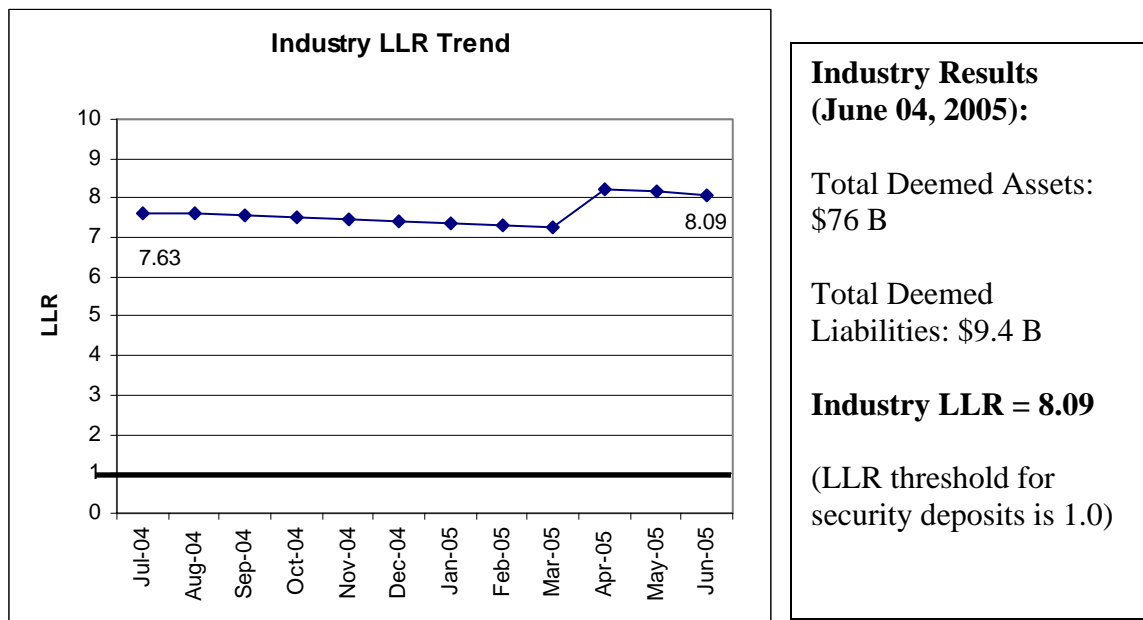


LLR PROGRAM PERFORMANCE MEASURES

The Licensee Liability Rating (LLR) program applies to upstream oil and gas wells and facilities within the scope of the Expanded Orphan Program. Please note that these statistics are reflective of wells and facilities included in the LLR Program and not necessarily all wells and facilities in the province. For further details on the LLR Program and calculations, please refer to *Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Process*.

