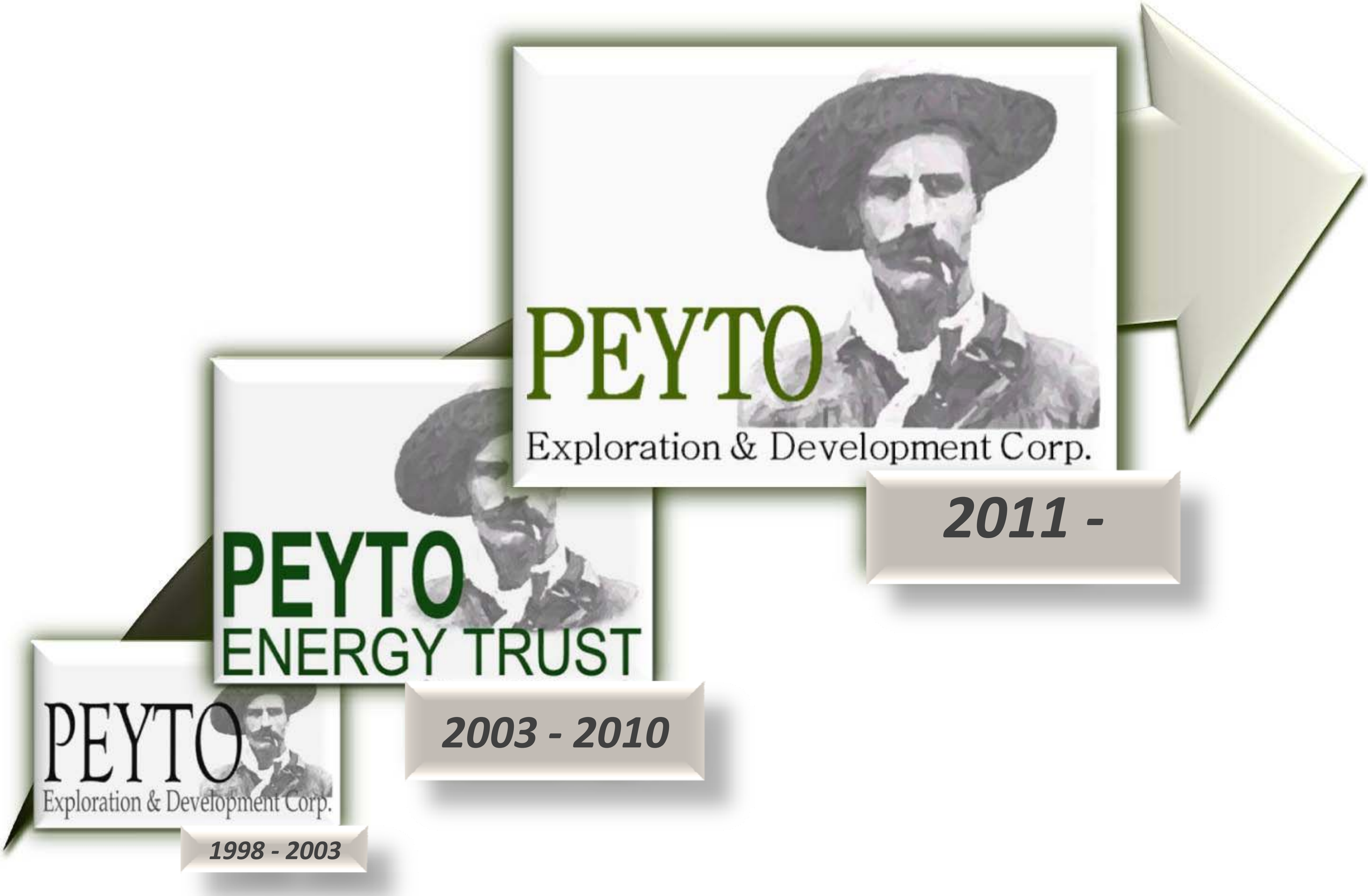
PEYTO

Exploration & Development Corp.

Annual General Meeting

May 18, 2011


PEYTO
Exploration & Development Corp.
1998 - 2003
PEYTO
ENERGY TRUST
2003 - 2010
PEYTO
Exploration & Development Corp.
2011 -

Peyto Profile

PEYTO
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TSX Listing:	PEY
Monthly Dividend:	$0.06/share
Shares Outstanding:	133 million (6% insider ownership)
Current Production:	210 MMCFe/d (35,000 boe/d)
Reserves (12/31/11):	PP 0.7 TCFe (111 mmboes) – 11 yrs TP 1.1 TCFe (180 mmboes) – 17 yrs P+P 1.6 TCFe (260 mmboes) – 25 yrs
Net Debt:	$453 million Q1 2011 ($625 million bank line)
Enterprise Value:	$3 billion ($20/share)

BOE factor - 6 mcf = 1 bbl of oil equivalent

The Peyto Strategy

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Deploy Superior Business Acumen

- Deep basin technical expertise
- Continuous focus on returns
- Internally generated drilling ideas (over 1,000 locations to date)

Develop Superior Assets

- Operated and geographically concentrated (98% operated and processed)
- Longest reserve life (11 yrs PP), lowest cash costs* ($1.63/mcfe – 2010 actual)
- Sweet, liquids rich gas stream (40% more revenue than dry gas)
- Low risk, profitable production growth (32%/share – Q1'11/Q1'10)

Deliver Superior Returns

- Return on capital (average 20%)
- Return on equity (average 40%)
- Shareholder rate of return (compound average 95%)

**Cash costs are royalties, operating costs, transportation, G&A and interest*

The Peyto Strategy

Superior Shareholder Return

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Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split
Oct 23,1998 price of $0.075/share, Feb 28, 2011 price of $20.05/share

The Peyto Strategy

We Invest In Ourselves

"Peyto delivered 41% production per share growth from Apr 2010 to Apr 2011. All of it through the drill bit."

