9.10	6.95
Angle Energy Inc.	2,414	19.8	5,708	3,334	71%	63.56	49.84	28%	8.93	7.14
Petrolifera Petroleum Ltd.	6,918	6.5	7,999	8,279	-3%	46.05	45.51	1%	2.28	1.55
Gentry Resources Ltd.	2,114	13.5	4,358	4,071	7%	91.85	61.79	49%	8.97	6.59
TUSK Energy Corporation	1,610	14.5	4,034	3,970	2%	97.10	70.70	37%	9.52	6.40
Solana Resources Ltd.	2,642	INA	2,649	867	205%	101.13	70.73	43%	2.25	2.32
Orleans Energy Ltd.	782	18.7	3,903	2,796	40%	92.20	65.10	42%	8.98	7.06
Berens Energy Ltd.	744	19.4	3,976	3,728	7%	94.47	6.96	1257%	9.35	6.96
Buffalo Resources Corp.	1,698	10.9	3,509	2,956	19%	84.31	48.82	73%	9.52	6.47
ProspEx Resources Ltd.	782	19.5	4,034	3,899	3%	76.67	55.38	38%	8.74	7.12
Alberta Clipper Energy Inc.	1,283	10.6	3,057	2,299	33%	100.52	69.63	44%	9.89	6.75
Average	**46,052**	**221**	**79,228**	**79,208**	**0%**	**92**	**62**	**48%**	**8.61**	**6.50**

[Note]

[1] Unless otherwise indicated, data has been prepared by the Canoils Database — www.canoils.com

[2] Data prepared by PricewaterhouseCoopers LLP

[3] All USD balances were translated per Canoils.