1) Industry LLR Trend Data

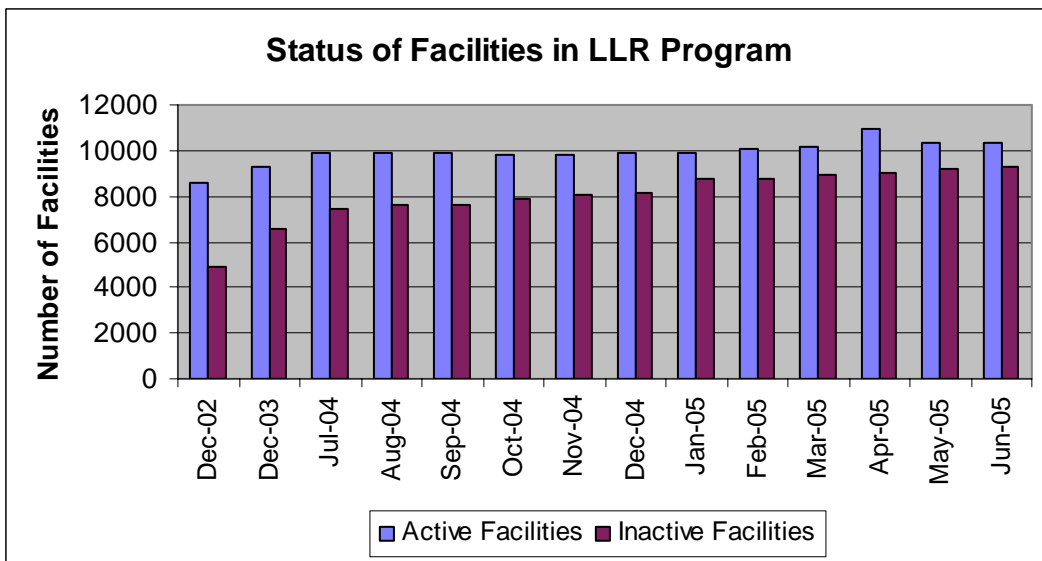
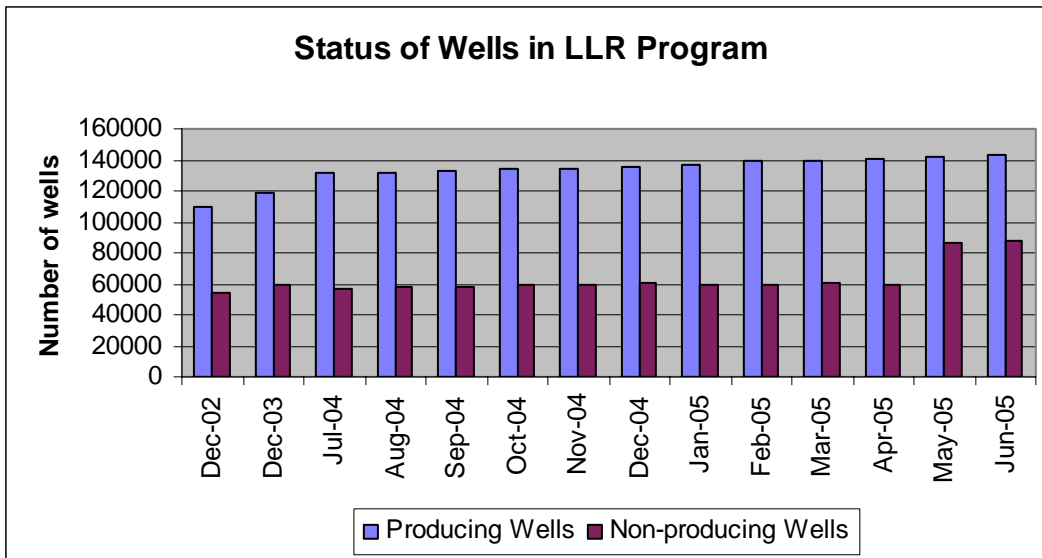


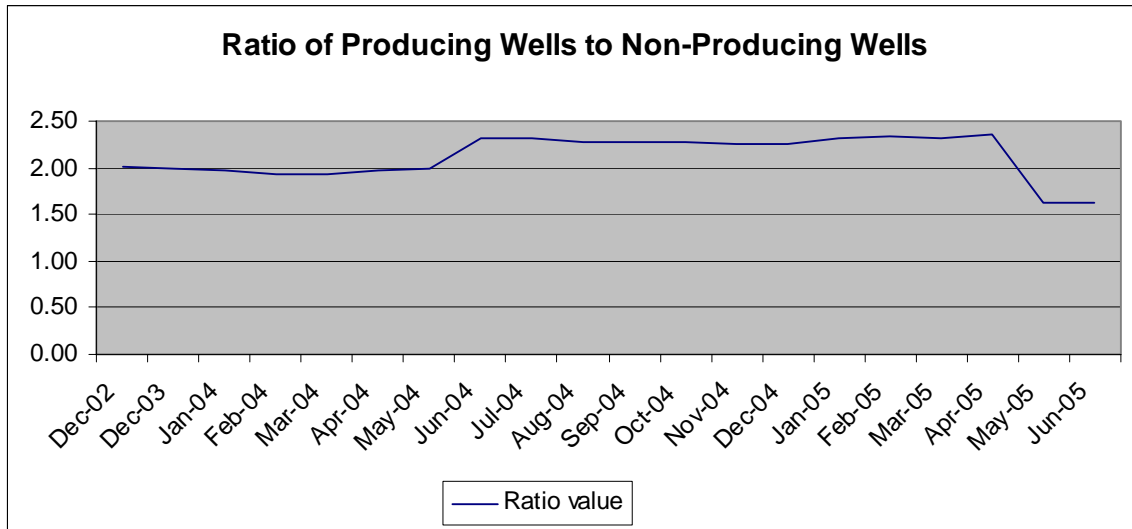
The LLR program started in May 2002. Industry LLR is the ratio of total “deemed assets” to total “deemed liabilities” for all licensees subject to the LLR Program as defined by the parameters in EUB *Directive 006*. The industry LLR will vary to reflect changes in numbers and status of well and facility licenses as well as production based on a rolling 12-month average. The EUB updates industry parameters including netback annually. In April 2005, EUB *Directive 011* was issued to update industry parameters in average asset and liability costs. The increase in average netback and regional abandonment and reclamation costs was reflected by a slight increase of industry LLR.

