

PENN WEST

PETROLEUM LTD.

NEWS RELEASE

PENN WEST PETROLEUM ANNOUNCES A SPECIAL DIVIDEND AND RECORD THIRD QUARTER RESULTS

FOR IMMEDIATE RELEASE, Wednesday, November 19, 2003

PENN WEST PETROLEUM LTD. (TSE – PWT) is pleased to announce a \$1.50 special dividend and record results for the third quarter ended September 30, 2003.

Third quarter report for nine months ended September 30, 2003 Highlights

Operations

- Crude oil and liquids production averaged 46,060 barrels per day for the quarter, an increase of 4 percent over the 44,314 barrels per day produced in the third quarter of 2002.
- Average natural gas production in the third quarter of 2003 was 340 mmcf per day, a 1 percent increase over the 336 mmcf per day produced in the third quarter of 2002.

Exploration and Development

- During the third quarter of 2003, Penn West completed an active drilling program. A total of 154 net wells were drilled, primarily in the Plains and Central areas, with a 98 percent rate of success.

Financial Results

- Natural gas pricing increased by 82 percent from \$3.13 per mcf in the third quarter of 2002 to \$5.70 per mcf in the third quarter of 2003.
- Cash flow from operations ⁽¹⁾ in the third quarter of 2003 was \$205 million (\$3.80 per share, basic), an increase of 103 percent from \$100 million (\$1.87 per share, basic) in the third quarter of 2002.
- Third quarter 2003 net income was \$75 million (\$1.38 per share, basic). This compares with net income of \$32 million (\$0.60 per share, basic) realized in the third quarter of 2002.

Dividends

- Due to strong 2003 cash flow in excess of capital expenditures and cash taxes being lower than previously forecast, the Directors of Penn West have declared a special cash dividend of \$1.50 per common share payable on January 2, 2004 to shareholders of record at the close of business on December 15, 2003.
- In addition, due to the Company's strong financial position and favourable outlook going forward, your Directors have decided to initiate the payment of a quarterly cash dividend to shareholders and have declared an initial quarterly cash dividend on its common shares of 12.5 cents per share. The dividend will be payable on January 2, 2004 to shareholders of record at the close of business on December 15, 2003.

The financial and operational results follow:

1 FINANCIAL HIGHLIGHTS (\$ millions, except per share amounts)

	Three months ended September 30			Nine months ended September 30		
	2003	2002	% Change	2003	2002	% Change
Gross revenues	\$ 324.9	\$ 240.4	35	\$ 1,063.7	\$ 668.8	59
Cash flow from operations ⁽¹⁾	\$ 204.8	\$ 100.2	104	\$ 619.1	\$ 310.6	99
Per share	3.80	1.87	103	11.51	5.84	97
Diluted per share	3.77	1.83	106	11.35	5.68	100
Net income	\$ 75.0	\$ 31.9	135	\$ 400.6	\$ 96.5	315
Per share	1.38	0.60	130	7.45	1.82	309
Diluted per share	1.38	0.58	138	7.34	1.77	315

(1) Cash flow from operations is a non-GAAP term and represents cash flow from operations before changes in non-cash working capital and payments for surrendered stock options.

2 ADJUSTED INCOME FROM OPERATIONS

The following table provides a reconciliation of the after tax effects of certain items of a non-operational nature that are included in the Company's financial results.

(\$ millions, except per common share amounts)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Net income as reported	\$ 75.0	\$ 31.9	\$ 400.6	\$ 96.5
Unrealized foreign exchange loss (gain) ⁽¹⁾	0.7	9.9	(63.2)	3.4
Effect of statutory tax rate changes on future income tax liabilities ⁽²⁾	(1.1)	-	(100.0)	(6.8)
Stock-based compensation expense ⁽³⁾	4.8	-	25.9	-
Adjusted income from operations⁽⁴⁾	\$ 79.4	\$ 41.8	\$ 263.3	\$ 93.1
Per share - basic	\$ 1.47	\$ 0.78	\$ 4.89	\$ 1.75
- diluted	\$ 1.46	\$ 0.77	\$ 4.83	\$ 1.70

(1) Gains and losses on the translation of US dollar denominated debt to period end exchange rates are immediately recognized in net income.

