

# PENN WEST

## PRESS RELEASE

### PENN WEST PETROLEUM ANNOUNCES RECORD FOURTH QUARTER AND YEAR-END RESULTS

FOR IMMEDIATE RELEASE, Wednesday, March 21, 2001

PENN WEST PETROLEUM LTD. (TSE - PWT) is pleased to announce its results for the three months and year ended December 31, 2000.

#### HIGHLIGHTS

##### *Operations*

- Production for the year increased by 35% to 83,500 boe (6:1) per day from 61,600 boe (6:1) per day in 1999.
- Natural gas production for the year 2000 increased by 25%, and liquids production increased by 56%, compared with the average production levels in 1999.
- Production in the fourth quarter of 2000 increased by 15% to 86,900 boe (6:1) per day from 75,400 boe per day for the same period in 1999.

##### *Reserve Additions*

- During 2000, proven reserve additions were 167 bcf of natural gas and 52.2 million barrels of crude oil and NGL's. Total proven reserves increased by 18% from 270 million boe (6:1) at the end of 1999 to 319 million boe (6:1) at the end of 2000. Proven plus probable reserves increased by 19% to 376 million boe (6:1) by the end of 2000.
- Finding and development costs for the year were \$6.76 per boe (6:1) proven and \$5.91 per boe (6:1) proven plus probable.
- Netbacks for the year averaged \$20.09 per boe (6:1), generating a proven investment recycle ratio of 3.0 times.

##### *Financial Results*

- Earnings per share for 2000 increased by 160% to \$4.31 per share from \$1.66 per share in 1999.
- Return on equity averaged 29.9% in 2000.
- Cash flow per share increased by 122% to \$10.86 per share from \$4.89 per share in 1999.
- Penn West maintained a strong balance sheet, with year-end bank debt, net of working capital, of \$593 million. This translates into a debt to fourth quarter annualized cash flow ratio of 0.75.

The financial and operational results follow:

	Three months ended December 31			Year ended December 31		
	2000	1999	% Change	2000	1999	% Change

#### FINANCIAL

(\$ millions, except per share amounts)

Gross revenues	\$321.2	\$155.6	106	\$952.2	\$414.6	130
Cash flow from operations	\$196.5	\$86.6	127	\$560.0	\$230.3	143
Basic per share	3.81	1.75	118	10.86	4.89	122
Diluted per share	3.67	1.64	124	10.46	4.73	121
Net income	\$87.6	\$29.6	196	\$222.5	\$78.0	185
Basic per share	1.69	0.60	182	4.31	1.66	160
Diluted per share	1.64	0.56	193	4.16	1.60	160

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	Three months ended December 31			Year ended December 31		
	2000	1999	% Change	2000	1999	% Change
<b>PRODUCTION</b>						
<b>Natural Gas:</b>						
MMcf per day	<u>310.3</u>	<u>282.6</u>	10	<u>306.2</u>	<u>245.1</u>	25
Operating netback (\$ per mcf):						
Sales price	\$7.12	\$3.01	137	\$4.70	\$2.57	83
Royalties	1.79	0.61	193	1.15	0.46	150
Operating costs	<u>0.38</u>	<u>0.33</u>	15	<u>0.35</u>	<u>0.33</u>	6
Netback	<u>\$4.95</u>	<u>\$2.07</u>	139	<u>\$3.20</u>	<u>\$1.78</u>	80
<b>Oil and natural gas liquids:</b>						
Barrels per day	<u>35,203</u>	<u>28,270</u>	25	<u>32,462</u>	<u>20,779</u>	56
Operating netback (\$ per bbl):						
Sales price	\$36.39	\$29.77	22	\$35.83	\$24.37	47
Royalties	7.14	5.03	42	6.61	3.86	71
Operating costs	<u>7.90</u>	<u>7.35</u>	7	<u>7.68</u>	<u>7.22</u>	6
Netback	<u>\$21.35</u>	<u>\$17.39</u>	23	<u>\$21.54</u>	<u>\$13.29</u>	62
<b>Combined totals:</b>						
Barrels of oil equivalent*						
Daily production	<u>86,920</u>	<u>75,370</u>	15	<u>83,495</u>	<u>61,629</u>	35
Operating netback (\$ per boe):						
Sales price	\$40.17	\$22.44	79	\$31.16	\$18.43	69
Royalties	9.29	4.19	122	6.79	3.14	116
Operating costs	<u>4.56</u>	<u>3.98</u>	15	<u>4.28</u>	<u>3.75</u>	14
Netback	<u>\$26.32</u>	<u>\$14.27</u>	84	<u>\$20.09</u>	<u>\$11.54</u>	74

\* Barrels of oil equivalent (boe) based on 6 mcf of natural gas equals 1 barrel of oil.