2) Status of Wells and Facilities

The active and inactive status of wells or facilities is based on reported production, injection or throughput over the last twelve months. Note that prior to June 2004, the activity status was based on the last four months of reported production. The reporting period for the June 2005 LLR Assessment was *May 2004 to April 2005*. A status of 'inactive' indicates there was no production or injection in the specified reporting period and includes newly drilled wells, observation/test wells, storage wells, and suspended wells.

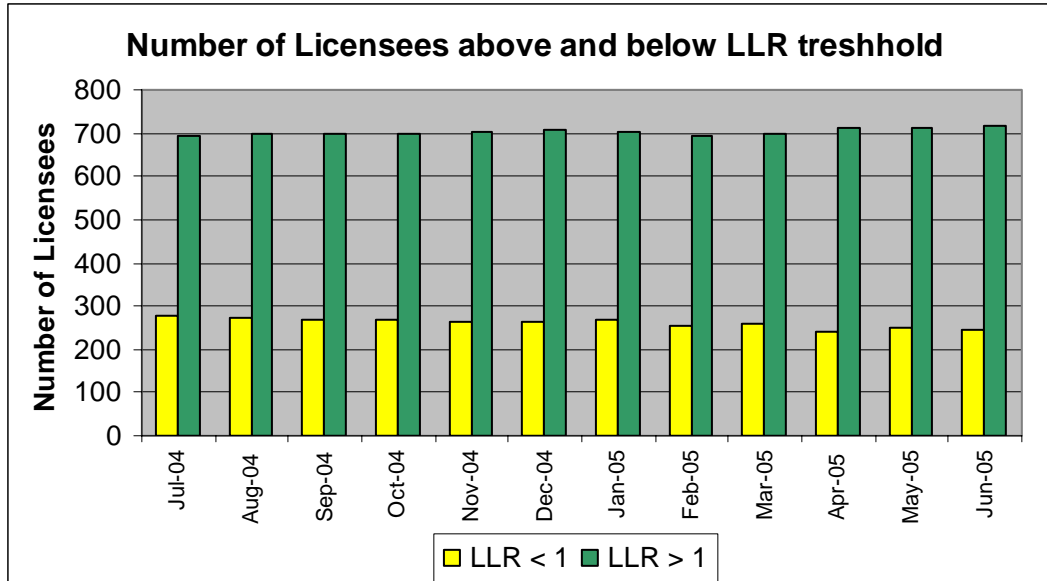
There are 117,841 abandoned well licences of which approximately 33,207 wells are abandoned and unreclaimed. The ratio of producing to non-producing wells is currently 1.63. In 2004, there were 21,970 new wells drilled and 2,777 wells abandoned. The ratio of new wells to abandoned wells is 7.91. There are over 9,322 inactive facilities including batteries, compressor stations and gas plants and 428 abandoned and unreclaimed facilities in the LLR Program.