(2) During the second quarter of 2003, the Canadian and Alberta Governments substantively enacted rate reductions and other income tax changes applicable to the resource industry. The impact of these changes on future income tax assets and liabilities is recorded in net income during the period that the legislation is substantively enacted.

(3) In the second quarter of 2003, the Stock Option Plan was modified to provide employees and directors the choice of a cash payment in return for surrendering the option. Quarterly provisions are made to reflect the Company's potential liability under the Stock Option Plan.

(4) Adjusted net income from operations is a non-GAAP term that the Company utilizes to evaluate its performance.

3 CAPITAL EXPENDITURES (\$ millions)

	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Net property acquisitions	\$ 89.9	\$ 43.6	\$ 95.9	\$ 143.5
Land acquisition and retention	13.6	18.7	40.6	31.2
Drilling and completions	76.0	34.7	253.6	120.3
Facilities and well equipping	41.3	20.0	158.0	98.7
Geological and geophysical	4.4	2.0	9.7	8.7
Head office and other	0.3	0.2	1.2	1.1
	\$ 225.5	\$ 119.2	\$ 559.0	\$ 403.5

Subsequent to September 30, 2003, the Company completed property dispositions of \$97 million which will have no material impact on forecast production volumes for the year. The sales proceeds were used to reduce the bank loan.

4 PRODUCTION AND NETBACKS

	Three months ended September 30			Nine months ended September 30		
	2003	2002	% Change	2003	2002	% Change
Natural gas:						
MMcf per day	339.9	336.2	1	337.0	331.2	2
Operating netback (\$ per mcf):						
Sales price	\$ 5.70	\$ 3.13	82	\$ 6.51	\$ 3.29	98
Royalties	1.11	0.68	63	1.44	0.72	100
Operating costs	0.52	0.49	6	0.50	0.47	6
Netback	\$ 4.07	\$ 1.96	108	\$ 4.57	\$ 2.10	118
Oil and natural gas liquids:						
Barrels per day	46,060	44,314	4	46,081	42,940	7
Operating netback (\$ per barrel):						
Sales price	\$ 34.60	\$ 35.22	(2)	\$ 36.91	\$ 31.70	16
Royalties	5.29	5.83	(9)	6.11	5.02	22
Operating costs	10.82	9.75	11	10.49	9.41	11
Netback	\$ 18.49	\$ 19.64	(6)	\$ 20.31	\$ 17.27	18
Combined totals:						
Barrels of oil equivalent ⁽¹⁾						
Daily production	102,712	100,353	2	102,243	98,134	4
Operating netback (\$ per boe):						
Sales price	\$ 34.38	\$ 26.05	32	\$ 38.11	\$ 24.97	53
Royalties	6.03	4.84	25	7.51	4.63	62
Operating costs	6.59	5.96	11	6.39	5.69	12
Netback	\$ 21.76	\$ 15.25	43	\$ 24.21	\$ 14.65	65

(1) Barrels of oil equivalent (boe) are based on six mcf of natural gas equals one barrel of oil (6:1)

Production volumes and operating netbacks per boe were both higher in the third quarter of 2003 compared with the same period in 2002. For the third quarter of 2003, liquids prices were reduced by \$0.40 per barrel and natural gas prices were increased by \$0.02 per mcf, as a result of hedging activities.

5 UNDEVELOPED LANDS

	As at September 30		
	2003	2002	% Change
Gross acres (000s)	5,864	4,215	39
Net acres (000s)	5,617	3,964	42
Average working interest	96%	94%	2

6 DRILLING PROGRAM

	Three months ended September 30				Nine months ended September 30			
	2003		2002		2003		2002	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Natural gas	48	46	85	79	206	200	199	187
Oil	115	105	51	47	236	213	94	82
Dry	3	3	17	16	78	78	41	39
Total wells	166	154	153	142	520	491	334	308
Success Rate	98%		89%		84%		87%	