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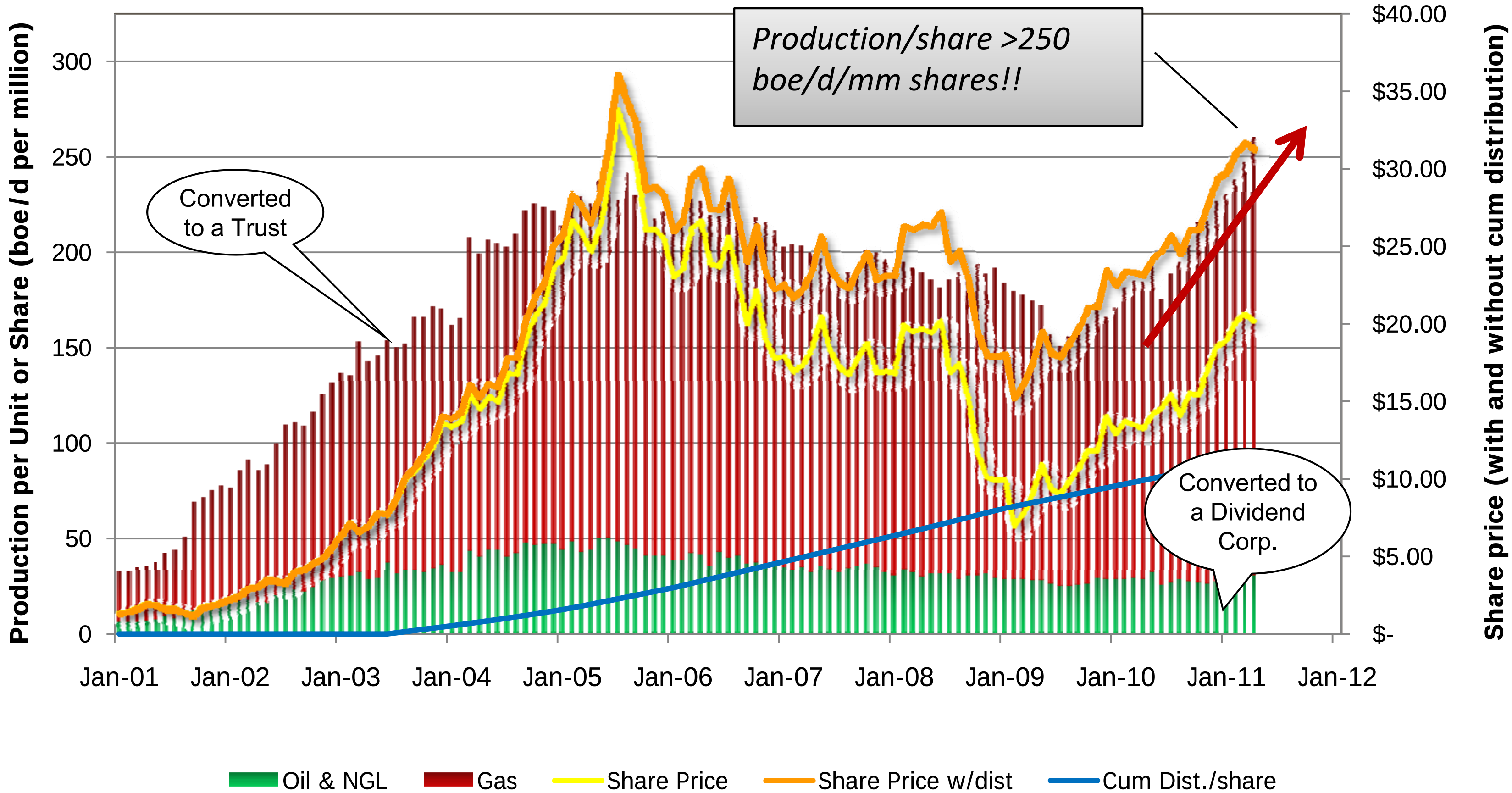


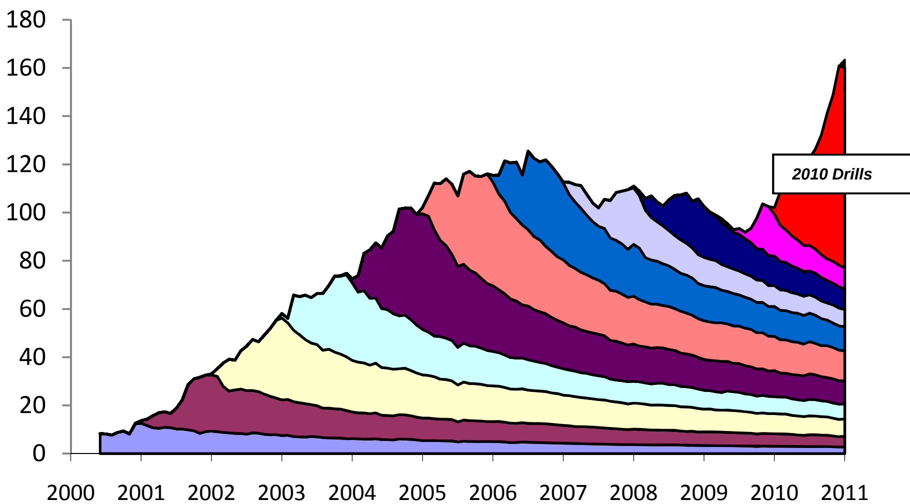
Historical Per Unit (share) and Units (shares) Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split

BOE factor - 6 mcf = 1 bbl of oil equivalent

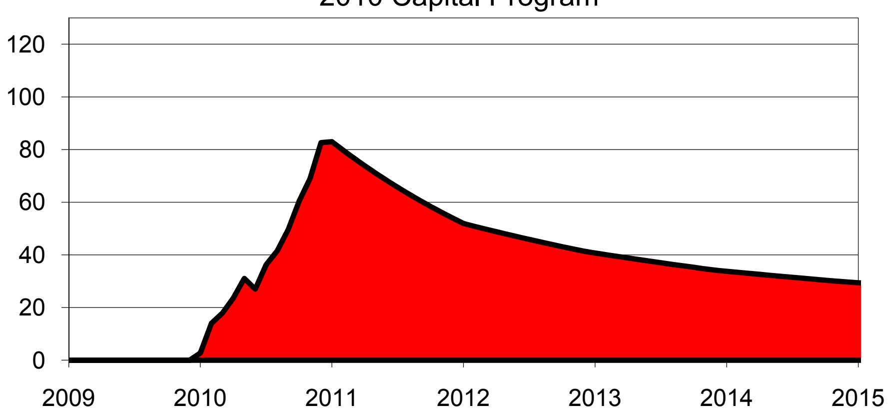
The Peyto Strategy

Successful 2010 Capital Program

"The entire 2010 capital program (incl. land, seismic & facilities) generated 33% IRR based on the independent engineering evaluation."



2010 Capital Program



2010 Net Capex $201 Million (All in $261MM less $60MM in Op Income from 2010 wells)
45 net wells
15,100 boe/d new production 91 MMCFe/d
IPC Dec 31, 2010 Pricing
PDP+PA NPV$_{(5)}$ $550 million NPV$_{(10)}$ $394 million NPV$_{(15)}$ $314 million
IRR 33% Production growth/share 40% (Dec-Dec) 2P Reserves/share 13%

Note: liquids are converted to molar equivalent gas volume for this analysis (1 bbl approximately equal to 1.13 mcfe)
IPC is InSite Petroleum Consultants (formerly Paddock Lindstrom & Ass.) - Dec 31, 2010 Reserve Report.

Peyto's Business

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Peyto's Business

12 Year Track Record

"Peyto has a proven track record of generating new drilling ideas, that lead to additional reserves and net asset value, which ultimately deliver earnings and distributions/dividends for shareholders."