3) Licensee Liability Rating

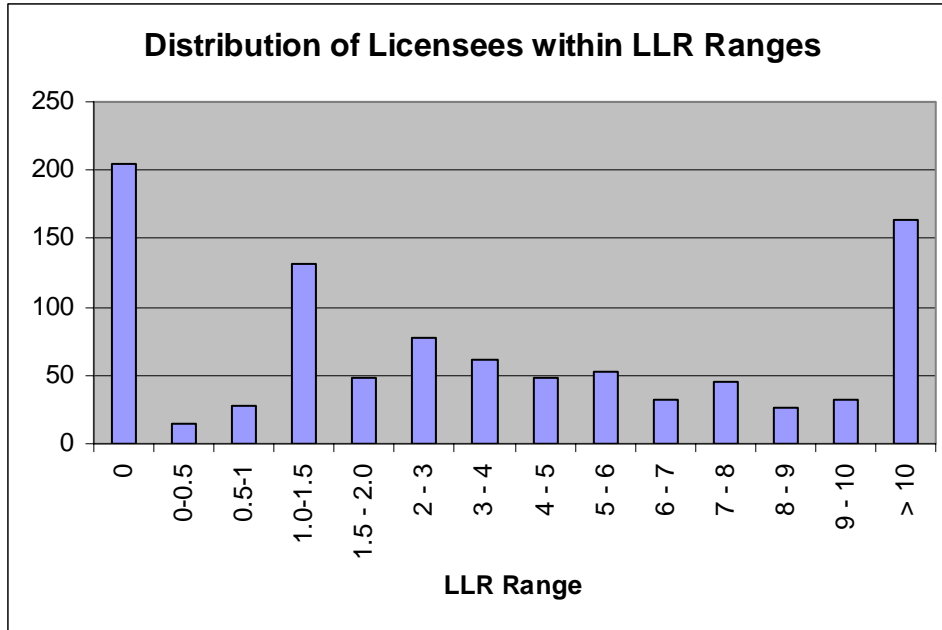
The following figure displays the number of licensees subject to monthly LLR assessments with an LLR above and below the threshold of 1.0:



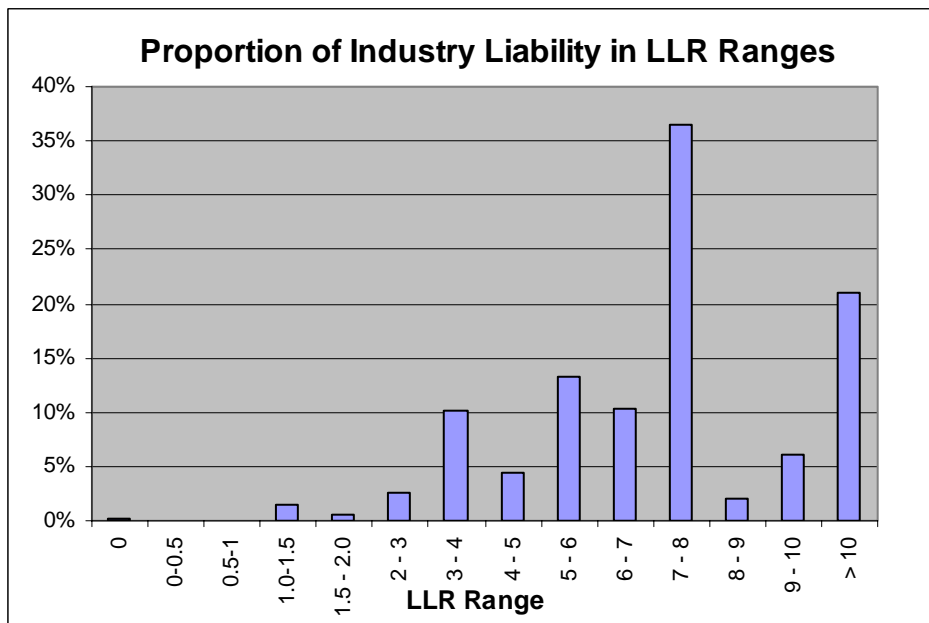
The general variation in the number of licensees with an LLR less than 1 results from data corrections, identification of defunct licensees, license transfers, detailed reviews of non-producer licensees and clarification of facility types included within the LLR program.

Licensees with an LLR less than the threshold of 1 are required to submit a phased-in security deposit. The number of licensees below 1.0 is based on initial LLR and security deposit.

The LLR results for each licensee are displayed and updated on the EUB website on a monthly basis (http://www.eub.gov.ab.ca/bbs/data/facilities/LLR_Report.txt).



Licensees with an LLR of 0 are those licensees that have only inactive wells and facilities and are required to provide a security deposit based on their total deemed liability. Note that those licensees with an LLR of 0 include 114 licensees having only abandoned and unreclaimed wells and/or facilities.



Approximately \$1.82 B (19%) of the industry deemed liability lies with licensees with an LLR greater than 10, and \$34 million (0.4%) of the total deemed liability lies with licensees with an LLR less than 1. The EUB holds \$20 M in security deposits based on deemed abandonment and reclamation liabilities and will be collecting further security through a phased-in payment program.