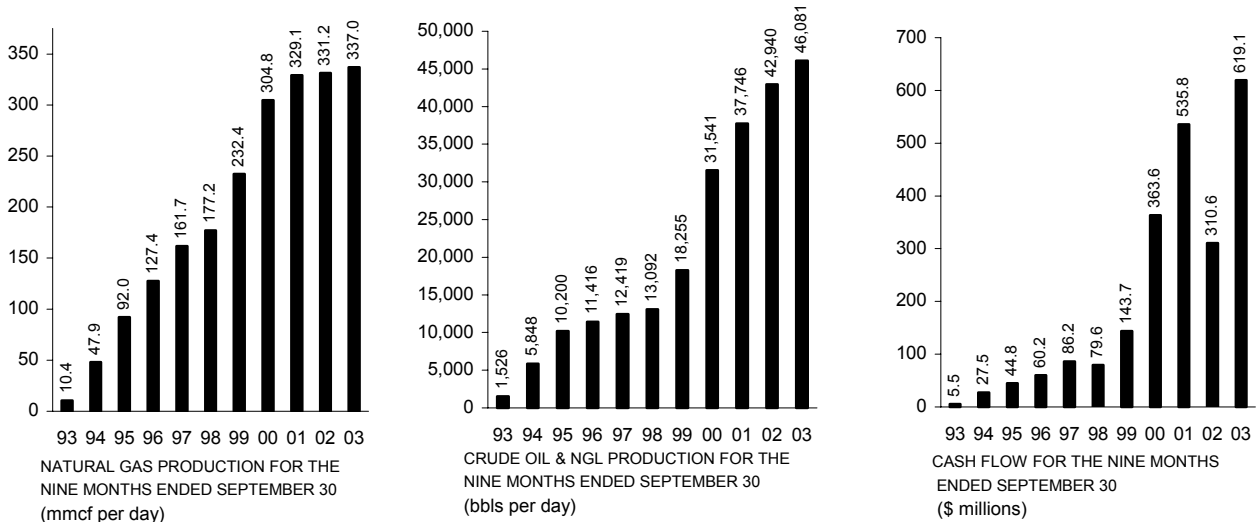
7 ACTIVITIES BY CORE AREA

Core Area	Undeveloped land as at September 30, 2003 (thousands of net acres)	Net wells drilled for the nine months ended September 30, 2003
Northern	2,315	170
Peace River Arch	119	-
Central	1,022	131
Plains	1,386	182
Southern Saskatchewan/Other	775	8
	5,617	491

8 COMMON SHARE DATA (millions of shares)

	2003	2002	% Change
Weighted average: (Nine months ended September 30)			
Basic	53.8	53.2	1
Diluted	54.5	54.7	-
Outstanding: (as at September 30)			
Basic	53.8	53.5	1
Basic plus stock options	58.4	58.6	-

CHARTING OUR PERFORMANCE



LETTER TO OUR SHAREHOLDERS

The Company is currently preparing its budget for 2004 and is continuing to focus on organic growth rather than growth through acquisition. The Company will drill a record number of approximately 620 wells this year, which represents a significant increase over the last three years average activity of 408 wells. The Company is responding to the challenges presented by this record level of activity that will ultimately result in long-term benefits to shareholders through focused value creation projects and increased reserves and production per share.

The activities planned through the remainder of 2003, and our drilling program of approximately 800 wells in 2004, are specifically designed to effectively manage risk, and to deliver value accretive growth for our shareholders. Current production, after recent property dispositions, is approximately 102,000 boe per day. The tie-in of additional production from recently drilled wells is expected to generate an exit rate around 104,000 boe per day, and to produce an annual average production rate for 2003 slightly below the 103,000 boe per day target.

Bank debt at the end of 2003 is expected to be approximately \$500 million, down from \$598 million at the end of 2002. The Company has a large inventory of drilling prospects, and is continuing to work on longer term growth opportunities, including coalbed methane and carbon dioxide miscible flood schemes.

Due to strong 2003 cash flow in excess of capital expenditures and cash taxes being lower than previously forecast, the Directors of Penn West have declared a special cash dividend of \$1.50 per common share payable on January 2, 2004 to shareholders of record at the close of business on December 15, 2003.

In addition, due to the Company's strong financial position and favourable outlook going forward, your Directors have decided to initiate the payment of a quarterly cash dividend to shareholders, and have declared an initial quarterly cash dividend on its common shares of 12.5 cents per share. The dividend will be payable on January 2, 2004 to shareholders of record at the close of business on December 15, 2003.