	Year ended December 31, 2000		Year ended December 31, 1999	
	Gross	Net	Gross	Net
<b>DRILLING PROGRAM</b>				
Natural Gas	228	203	139	128
Oil	129	94	44	42
Dry	<u>48</u>	<u>44</u>	<u>27</u>	<u>26</u>
Total	<u>405</u>	<u>341</u>	<u>210</u>	<u>196</u>
Success rate		87%		87%

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	As at December 31			
	2000	1999	% Change	
<b>UNDEVELOPED LANDS</b>				
<b>Gross acres (000s)</b>				
Total gross acres	<u>3,030</u>	<u>2,583</u>	17	
<b>Net acres (000s)</b>				
Total net acres	<u>2,763</u>	<u>2,280</u>	21	
Average working interest	91%	88%		
	As at December 31			
	2000	1999	Change	% Change
<b>RESERVES</b>				
<b>Natural gas:</b>				
(billions of cubic feet)				
Proven producing	729.0	653.5	75.5	12
Proven non-producing	<u>202.3</u>	<u>222.6</u>	<u>(20.3)</u>	(9)
Total proven	931.3	876.1	55.2	6
Probable	<u>147.5</u>	<u>117.9</u>	<u>29.6</u>	25
Total proven plus probable	<u>1,078.8</u>	<u>994.0</u>	<u>84.8</u>	9
<b>Oil and natural gas liquids:</b>				
(millions of barrels)				
Proven producing	141.1	111.9	29.2	26
Proven non-producing	<u>23.0</u>	<u>11.9</u>	<u>11.1</u>	93
Total proven	164.1	123.8	40.3	33
Probable	<u>32.2</u>	<u>25.6</u>	<u>6.6</u>	26
Total proven plus probable	<u>196.3</u>	<u>149.4</u>	<u>46.9</u>	31
<b>Combined totals:</b>				
(millions of barrels, proven plus probable)				
Barrels of oil equivalent (6:1)	<u>376.1</u>	<u>315.1</u>	<u>61.0</u>	19
Barrels of oil equivalent (10:1)	<u>304.2</u>	<u>248.8</u>	<u>55.4</u>	22
<b>Present value of future cash flow, Before income tax:</b>				
(\$ millions, proven plus probable)				
10% discount rate	\$3,180	\$1,824	\$1,356	74
15% discount rate	\$2,637	\$1,477	\$1,160	79

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	Year ended December 31	
	2000	1999
<b>CAPITAL EXPENDITURES</b>		
(\$ millions)		
Net property acquisitions	\$206.0	\$568.6
Land acquisition and retention	27.3	23.8
Geological and geophysical	11.5	9.7
Well drilling and completion	149.8	89.2
Well equipping and production facilities	144.5	67.2
Head office and other	2.8	1.5
	<u>\$541.9</u>	<u>\$760.0</u>

### NET FINDING and ON-STREAM COSTS

(\$/boe)		
Proven reserve additions (6:1)	\$6.76	\$6.00
Proven plus probable reserve additions (6:1)	\$5.91	\$5.27
Proven reserve additions (10:1)	\$7.84	\$7.11
Proven plus probable reserve additions (10:1)	\$6.90	\$6.16

<b>CONDENSED INCOME STATEMENT</b>	Three months ended		Year ended	
	December 31		December 31	
(\$ millions)	2000	1999	2000	1999
Revenues				
Oil and natural gas	\$ 321.2	\$ 155.6	\$ 952.2	\$ 414.6
Royalties	(74.3)	(29.0)	(207.4)	(70.7)
	<u>\$ 246.9</u>	<u>\$ 126.6</u>	<u>\$ 744.8</u>	<u>\$ 343.9</u>
Expenses				
Operating	\$ 36.5	\$ 27.6	\$ 130.9	\$ 84.3
General and administrative	1.7	1.7	6.5	4.4
Interest on long term debt	11.1	9.0	42.7	21.5
Depletion and depreciation	44.4	34.4	159.9	94.6
	<u>\$ 93.7</u>	<u>\$ 72.7</u>	<u>\$ 340.0</u>	<u>\$ 204.8</u>
Income before taxes	<u>\$ 153.2</u>	<u>\$ 53.9</u>	<u>\$ 404.8</u>	<u>\$ 139.1</u>
Taxes				
Capital taxes	\$ 1.2	\$ 1.7	\$ 4.7	\$ 3.4
Future income taxes	64.4	22.6	177.6	57.7
	<u>\$ 65.6</u>	<u>\$ 24.3</u>	<u>\$ 182.3</u>	<u>\$ 61.1</u>
Net income	<u>\$ 87.6</u>	<u>\$ 29.6</u>	<u>\$ 222.5</u>	<u>\$ 78.0</u>

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	As at December 31, 2000	As at December 31, 1999
<b>CONDENSED BALANCED SHEET</b>		
(\$ millions)		
<b>Assets</b>		
Current assets	\$ 156.0	\$ 85.8
Capital assets	1,845.1	1,421.0
	<u>\$ 2,001.1</u>	<u>\$ 1,506.8</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities	\$ 158.3	\$ 97.5
Long-term debt	590.4	596.4
Deferred credits	397.8	177.6
Shareholders' equity	854.6	635.3
	<u>\$ 2,001.1</u>	<u>\$ 1,506.8</u>

Effective January 1, 2000, the Company adopted the new accounting recommendations of the Canadian Institute of Chartered Accountants with respect to Future Income taxes. The new method was applied retroactively without restatement of prior year financial statements. As a result of these changes, future income taxes and property, plant and equipment increased by \$40.8 million and \$28.9 million respectively and retained earnings decreased by \$11.9 million.