Change %	Op. Costs per boe June 30, 2008	Op. Costs per boe Dec 31, 2007	Change %	Royalties per boe June 30, 2008	Royalties per boe Dec 31, 2007	Change %	G&A Costs per boe June 30, 2008	G&A Costs per boe Dec 31, 2007	Change %	Depletion Costs per boe June 30, 2008	Depletion Costs per boe Dec 31, 2007	Change %
32%	22.55	16.04	41%	INA	INA	-	11.11	10.41	7%	6.50	6.08	7%
35%	12.90	12.05	7%	INA	INA	-	INA	INA	INA	12.51	13.23	-5%
31%	11.48	9.52	21%	16.75	7.75	169%	1.89	1.59	19%	13.31	12.80	4%
51%	10.14	7.21	41%	INA	INA	-	2.75	1.53	79%	15.38	15.23	1%
29%	11.29	9.72	16%	10.80	6.26	70%	0.84	0.93	-10%	12.90	12.84	-
34%	31.70	25.95	22%	11.10	6.98	63%	(0.07)	0.09	-173%	11.04	8.72	27%
34%	12.79	12.77	-	14.32	9.69	63%	1.79	1.35	33%	14.54	13.44	8%
33%	10.37	19.24	-46%	INA	INA	-	5.75	2.86	101%	14.16	14.65	-3%
INA	8.63	7.25	19%	18.59	13.53	71%	0.77	0.72	8%	11.14	13.21	-16%
INA	INA	INA	INA	INA	INA	INA	INA	INA	INA	INA	INA	INA
36%	9.70	7.91	23%	9.48	5.71	89%	2.75	3.41	-19%	26.18	21.31	23%
INA	12.46	12.62	-1%	INA	INA	-	4.47	6.22	-28%	36.31	28.85	26%
33%	9.84	9.98	-1%	12.22	8.98	33%	2.79	2.74	2%	13.97	13.24	6%
35%	11.18	11.10	1%	26.87	18.04	59%	1.61	1.88	-14%	33.95	29.86	14%
42%	10.56	11.63	-9%	17.17	11.73	57%	1.63	2.29	-29%	32.30	28.71	13%
25%	50.98	11.05	361%	INA	6.93	INA	4.69	10.09	-53%	16.06	34.81	-54%
29%	7.95	8.11	-2%	14.05	9.64	26%	1.40	1.04	35%	18.03	16.50	9%
33%	11.98	10.36	16%	13.01	8.48	53%	2.01	1.49	35%	21.86	20.47	7%
42%	11.54	10.27	12%	14.71	8.59	72%	2.07	2.26	-8%	22.59	24.86	-9%
35%	15.14	16.32	-7%	10.66	7.02	24%	5.56	5.86	-5%	20.31	20.93	-3%
INA	6.26	11.15	-44%	17.34	12.28	52%	5.24	4.87	8%	8.81	10.17	-13%
28%	9.06	9.79	-7%	12.19	7.93	33%	2.67	2.86	-6%	22.62	22.33	1%
17%	9.98	11.98	-17%	16.30	11.16	49%	1.10	1.06	4%	21.49	21.98	-2%
41%	10.55	10.90	-3%	11.57	7.89	61%	2.06	3.07	-33%	24.62	26.46	-7%
34%	5.94	7.80	-24%	40.94	24.92	86%	3.10	2.89	7%	12.16	15.83	-23%
36%	17.81	16.44	8%	16.96	8.84	105%	3.77	4.37	-14%	25.51	23.55	8%
37%	7.23	8.31	-13%	13.02	7.48	26%	1.11	1.05	6%	23.31	23.76	-2%
34%	5.70	9.19	-38%	12.38	9.51	9%	1.33	0.93	43%	15.15	15.15	-
43%	9.54	9.16	4%	25.29	17.10	63%	2.01	3.56	-43%	49.75	38.04	31%
38%	11.72	11.70	-	13.41	8.10	47%	2.32	3.25	-29%	20.18	20.96	-4%
INA	9.84	9.52	3%	6.93	6.58	3%	3.94	4.66	-15%	14.63	19.39	-25%
49%	9.97	13.39	-26%	17.18	9.64	69%	2.66	2.99	-11%	21.16	21.68	-2%
32%	5.65	7.88	-28%	16.93	13.38	17%	1.82	1.82	-	17.14	20.87	-18%
35%	7.33	9.42	-22%	13.41	9.65	27%	1.38	1.10	25%	16.99	16.53	3%
16%	10.15	12.15	-16%	12.74	7.51	59%	2.08	1.90	9%	26.78	25.20	6%
-44%	7.15	3.85	86%	0.63	0.96	-59%	8.07	6.79	19%	33.42	17.49	91%
INA	6.46	6.50	-1%	INA	INA	-	1.79	2.45	-27%	17.14	18.12	-5%
INA	2.31	8.12	-72%	5.95	4.38	19%	2.93	8.90	-67%	7.81	13.23	-41%
48%	13.38	13.58	-2%	11.04	4.40	160%	4.58	5.05	-9%	7.32	5.58	31%
31%	11.19	12.59	-11%	19.12	12.71	53%	5.20	2.00	160%	32.37	26.11	24%
25%	4.68	4.45	5%	18.53	14.59	100%	1.75	1.61	9%	13.22	13.17	-
47%	8.43	6.05	39%	5.53	5.79	-5%	2.81	2.11	33%	7.47	5.55	35%
36%	14.99	14.21	5%	17.40	11.26	56%	3.71	3.17	17%	23.62	20.26	17%
49%	10.93	12.78	-14%	15.08	10.32	35%	3.54	4.19	-16%	35.00	28.04	25%
-3%	12.58	13.22	-5%	INA	INA	-	5.85	17.19	-66%	13.39	19.40	-31%
27%	10.75	13.40	-20%	14.27	9.08	53%	2.22	2.15	3%	26.92	28.25	-5%
34%	7.98	8.52	-6%	14.57	10.23	25%	3.71	3.26	14%	25.91	28.55	-9%
47%	16.74	14.81	13%	15.56	10.95	44%	3.77	6.28	-40%	16.19	15.69	3%
23%	9.23	8.91	4%	10.38	6.56	60%	2.25	2.16	4%	21.88	23.81	-8%
47%	10.38	10.48	-1%	16.01	9.91	42%	3.38	3.28	3%	30.73	30.62	-
32%	**11.57**	**11.01**	**5%**	**14.64**	**9.58**	**45%**	**3.04**	**3.49**	**-13%**	**20.12**	**19.70**	**2%**