On behalf of the Board of Directors,

N. Murray Edwards
Chairman

William E. Andrew
President

Calgary, Alberta
November 19, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") of financial conditions and results of operations should be read in conjunction with the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2003 and the audited consolidated financial statements and MD&A for the year ended December 31, 2002.

Oil and Natural Gas Revenues

Higher production volumes and higher average oil and natural gas prices resulted in revenues increasing by 59% to \$1,064 million during the first nine months of 2003 from \$669 million for the same period of 2002. Natural gas production of 337 mmcf per day in the first nine months of 2003 was up 2% from 331 mmcf per day in the same period of 2002. Production of crude oil and liquids increased 7% to 46,081 bbls per day in the first nine months of 2003 from 42,940 bbls per day in 2002. The average natural gas price received in the first nine months of 2003 increased by 98% to \$6.51 per mcf from \$3.29 per mcf in the first nine months of 2002, and the average crude oil and liquids price increased 16% to \$36.91 per bbl in 2003 from \$31.70 per bbl in 2002.

Revenues increased by 35% to \$325 million during the third quarter (Q3) of 2003 from \$240 million in Q3 2002. This increase in revenue was attributable to increases in production and higher average gas prices, slightly offset by lower oil and liquids pricing. The Company's average production of natural gas was 340 mmcf per day in the quarter, which was 1% higher than the production level in Q3 2002. Production of crude oil and liquids increased 4% to 46,060 bbls per day in the quarter from 44,314 bbls per day in Q3 2002. The average natural gas price received by the Company increased 82% to \$5.70 per mcf in the quarter from \$3.13 in Q3 2002, and the average crude oil and liquids price was down 2% to \$34.60 per bbl in the quarter from \$35.22 per bbl in Q3 2002. Commodity hedging activities increased the overall price realizations in the third quarter by \$0.02 per mcf for natural gas and decreased the price by \$0.40 per bbl for crude oil and liquids.

Increases in gross revenues for the nine months ended September 30, 2003 (\$ millions)

Gross revenues – 2002	\$	668.8
Increase in oil and liquids production		27.2
Increase in oil and liquids price		65.6
Increase in natural gas production		5.2
Increase in natural gas price		296.9
Gross revenues – 2003	\$	<u>1,063.7</u>

Royalty Expenses

The average royalty rate Penn West incurred in the first nine months of 2003, net of the Alberta Royalty Credit, was 20%, an increase in rate of approximately 1% from the first nine months of 2002. The overall rate increase reflects a slight increase in the oil and liquids royalty rate to 17% from 16% in the first nine months of 2002, and a natural gas royalty rate of 22% in the period, approximating the first nine month rate for 2002. The royalty rate variances reflect the price sensitive nature of royalty rates, and other royalty incentives available in Western Canada.

Operating Expenses

Operating expenses incurred in the first nine months of 2003 of \$178 million were up 17% from \$152 million in the first nine months of 2002. A portion of this increase reflects higher production volumes. Per unit operating costs also increased 12% to \$6.39 per boe from \$5.69 per boe in the first nine months of 2002. The per unit cost increase is attributable to an increase in production mix to crude oil which has higher per unit operating costs than natural gas. The proportion of crude oil in the Company's production mix increased to 45% of total production in the period from 44% in 2002. In addition, higher expenses are being experienced in the Company's non-operated properties, in the operation of oil properties acquired in the latter part of 2002 that have higher per unit operating costs than the Company's historical property base, and in general field service costs.

General and Administrative Expenses

Gross general and administrative expenses increased due to growth in staff and salary levels, and to increases in the contribution the Company makes to the employee stock savings plan. Gross expenses of \$24 million in the period were up 27% from \$19 million in the first nine months of 2002. Net general and administrative expenses of \$9 million in the period were up 20% from \$7 million in the first nine months of 2002. On a per unit basis, net

expenses were \$0.31 per boe in the first nine months of 2003 up 15% from \$0.27 per boe for the same period of 2002 reflecting the continued growth in Company operations and competitive salary structure.

