

PENN WEST
PETROLEUM LTD.

NEWS RELEASE

PENN WEST PETROLEUM ANNOUNCES PLANS FOR 2004

FOR IMMEDIATE RELEASE, Wednesday, January 21, 2004

PENN WEST PETROLEUM LTD. (TSE – PWT) is pleased to announce its operating and financial targets for 2004

Penn West's exploration and development budget for 2004 reflects an active drilling program and a favorable commodity price outlook for the year. Penn West's initial capital expenditure budget for 2004 has been set in the range of \$600 to \$700 million. Most of this amount will be allocated to exploration and development activities, with only \$25 to \$75 million allocated to property acquisitions. The Company's exploration and development plans include an active drilling program in the first quarter of 2004, focusing on natural gas growth at Wildboy in the Northern Core Area, and on light oil in-fill drilling at Pembina. 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.

Penn West plans to drill approximately 700 net wells in 2004. Under this base plan, it is anticipated that production will average 103,500 to 107,500 boe per day in 2004, an increase from estimated production of 101,500 boe per day in 2003.

For budgeting purposes, commodity prices for 2004 have been assumed to average \$27.50 U.S. per barrel of W.T.I. and \$5.75 per mcf of natural gas at the plantgate. More detailed assumptions and 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 25,000 barrels per day of crude oil through the first half of 2004 at an average floor of \$25.60 U.S. per barrel and an average ceiling of \$31.10 U.S. per barrel. The Company has 10,000 barrels per day of crude oil hedged for the third quarter of 2004 at an average floor price of \$25.50 and an average ceiling of \$30.70 U.S. per barrel. Penn West also has 23 mmcf per day of natural gas hedged through the first quarter of 2004 at an average floor price of \$6.27 and an average ceiling of \$9.58 per mcf, and is currently unhedged on natural gas prices after March of 2004.

Based on the Company's budgeted expenditure levels and commodity prices, cash flow for 2004 is expected to be in the range of \$560 to \$610 million after forecasted cash taxes of \$60 million. This equates to \$10.30 to \$11.10 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 \$175 to \$190 million, or \$3.20 to \$3.50 basic per share. Penn West expects to maintain a strong balance sheet throughout 2004, with a forecasted 2004 year-end debt to annual cash flow ratio of one to one.

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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