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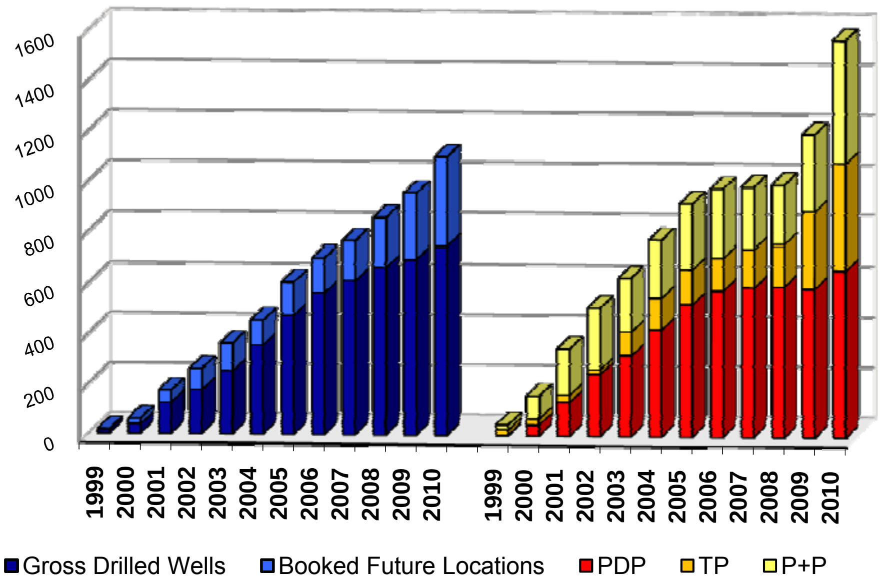
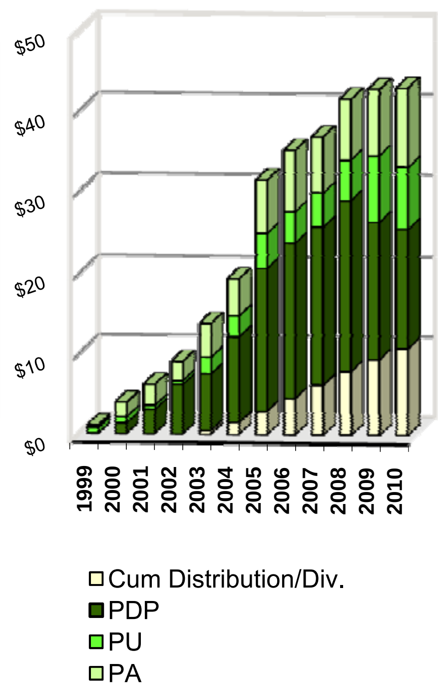
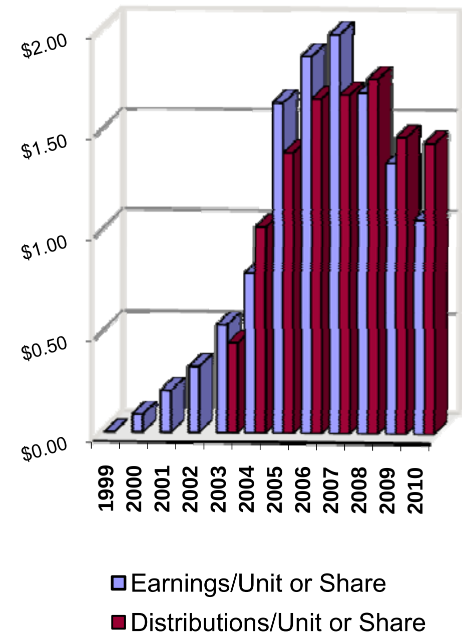
Prospect Generation **Reserves Growth (BCFe)** **NAV Growth (NPV$_5$ Debt Adj/Unit)** **Profit Sharing**







BCFe factor : 6 thousand cubic feet equivalent of gas = 1 bbl of oil equivalent

Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split

Peyto's Business

Applying Hz Technology to Tight Sands

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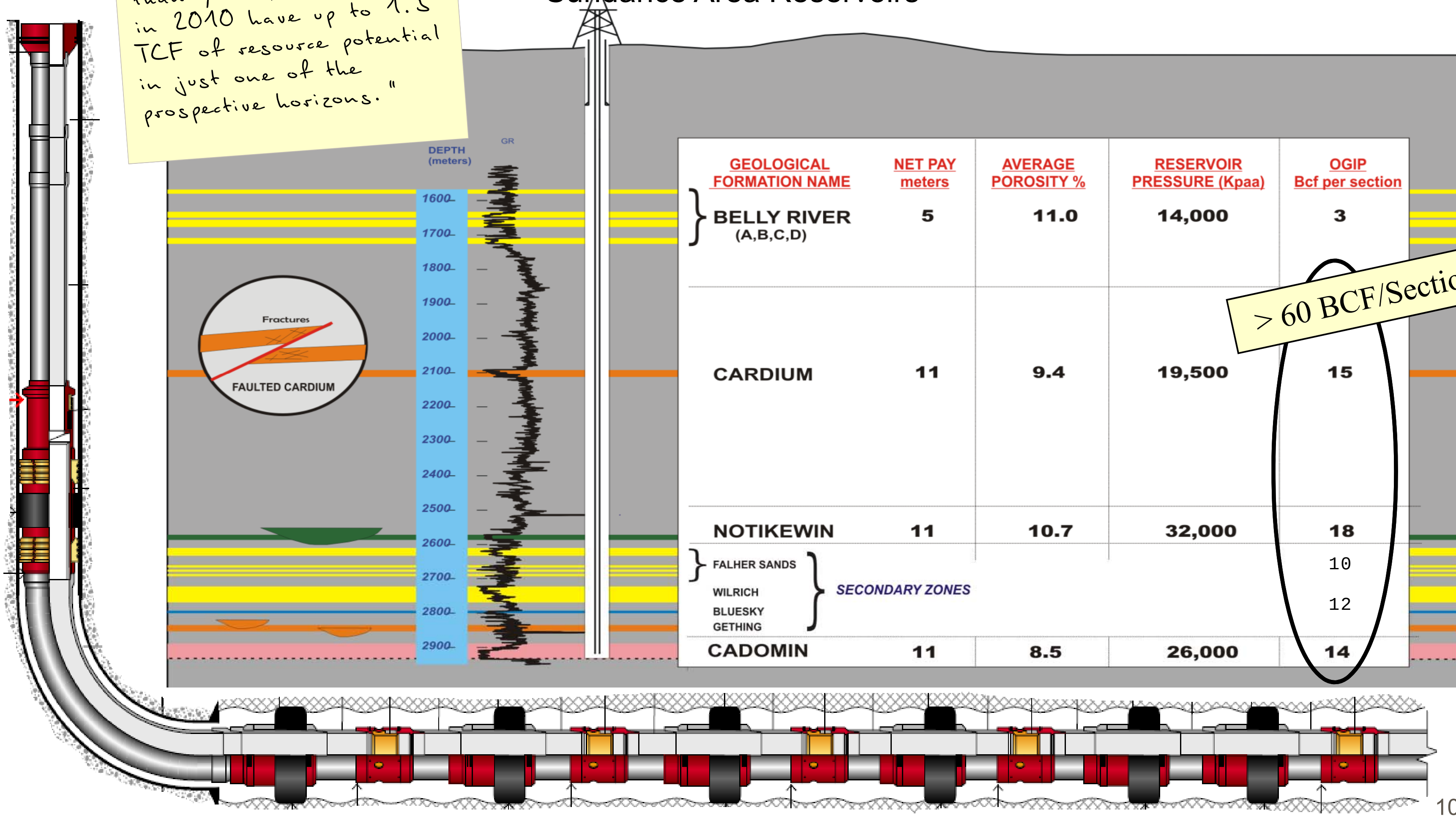
"At 15 bcf per section, > 98 new sections (less than $200/ac) bought in 2010 have up to 1.5 TCF of resource potential in just one of the prospective horizons."