Stock-Based Compensation

At the Annual and Special Meeting of the shareholders held in May, 2003, the shareholders approved an amendment to the Company's Stock Option Plan providing option holders the right to elect the receipt of a cash payment in exchange for surrendering the option. In the third quarter of 2003, \$7.5 million (\$4.8 million after tax) was expensed as stock-based compensation reflecting the increase in stock price over the quarter. See Notes 1 and 3 to the September 30, 2003 Interim Financial Statements for more information on stock-based compensation.

Interest Expense

Interest expense for the first nine months of 2003 amounted to \$9 million, a decrease of 43% from \$15.7 million in the same period of 2002. In the first nine months of 2003, Penn West utilized its cash flow to fund its entire capital program, to pay down debt, and to purchase shares under the Normal Course Issuer Bid. The decrease in interest expense reflects lower interest rates and reduced levels of debt in 2003 than the corresponding period in 2002.

Depletion and Depreciation

Depletion, depreciation and the site restoration provision increased by 21% to a total of \$225 million in the first nine months of 2003 from \$186 million in the same period of 2002. This was a direct result of increases in the Company's production levels combined with an increase in the depletion rate. Average unit costs increased by 16% to \$8.08 per boe in the period from \$6.94 per boe in 2002.

Foreign Exchange

During the third quarter of 2003, the Company continued to take advantage of US denominated borrowings to capture the benefits of the differential between Canadian and US interest rates. As at September 30, 2003, the Company had \$340 million of US denominated debt. The conversion of the outstanding US amount resulted in an unrealized foreign exchange loss of \$0.8 million in the quarter (2002 - \$12 million loss) and an unrealized foreign exchange gain of \$77 million (2002 - \$4 million loss) for the nine month period.

Taxes

The total provision for income taxes decreased 22% to \$58.5 million in the first nine months of 2003 from \$75 million in 2002 as a combined result of higher pre-tax income of \$469 million versus \$179 million and the provincial and federal rate reductions enacted in Q2 2003.

Cash taxes for 2003 are now forecast at approximately \$30 million. This is lower than previously estimated due to a recently completed review of the composition of the Company's tax pools and the larger portion of the Company's expenditures being focused on exploration rather than acquisitions. For 2004, it is now estimated that the Company's cash taxes will be approximately \$60 million, which is lower than guidance previously provided by the Company.

Capital Expenditures

Capital expenditures of \$559 million in the first nine months of 2003 consisted of \$96 million of net property acquisitions and \$463 million of exploration and development spending. For the same period in 2002, capital expenditures were \$404 million consisting of \$144 million of net property acquisitions and \$260 million of exploration and development spending. The increase in exploration and development expenditures over the same period in 2003 reflects the planned increase in the number of net wells drilled this year compared to the same period of 2002 as a result of the strong levels of both commodity prices and cash flow. Subsequent to September 30, 2003, the Company has completed property dispositions of \$97 million. The proceeds on these dispositions were used to reduce the bank loan.

Cash Flow and Net Income

Cash flow increased by 99% to \$619 million (\$11.51 basic per share) in the first nine months of 2003 from \$311 million (\$5.84 basic per share) in the same period of 2002. Net income quadrupled to \$401 million (\$7.45 basic per share) in the nine month period from \$96 million (\$1.82 basic per share) in the same period of 2002.

For the third quarter of 2003, cash flow increased 104% to \$205 million (\$3.80 basic per share) from \$100 million (\$1.87 basic per share) in Q3 2002. Net income more than doubled to \$75 million (\$1.38 basic per share) in Q3 2003 from \$32 million (\$0.60 basic per share) in Q3 2002, an increase of 135%.

These results reflect the on-going efforts of the Company to find and develop oil and natural gas reserves at a reasonable cost, increase production volumes, and ultimately convert reserves into cash in a timely and cost-effective manner. The first nine months of 2003 reflects a year-over-year increase in production volumes of 4%. Operating netbacks increased 65% to \$24.21 per boe from \$14.65 per boe in the same period of 2002.

Liquidity and Capital Resources

Penn West funded its capital program for the first nine months of 2003 using internally generated cash flow from operations, and used excess funds to reduce debt and purchase shares in accordance with the approved Normal Course Issuer Bid. The Company decreased its debt drawn by \$21 million during the first nine months of 2003. Bank debt at the end of September 2003 was \$577 million compared to \$624 million at Q3 2002 and \$598 million at year-end 2002. The Company has a \$770 million aggregate borrowing facility with a syndicate of chartered banks.

