

PENN WEST
PETROLEUM LTD.

NEWS RELEASE

FOR IMMEDIATE RELEASE, Friday, August 20, 2004

PENN WEST PETROLEUM LTD. (TSE – PWT) Strategic Alternative Update

Penn West Petroleum Ltd. announced today at its annual and special meeting of shareholders held in Calgary, Alberta that the Board of Directors of Penn West, after consideration of various strategic alternatives in conjunction with Penn West's management and its legal and financial advisors, is recommending that all of the assets of Penn West be converted into an income trust, contingent on receiving a satisfactory advance ruling from the Canada Revenue Agency regarding certain tax consequences of conversion to an income trust. The advance ruling request was submitted to the Canada Revenue Agency in April 2004 and the ruling request process is ongoing. However, there can be no assurance as to when or if a satisfactory advance ruling will be granted by the Canada Revenue Agency. If a satisfactory advance ruling is not granted, Penn West will continue to operate under the other strategic alternatives available to it.

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.

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