Sundance Area Reservoirs



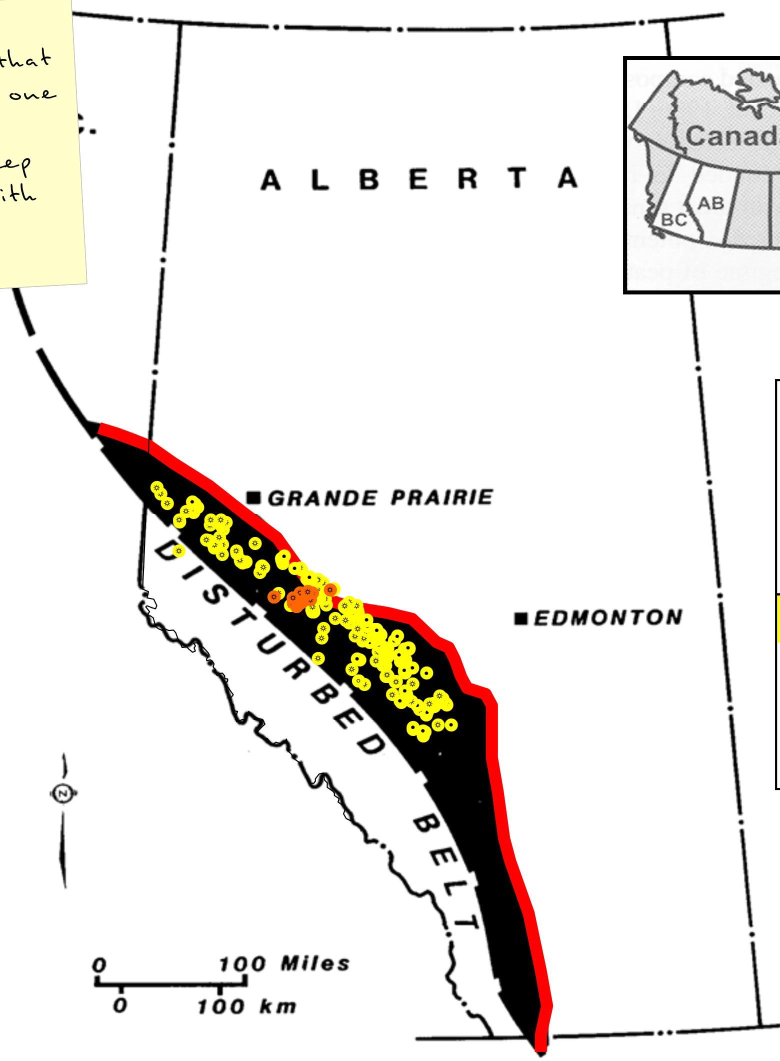
GEOLOGICAL FORMATION NAME	NET PAY meters	AVERAGE POROSITY %	RESERVOIR PRESSURE (Kpaa)	OGIP Bcf per section
BELLY RIVER (A,B,C,D)	5	11.0	14,000	3
CARDIUM	11	9.4	19,500	15
NOTIKEWIN	11	10.7	32,000	18
FALHER SANDS — SECONDARY ZONES				10
WILRICH, BLUESKY, GETHING — SECONDARY ZONES				12
CADOMIN	11	8.5	26,000	14

> 60 BCF/Section!

Peyto's Business

Proven Leader in the Deep Basin

"Perhaps it will not come as a surprise that Peyto is once again one of the most active developers in the Deep Basin, this time with horizontal wells."



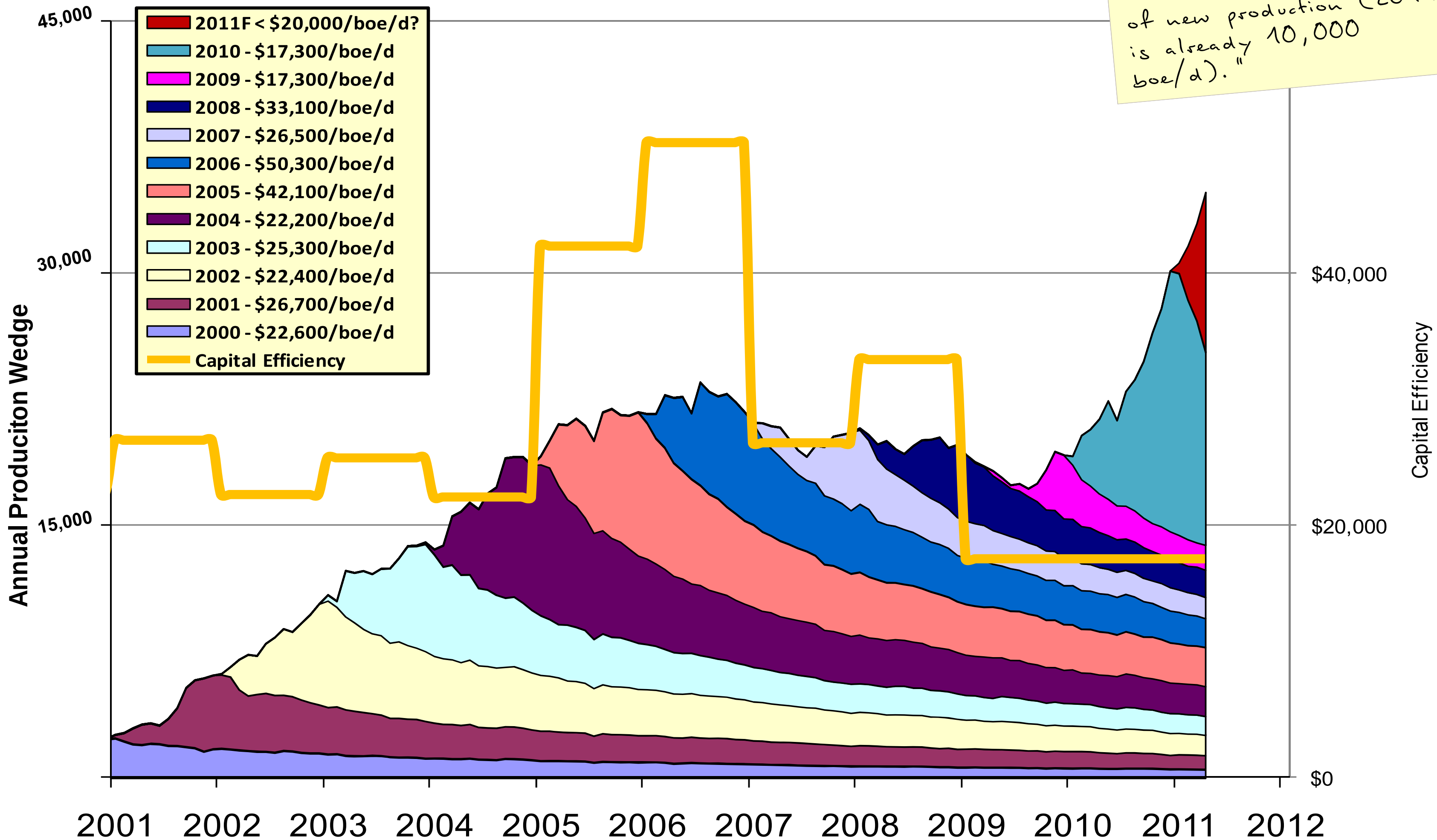
Alberta's Central Deep Basin Activity Horizontal gas wells last 12 mo.		
Rank	Company	Wells, On Production (Jan-Dec 2010)
1	**Peyto**	**39**
2	Bonavista	22
3	Encana	16
4	Fairborne	11
5	Vero	10

**Source: IHS Accumap search*

Peyto's Business

Focus on Returns Drives Capital Discipline

"Improvements in capital efficiency have resulted in larger capital programs for 2010 & 2011 and record wedges of new production (2011 is already 10,000 boe/d)."



* Capital Efficiency is the cost to add new production measured at Dec 31 each year. Example: In 2010 , Peyto invested $261MM to build 15,100 boe/d for a capital efficiency of $17,300/boe/d.

Peyto's Business

Unique Land Strategy

"Peyto's land strategy has always been to identify the drilling locations first (Aim), then buy the land (Ready), and then drill (Shoot). Others take the opposite approach and carry a large undeveloped land base with little reserve potential."