In the first nine months of 2003, the Company purchased 893,300 common shares for \$36.2 million (\$40.53 per share). 487,100 common shares were purchased in the third quarter for \$20.6 million (\$42.20 per share). Subsequent to the end of the quarter, 70,000 common shares were purchased for \$3.2 million (\$45.30 per share). The Company is approved to purchase up to 2,687,824 common shares in the period to February 26, 2004.

Outlook

The Canadian dollar has strengthened recently and natural gas prices have come off recent highs. As a result, Penn West's forecast for 2003 is now based on price assumptions of US\$30.50 per barrel of WTI crude oil, an exchange rate of \$0.71 US/\$CAD, US\$5.30 per mmbtu of NYMEX natural gas and an average corporate natural gas sales price of \$6.10 per mcf at the plantgate. Average production for 2003 is now expected to be slightly below the previously forecasted range of 103,000 to 106,000 boe per day. Under these assumptions, Penn West expects to generate 2003 cash flow in the range of \$770 - \$780 million (\$14.30 - \$14.50 per share). This cash flow will exceed forecasted capital expenditures of \$590 million. Cash flow in excess of capital spending requirements will be used for a combination of the following; purchasing the Company's common shares under the approved Normal Course Issuer Bid, paying down debt, and distribution of dividends as announced.

Sensitivity Analysis

This news release includes forward-looking statements (forecasts) 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. Sensitivities to selected key assumptions are outlined in the table below.

Change of:	Impact on cash flow*	Impact on net income*
\$1.00 per barrel of liquids price	14.5	9.2
Per common share	0.27	0.7
1,000 barrels per day in liquids production	10.3	4.6
Per common share	0.19	0.09
\$0.10 per mcf of natural gas price	9.3	5.9
Per common share	0.17	0.11
10 mmcf per day in natural gas production	15.1	6.5
Per common share	0.28	0.12
\$0.01 in US/\$CAD exchange rate**	14.1	8.9
Per common share	0.26	0.17

*\$ millions, except per common share amounts

** excludes the impact of any unrealized foreign exchange gains or losses

**Penn West Petroleum Ltd.
Consolidated Balance Sheets**

(\$ millions, unaudited)	As at September 30, 2003	As at December 31, 2002
Assets		
Current		
Accounts receivable	\$ 136.9	\$ 145.6
Taxes receivable and other	19.4	14.0
	156.3	159.6
Property, plant and equipment	2,990.0	2,632.8
	\$ 3,146.3	\$ 2,792.4
Liabilities and shareholders' equity		
Current		
Accounts payable and accrued liabilities	\$ 214.8	\$ 185.3
Taxes payable	-	94.3
Stock-based compensation	24.7	-
	239.5	279.6
Bank loan (note 2)	576.9	598.4
Deferred credits (note 3)	60.5	41.3
Future income taxes	588.3	580.1
	1,225.7	1,219.8
Shareholders' equity		
Share capital (note 4)	499.4	483.8
Retained earnings	1,181.7	809.2
	1,681.1	1,293.0
	\$ 3,146.3	\$ 2,792.4

See accompanying notes to consolidated financial statements.

Penn West Petroleum Ltd.
Consolidated Statements of Income and Retained Earnings

(\$ millions, except per share amounts, unaudited)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Revenues				
Oil and natural gas	\$ 324.9	\$ 240.4	\$ 1,063.7	\$ 668.8
Royalties	(57.0)	(44.7)	(209.5)	(124.0)
	267.9	195.7	854.2	544.8
Expenses				
Operating	62.2	55.0	178.3	152.4
General and administrative	2.1	2.2	8.8	7.3
Interest on long term debt	2.2	5.9	9.0	15.7
Depletion and depreciation	76.8	64.1	225.5	185.9
Stock-based compensation (note 4)	7.5	-	40.9	-
Foreign exchange loss (gain)	0.8	12.2	(77.4)	4.3
	151.6	139.4	385.1	365.6
Income before taxes	116.3	56.3	469.1	179.2
Taxes				
Capital	3.6	2.4	10.0	7.8
Current income	(7.0)	30.0	29.0	51.0
Future income	44.7	(8.0)	29.5	23.9
	41.3	24.4	68.5	82.7
Net income	75.0	31.9	400.6	96.5
Retained earnings, beginning of period	1,122.8	715.4	809.2	650.8
Purchase of common shares (note 4)	(16.1)	-	(28.1)	-
Retained earnings, end of period	\$ 1,181.7	\$ 747.3	\$ 1,181.7	\$ 747.3
Net income per common share				
Basic	\$ 1.38	\$ 0.60	\$ 7.45	\$ 1.82
Diluted	\$ 1.38	\$ 0.58	\$ 7.34	\$ 1.77

See accompanying notes to consolidated financial statements.