	Year ended December 31	
	2000	1999
<b>CONDENSED STATEMENT OF CASH FLOW</b>		
(\$ millions)		
<b>Operating activities</b>		
Net income	\$ 222.5	\$ 78.0
Depletion and depreciation	159.9	94.6
Future income taxes	177.6	57.7
Funds flow from operations	560.0	230.3
(Increase) decrease in non-cash working capital	(5.1)	2.2
	<u>\$ 554.9</u>	<u>\$ 232.5</u>
<b>Investing activities</b>		
Additions to property, plant and equipment, net	\$ (541.9)	\$ (760.0)
Expenditures on abandonments	(11.4)	(2.9)
(Increase) decrease in non-cash working capital	(4.1)	21.9
Cash flows used in investing activities	<u>\$ (557.4)</u>	<u>\$ (741.0)</u>
<b>Financing activities</b>		
(Decrease) increase in bank loan	\$ (6.0)	\$ 346.6
Issue of common shares, net	8.7	161.9
(Increase) in non-cash working capital	(0.2)	-
Cash flow from financing activities	<u>\$ 2.5</u>	<u>\$ 508.5</u>
<b>Increase in cash</b>		
Cash, beginning of period	-	-
Cash, end of period	<u>\$ -</u>	<u>\$ -</u>

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	<u>2000</u>	<u>1999</u>
<b>COMMON SHARE DATA</b> (millions of shares)		
Weighted average: (years ended December 31)		
Basic	<u>51.59</u>	<u>47.11</u>
Diluted*	<u>53.52</u>	<u>48.65</u>
Outstanding: (as at December 31)		
Common shares	<u>51.82</u>	<u>51.22</u>
Common shares plus stock options	<u>56.95</u>	<u>55.55</u>

\* In the fourth quarter of 2000, the Company retroactively adopted the treasury stock method of computing earnings per share as recommended by the Canadian Institute of Chartered Accountants.

Penn West conducted an aggressive capital program in 2000 that was focused on growing both natural gas production and crude oil production. Exploration and development accounted for almost two-thirds of the \$542 million capital expenditures in 2000. Our program concentrated on growing natural gas volumes in the Northern Area, where we hold 1.2 million net acres of undeveloped land. Exit production volumes in the Northern Area increased by 50% year-over-year. In 2000 we began to exploit our dominant position in the extensive Cardium oil pools in our Central Area. In addition, we grew volumes of conventional heavy oil and shallow natural gas in our Plains Area. Penn West drilled a total of 341 net wells in 2000 and increased our base of undeveloped lands by 21 percent to 2.8 million net acres at year-end.

Penn West completed acquisitions of producing properties totaling \$206 million in 2000. The acquisitions were primarily aimed at ongoing consolidation within our Central and Plains Areas. These acquisitions will help Penn West increase netbacks through improved efficiencies and through the initiation of secondary recovery techniques such as waterflood.

Penn West's 2000 capital program resulted in growth in average production to 83,500 barrels of oil equivalent per day (6:1 conversion), an increase of 35 percent over 1999. Penn West's production is currently weighted approximately 60 percent towards natural gas, with the bulk of its liquids production consisting of premium, high priced light crude oil.

In 2000, net income made up 40 percent of cash flow, and Penn West generated a return on shareholders' equity of 29.9 percent for the year. Penn West strengthened its balance sheet in 2000, ending the year with a debt to fourth quarter annualized cash flow ratio of 0.75:1.

Penn West's diversified asset base is capable of yielding many more years worth of vigorous exploration and development activity. The Company's management team believes that Penn West is strongly positioned to generate positive results through 2001 and beyond.

# ***PENN WEST***

## **PRESS RELEASE**

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

A conference call will be held to discuss Penn West's results at 9:00 a.m. Mountain Standard Time, 11:00 a.m. Eastern Standard Time on Thursday, March 22, 2001. The North American conference call number is 1-800-735-3051 passcode 2030# and the local conference call number is 403-216-9050 passcode 2030#. If you experience difficulty in connecting to the call, dial 1-800-667-8517 for assistance.

This press release contains information that includes forward-looking statements under applicable securities laws. These 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.

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