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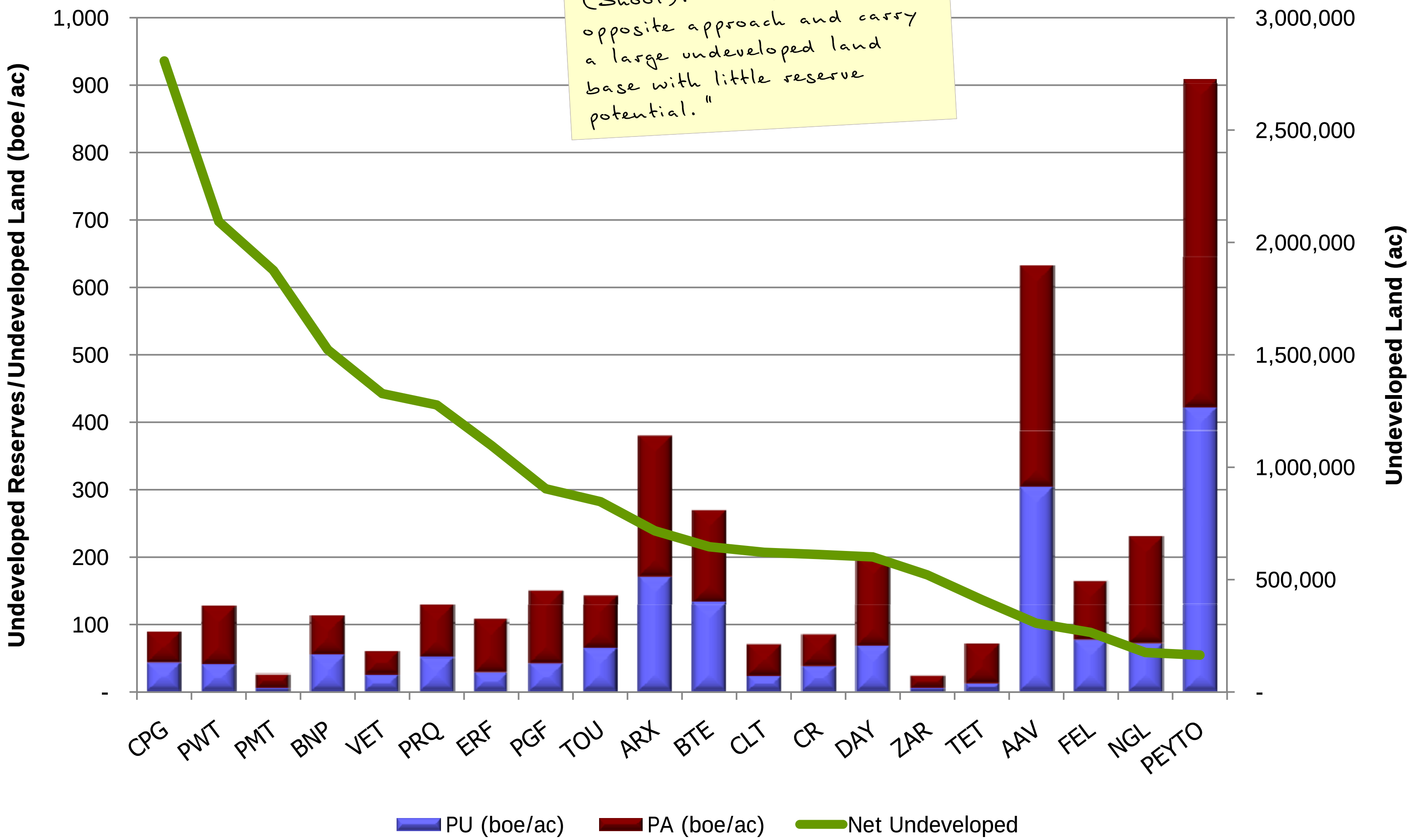

Source: 2010 AIF filings of undeveloped land and reserves at Dec 31, 2010

Peyto's Business

Deep Basin Lands Go A Long Way

"A large inventory of undeveloped land can be meaningless. A small amount of the "right land" however, can be developed into something very material."

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Peyto Lands (as at Dec. 31, 2010)

COMPANY	UNDEVELOPED		DEVELOPED		TOTAL ACRES	
	GROSS	NET	GROSS	NET	GROSS	NET
Peyto Energy Limited Partnership ("PELP")	210,016	164,265	146,296	102,626	356,311	266,891
Peyto - No. Of Sections	328	257	229	160	557	417
Peyto - Average Working Interest		78%		70%		75%
Peyto - Undeveloped/Developed % Ratio	59%		41%			

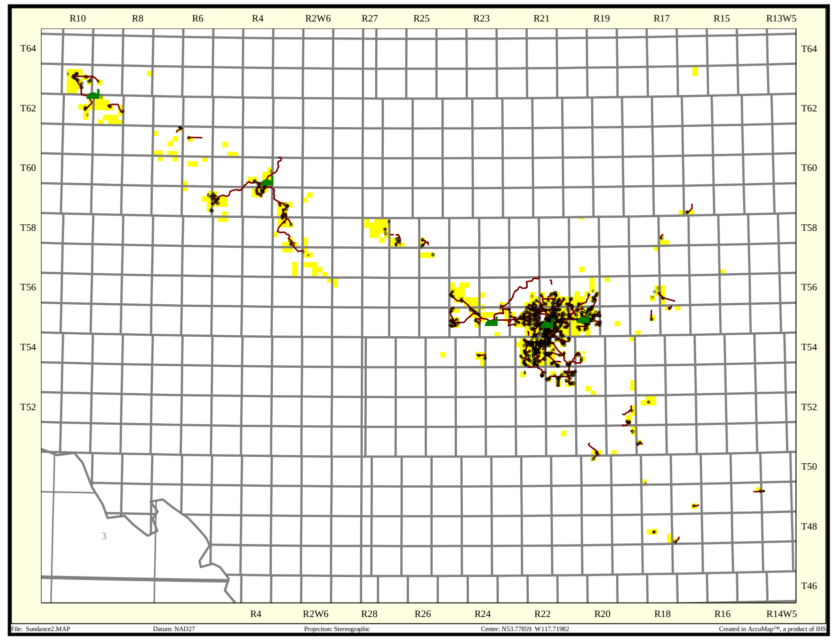
By Prospective Formation

	Gross (ac)	Net (ac)	Ave WI	Net Sections
Cardium	287,360	228,153	79%	356
Notikewin	110,240	95,682	87%	150
Falher	105,440	92,208	87%	144
Wilrich	104,320	91,824	88%	143
	607,360	507,867		794

By Assigned Drainage Area (Insite Report Dec. 31, 2010)

	Gross (ac)	Net (ac)	Ave WI	Net Sections	Volume TCFe
Developed	83,040	68,350	82%	107	1.1
Undeveloped	60,020	45,187	75%	71	0.8
	143,060	113,537		177	1.9

Peyto has only used 22% of the prospective area to discover 1.9 TCFe of recoverable gas (1.6 2P, 0.3 CTD)



Deploy Superior Business Acumen

The Peyto Way

Think,

Innovate,

Execute!