Penn West Petroleum Ltd.
Consolidated Statements of Cash Flow

(\$ millions, except per share amounts, unaudited)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
	Operating activities			
Net income	\$ 75.0	\$ 31.9	\$ 400.6	\$ 96.5
Depletion and depreciation	76.8	64.1	225.5	185.9
Future income taxes	44.7	(8.0)	29.5	23.9
Unrealized foreign exchange loss (gain)	0.8	12.2	(77.4)	4.3
Stock-based compensation (note 4)	7.5	-	40.9	-
Cash flow from operations	204.8	100.2	619.1	310.6
(Increase) decrease in non-cash working capital	(45.5)	13.8	(108.5)	1.6
Payments for surrendered options (note 4)	(3.2)	-	(9.9)	-
	156.1	114.0	500.7	312.2
Investing activities				
Additions to property, plant and equipment and other, net	(246.8)	(119.2)	(580.3)	(403.5)
Expenditures on abandonments	(4.7)	(2.3)	(10.1)	(5.9)
Decrease in non-cash working capital	20.1	6.9	46.8	18.0
	(231.4)	(114.6)	(543.6)	(391.4)
Financing activities				
Increase (decrease) in bank loan	94.0	(1.5)	55.9	63.2
Issue of common shares	1.4	1.1	23.0	15.6
Purchase of common shares	(20.6)	-	(36.2)	-
Decrease in non-cash working capital	0.5	1.0	0.2	0.4
	75.3	0.6	42.9	79.2
Increase in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ 1.5	\$ 6.2	\$ 9.1	\$ 16.6
Income and capital taxes paid (recovered)	\$ 21.4	\$ (2.4)	\$ 137.5	\$ 29.3

Notes to the Consolidated Financial Statements (\$ millions):

1. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and partnerships. These interim consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles. The same accounting policies and methods of computation as the audited consolidated financial statements as at and for the year ended December 31, 2002 have been used except for the accounting for stock-based compensation costs. These accounting policies and methods of computation are described in the notes to the audited consolidated financial statements for the year ended December 31, 2002. Accordingly, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2002.

Due to the changes to the Stock Option Plan detailed in Note 3, the Company recognized a liability for potential future cash option payments that may be required on all vested options outstanding plus the pro-rata number of future option vestings attributable to the current period. The amount is based on the excess of the period end share price over the option exercise price. Each quarter, the liability is recalculated to reflect the current share price and outstanding options. Cash option settlements are charged against the liability. The funds received on options exercised for shares, plus the associated liability amount, is included in share capital.

2. BANK LOAN

	As at September 30, 2003	As at December 31, 2002
Bankers' acceptances	\$ 117.2	\$ 61.2
LIBOR advances (2003 and 2002 \$US 340 million)	459.7	537.2
	\$ 576.9	\$ 598.4

As at September 30, 2003, the Company had unsecured bank credit facilities of \$770 million comprising a \$720 million credit facility and a \$50 million operating loan facility, and had outstanding letters of credit totaling \$7.4 million that reduced the amount otherwise available to be drawn on the credit facility.

