

PENN WEST

PETROLEUM LTD.

NEWS RELEASE

PENN WEST PETROLEUM ANNOUNCES PLANS FOR 2003

FOR IMMEDIATE RELEASE, Monday, January 13, 2003

PENN WEST PETROLEUM LTD. (TSE – PWT) is pleased to announce its operating and financial targets for 2003

Penn West is planning a record exploration and development program in 2003 that reflects a strong inventory of prospects and a favorable commodity price outlook for the year. Penn West's initial capital expenditure budget for 2003 has been set in the range of \$550 to \$650 million. Approximately \$490 million of this amount will be allocated to exploration and development activities, with the balance allocated to property acquisitions. Penn West reviews its spending plans, revenue outlook, drilling plans and acquisition opportunities on a regular basis, and it is possible that additional acquisitions or drilling opportunities could result in future adjustments to the capital expenditure budget.

The Company's exploration and development plans include an aggressive drilling program in the first quarter of 2003, focusing on natural gas growth in the Northern Core Area. This program is in response to the very strong outlook for natural gas pricing. Natural gas prices have increased significantly over the past year with recent spot prices in excess of \$6.00 per mcf at the plantgate.

Penn West plans to drill approximately 500 net wells in 2003. Under this base plan, it is anticipated that production will average 104,000 to 109,000 boe per day in 2003. These production targets provide for only a modest level of acquisition spending in the range of \$60 to \$160 million. This budgeted spending level for acquisitions is less than the average actual spending of \$227 million over the past three years. As a result, further acquisitions could lead to additional growth. It is expected that Penn West's production mix for 2003 will continue to be weighted towards natural gas

For budgeting purposes, commodity prices for 2003 have been assumed to average \$24.00 U.S. per barrel of W.T.I. and \$4.90 per mcf of natural gas at the plantgate. These assumptions are significantly below current forward prices on the commodity markets. Sensitivities to the forecasts contained in this news release can be found in the corporate presentation on the Penn West website at www.pennwest.com. Penn West has a moderate hedging program in place that covers 17,500 barrels per day of crude oil through the first half of 2003 at an average floor of \$22.90 U.S. per barrel and an average ceiling of \$27.90 U.S. per barrel. Penn West has also hedged 100 mmcf per day of natural gas for the first quarter of 2003 at an average plantgate floor price of \$4.40 per mcf and an average ceiling price of \$7.40 per mcf. Penn West is currently unhedged on natural gas prices after the first quarter of 2003.

Based on the Company's budgeted expenditure levels and commodity prices, cash flow for 2003 is expected to be in the range of \$520 to \$570 million after forecasted cash taxes of \$60 to \$90 million. This equates to \$9.60 to \$10.50 basic per share. Most of Penn West's capital expenditures will be funded from internally generated cash flow under these assumptions. Net income is expected to be \$180 to \$200 million, or \$3.30 to \$3.70 basic per share. Penn West expects to maintain a strong balance sheet throughout 2003, with a forecasted 2003 year-end debt to annual cash flow ratio of 1.1 to one. The Board of Directors of Penn West has appointed KPMG LLP to act as its auditor until the next annual meeting of shareholders, replacing its past auditor Arthur Andersen LLP.

Investor Information

Penn West Petroleum Ltd. is a senior independent Canadian oil and natural gas company based in Calgary, Alberta. Penn West focuses on exploration and development activity in the Western Canadian Sedimentary Basin. Penn West trades on The Toronto Stock Exchange under the symbol PWT.

Notes to Reader

- 1.) This document contains forward-looking statements (forecasts) under applicable securities laws. Forward-looking statements are necessarily based upon assumptions and judgements with respect to the future including, but not limited to, the outlook for commodity markets and capital markets, the performance of producing wells and reservoirs, and the regulatory and legal environment. Many of these factors can be difficult to predict. As a result, the forward-looking statements are subject to known or unknown risks and uncertainties that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements.
- 2.) All dollar amounts contained in this document are expressed in Canadian dollars unless noted otherwise.
- 3.) Where applicable, natural gas has been converted to barrels of oil equivalent (boe) using a conversion rate of 6 mcf of natural gas equals 1 boe.

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