Q2 Exploration and Production Operating Results
Top 15 Trusts

Company[1,2,3]	Oil & Liquid Production bbls/d June 30, 2008	NG Production mmcf/d June 30, 2008	Total Production boe/d June 30, 2008	Total Production boe/d Dec 31, 2007	Change %	Liquids Price per bbl June 30, 2008	Liquids Price per bbl Dec 31, 2007	Change %	NG Price per mcf June 30, 2008	NG Price per mcf Dec 31, 2007
Harvest Energy Trust	40,522	98	56,821	60,337	-6%	92.19	58.28	58%	9.51	6.94
Penn West Energy Trust	109,217	493	191,384	127,094	51%	83.88	60.91	38%	8.60	7.02
Canadian Oil Sands Trust	98,463	-	98,463	112,298	-12%	115.76	79.29	46%	INA	INA
Provident Energy Trust	13,633	85	27,808	38,634	-28%	85.03	60.65	40%	8.75	6.53
Enerplus Resources Fund	39,088	334	94,681	82,319	15%	97.43	63.65	53%	8.79	6.45
Keyera Facilities Income Fund	INA	INA	INA	INA	INA	INA	INA	INA	INA	INA
Pengrowth Energy Trust	42,199	238	81,802	87,401	-6%	81.13	64.46	26%	8.55	7.29
ARC Energy Trust	32,184	200	65,434	62,726	4%	100.23	67.46	49%	9.07	6.75
Avenir Diversified Income Trust	1,572	10	3,272	3,348	-2%	78.16	54.77	43%	8.34	6.62
Bonavista Energy Trust	23,834	175	53,001	52,534	1%	75.05	54.40	38%	8.73	6.95
Crescent Point Energy Trust	31,398	29	36,187	28,117	29%	103.07	67.33	53%	9.11	6.52
Baytex Energy Trust	29,749	51	38,166	36,225	5%	75.58	48.45	56%	8.37	6.61
Vermilion Energy Trust	19,637	83	33,407	31,325	7%	118.86	74.08	60%	9.71	7.25
Enterra Energy Trust	3,855	40	10,496	12,428	-16%	88.26	61.09	44%	9.57	7.04
Zargon Energy Trust	4,210	30	9,127	8,560	7%	98.38	64.71	52%	8.66	6.40
Average	**34,969**	**133**	**57,146**	**53,096**	**8%**	**92.36**	**62.82**	**47%**	**8.90**	**6.80**

[Note]

[1] Unless otherwise indicated, data has been prepared by the Canoils Database — www.canoils.com

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Change %	Op. Costs per boe June 30, 2008	Op. Costs per boe Dec 31, 2007	Change %	Royalties per boe June 30, 2008	Royalties per boe Dec 31, 2007	Change %	G&A Costs per boe June 30, 2008	G&A Costs per boe Dec 31, 2007	Change %	Depletion Costs per boe June 30, 2008	Depletion Costs per boe Dec 31, 2007	Change %
37%	14.06	13.66	3%	13.46	9.69	39%	1.78	1.45	23%	23.77	23.09	3%
23%	11.91	11.16	7%	13.81	9.72	42%	1.44	1.42	1%	22.16	18.72	18%
INA	38.89	33.72	15%	17.24	11.83	46%	0.89	2.22	-60%	10.99	8.29	33%
34%	13.03	13.76	-5%	13.29	8.42	58%	7.63	8.15	-6%	32.40	24.57	32%
36%	9.17	9.12	-	13.46	9.49	42%	1.96	1.98	-1%	17.80	15.21	17%
INA	INA	INA	INA	INA	INA	INA	INA	INA	INA	INA	INA	INA
17%	14.05	12.74	10%	15.03	10.01	50%	1.61	1.58	1%	20.16	20.03	1%
34%	10.12	9.54	6%	13.77	9.58	44%	2.66	1.99	34%	15.57	15.72	-1%
26%	16.44	16.35	1%	10.11	6.48	56%	18.75	15.57	20%	21.09	23.32	-10%
26%	9.16	8.47	8%	13.52	8.11	67%	0.72	0.70	4%	12.97	11.75	10%
40%	8.59	9.25	-7%	17.31	11.59	49%	2.16	1.50	44%	23.14	23.67	-2%
27%	11.33	10.19	11%	14.83	7.78	91%	2.14	1.78	20%	14.34	14.08	2%
34%	10.93	10.45	5%	15.30	8.53	79%	1.99	1.64	21%	19.82	18.49	7%
36%	13.74	14.29	-4%	15.86	10.00	59%	4.87	4.50	8%	25.32	32.74	-23%
35%	11.19	10.44	7%	14.90	10.48	42%	2.92	2.63	11%	17.41	15.49	12%
31%	**13.76**	**13.08**	**5%**	**14.42**	**9.41**	**53%**	**3.68**	**3.36**	**9%**	**19.78**	**18.94**	**4%**

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