Understanding the Geology

Geotechnical Tools To Improve Hz Drilling

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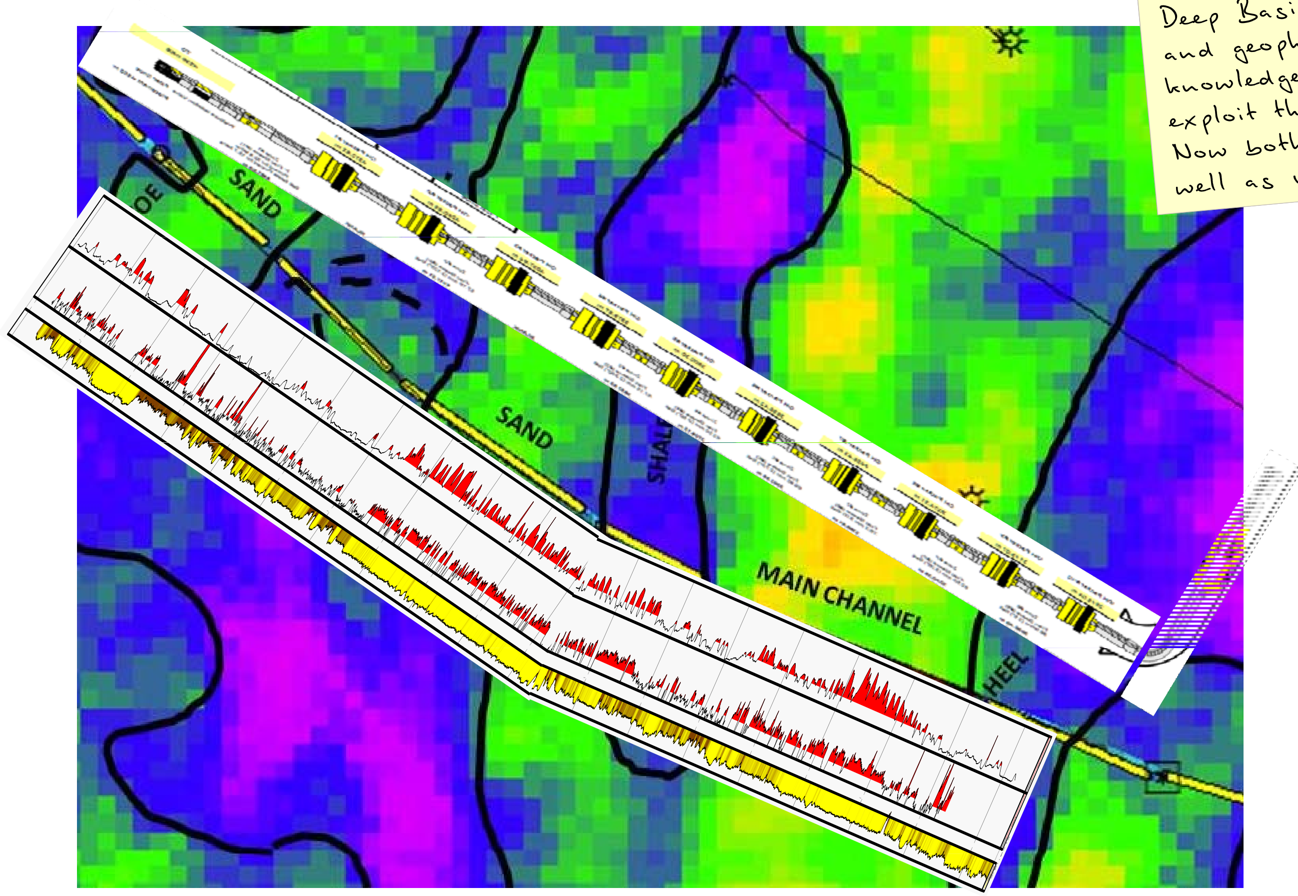
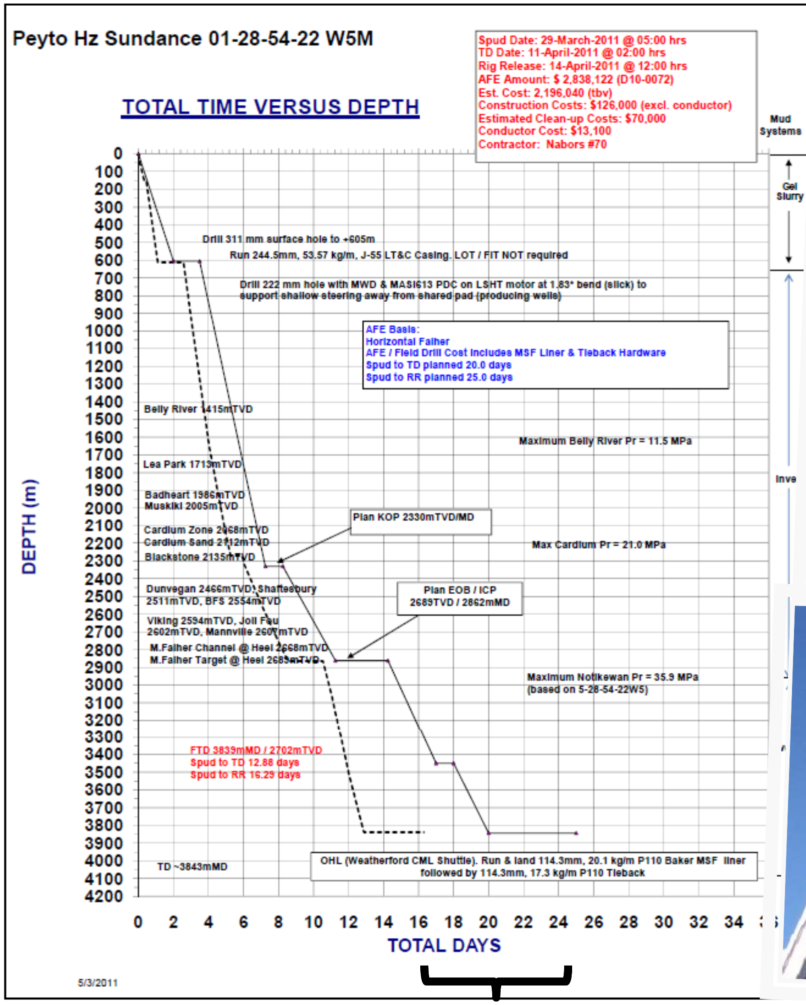
"Just as before, we are using all of our Deep Basin geological and geophysical knowledge to best exploit the resources. Now both laterally as well as vertically."



Improved Drilling Performance

Better By Design

"The more horizontal wells we drill, the better we get at it. Which doesn't mean we've eliminated the increased technical risk, we're just getting more efficient."



> 30% faster!!

Reduced Drill Times

- Optimized Bit Selection
- Improved Direction Control
- More Experienced Crews
- Top Drive Rigs

Completion Cost Improvement

Innovative Water Handling

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"The costs to truck, tank and heat water have been greatly reduced by using covered pits on site and innovative heating systems."

Costs Coming Down

Drilling and Completion Cost Improvements

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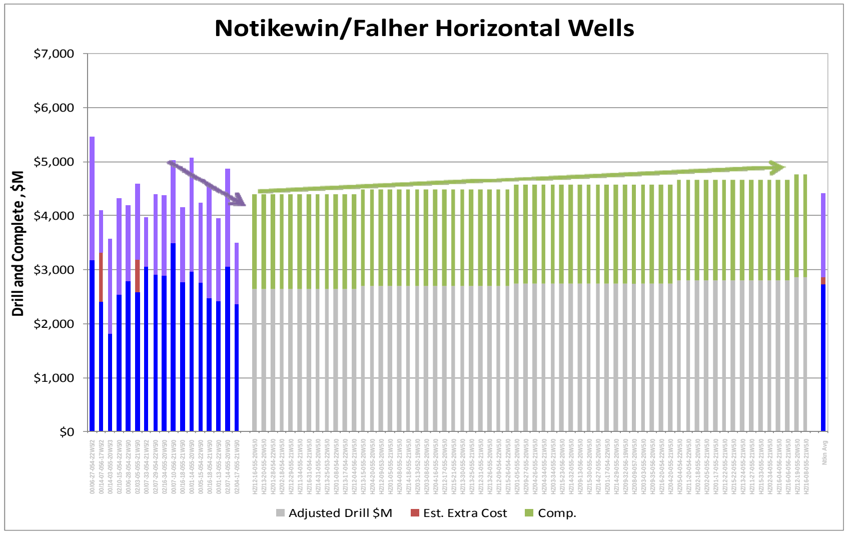