3. DEFERRED CREDITS

	As at September 30, 2003	As at December 31, 2002
Site restoration and abandonment	\$ 54.9	\$ 41.3
Stock based compensation	5.6	-
	\$ 60.5	\$ 41.3

4. SHARE CAPITAL

	Shares	Amount
Common shares issued		
Balance, January 1, 2003	53,732,540	\$ 483.8
Issued on exercise of stock options	1,005,600	23.0
Liability settlement on stock options exercised for shares	-	0.7
Purchase of shares under Normal Course Issuer Bid	(893,300)	(8.1)
Balance, September 30, 2003	53,844,840	\$ 499.4

The Company commenced its Normal Course Issuer Bid through the facilities of The Toronto Stock Exchange on February 27, 2003. For a period not to exceed one year, a maximum of five percent of the issued and outstanding common shares of the company, or 2,687,824 shares, may be purchased for cancellation. As at September 30, 2003, the Company had purchased 893,300 shares at a total cost of \$36.2 million. The cost of these shares in excess of book value was applied to retained earnings. Subsequent to September 30, 2003, an additional 70,000 shares have been purchased at a cost of \$3.2 million.

The shareholders approved changes to the Stock Option Plan at the Annual and Special Meeting on May 20, 2003. Employees and directors may now elect to receive a cash payment in exchange for surrendering vested stock options. The cash payment is equal to the weighted average share price for the three prior trading days less the option exercise price. As a result of the Stock Option Plan amendment, commencing June 30, 2003, the Company now recognizes the potential liability that could arise if all employees and directors elected the cash settlement alternative at the period end share price. Provision is made for all vested options, including those granted in prior years, plus a pro-rata number of future option vestings attributable to the current period. For the nine months ended September 30, 2003, \$40.9 million (\$25.9 million after income tax) was expensed as stock-based compensation with no restatement of prior periods. During the 2003 period, \$9.9 million of cash option payments were made and charged against the liability.

Prior to the above amendment, no charges to earnings were made for stock option grants and certain pro-forma amounts were provided using the Black-Scholes option pricing model. As stock-based compensation is now charged to earnings, the pro-forma disclosures are no longer presented.

Stock options	Number of stock options	Weighted average exercise price
Outstanding, January 1, 2003	5,005,750	\$ 29.97
Granted	1,372,850	40.79
Exercised for common shares	(1,005,600)	22.90
Exercised for cash	(533,660)	27.26
Forfeited	(286,900)	34.56
Outstanding, September 30, 2003	4,552,440	\$ 34.83
Exercisable, September 30, 2003	1,054,530	\$ 30.44

5. FINANCIAL INSTRUMENTS

The Company had the following financial hedging positions outstanding as at September 30, 2003:

	Notional Volume	Remaining Term	Pricing
Crude Oil			
WTI Costless Collars	15,000 Bbls/d	Oct/03 – Dec/03	\$US 26.00 to 31.48/Bbl
WTI Costless Collars	17,500 Bbls/d	Jan/04 – Mar/04	\$US 25.29 to 30.35/Bbl
Natural Gas			
AECO Costless Collars	15,000 GJ/d	Oct/03	\$6.50 to 9.58/GJ
Electricity			
Alberta Power Pool Swaps	35 MW	Oct/03 – Dec/03	\$45.00 to \$60.95/MWh
Alberta Power Pool Swaps	50 MW	2004	\$44.00 to \$50.00/MWh
Alberta Power Pool Swaps	60 MW	2005	\$41.00 to \$50.00/MWh
Alberta Power Pool Swaps	35 MW	2006	\$42.25/MWh
Interest Rates			
Libor Interest Rate Swaps	\$US 100 million	Jun/04	1.164%
Foreign Exchange			
Canadian Dollar Call Sales	\$US 320 million	Dec/03	USD/CAD \$0.7477

6. INCOME TAXES

The majority of the Company's taxable income is generated by partnerships. Current income taxes are incurred on a portion of the partnerships' taxable income in the year following their inclusion in the Company's consolidated net income.

Due to reductions in Federal and Provincial tax rates, the Company recorded a \$100.0 million future income tax recovery during the second and third quarters of 2003 (2002 – provincial recovery of \$6.8 million).

Investor Information

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 Time, 11:00 a.m. Eastern Time on Thursday, November 20, 2003. The North American conference call number is 1-800-814-4853 and the local conference call number for Toronto is 416-640-4127. A taped recording will be available until Thursday, November 27, 2003 by dialing 1-877-289-8525 or 416-640-1917 and entering passcode 21021691#. This call will be broadcast live on the internet and may be accessed directly on the Penn West website www.pennwest.com or at the following URL: <http://www.newswire.ca/webcast/viewEventCNW.html?eventID=661760>.

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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