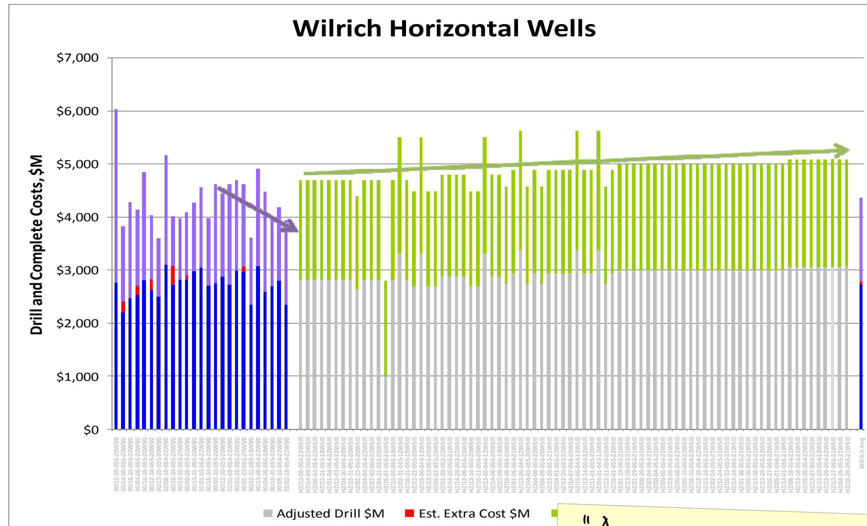

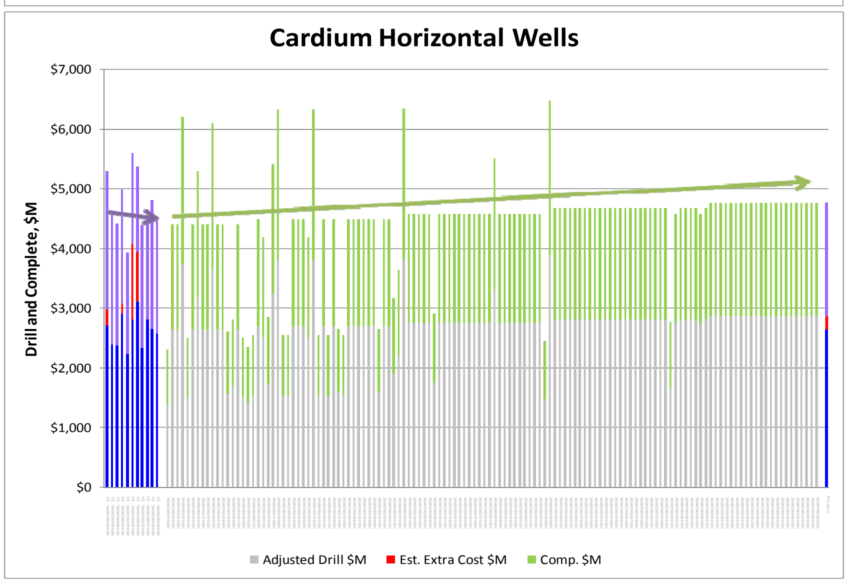

"As we gain more experience drilling and completing horizontal wells, the costs are starting to improve. This is in contrast to increased rates and fuel prices."

<u>Drilling Cost Improvements</u>

- Bit optimization
- Rig crew experience
- Wellbore design

<u>Completion Cost Improvements</u>

- Heated pits vs tanks
- Water optimization
- Frac efficiency
- Inline testing

Reduced Tie-in Costs

Multi-Well Pad Sites

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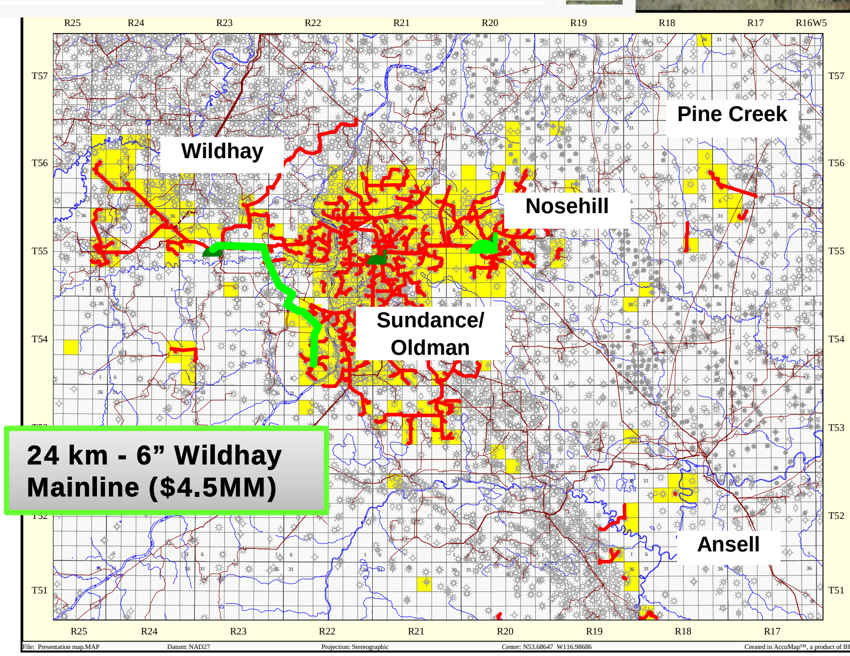
"Drilling from pad sites saves construction costs, reduces tie in time and allows us to flow back completions inline, conserving the gas and protecting the environment."

Infrastructure Investment

Main Gathering Lines Minimize Backout

"New trunk lines that collect groups of horizontal wells prevents the new, high pressure production from backing out older production. It also expands our infrastructure for the future."



24 km - 6" Wildhay Mainline ($4.5MM)

Gas Plant Capacity Expansion

Nosehill, Wildhay and Oldman Plants All Bigger

"Our gas plants are constantly being expanded to ensure timely processing capacity for newly developed production. Modular design makes this easier."

Peyto Nosehill Gas Processing Plant 11-21-55-20W5

20 mmcf/d Capacity Q4 2009	**50 mmcf/d Capacity Q3 2010**	**60 mmcf/d Capacity Q1 2011**	**120 mmcf/d Capacity Q4 2011**

Fun in the Field

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Peyto's Assets

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Peyto's Assets

Geographically Focused Core Areas

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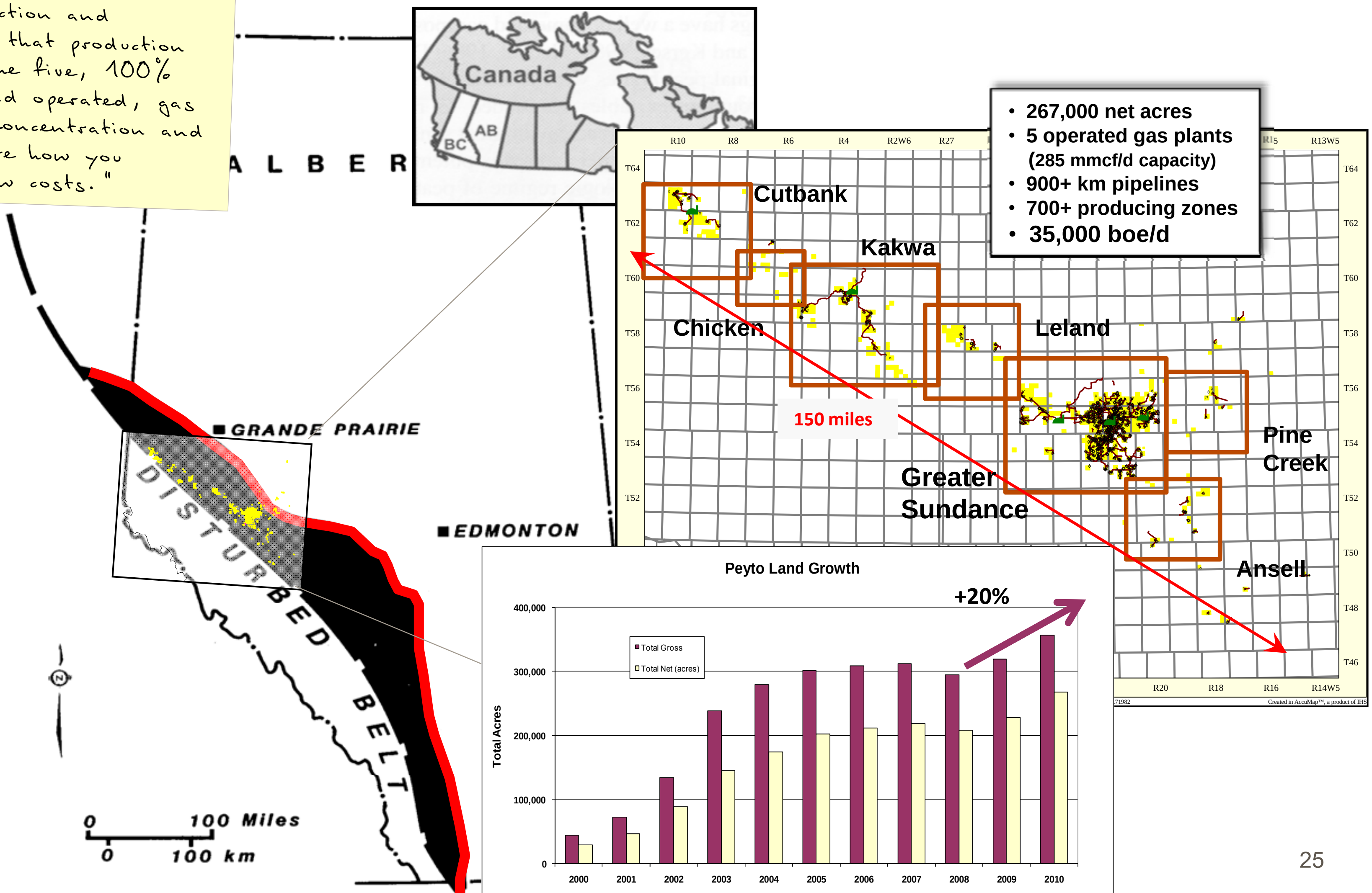
"Peyto operates 98% of its production and processes that production through the five, 100% owned and operated, gas plants. Concentration and control are how you achieve low costs."

- 267,000 net acres
- 5 operated gas plants (285 mmcf/d capacity)
- 900+ km pipelines
- 700+ producing zones
- 35,000 boe/d



Peyto's Assets

Large Hz MSF Inventory

Horizontal
Locations

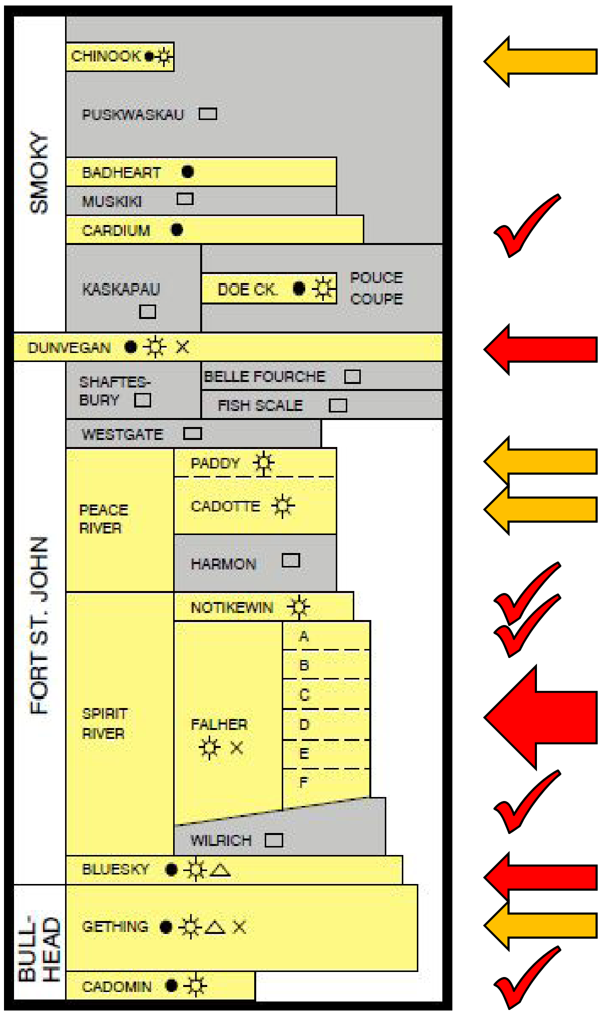
126 locations

19 locations

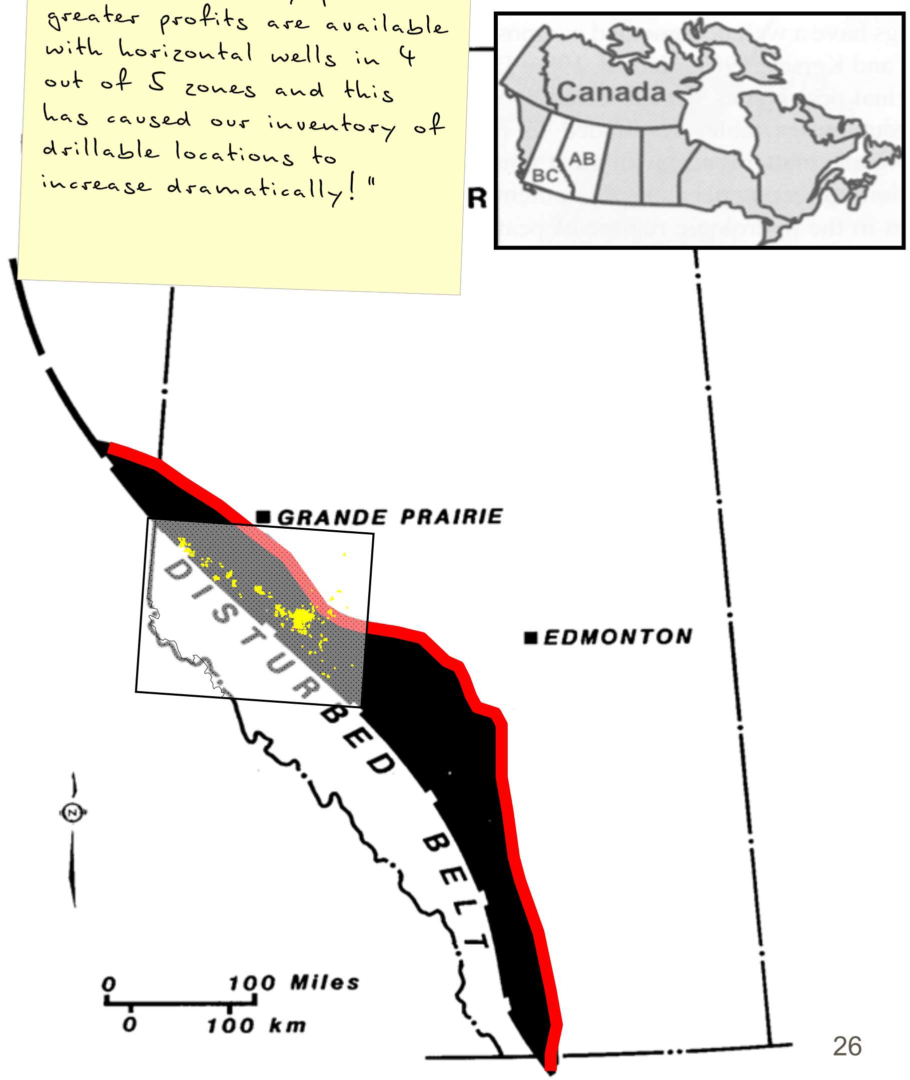
87 locations
116 locations

154 locations

6 locations
>500 locations!



"We have already proven greater profits are available with horizontal wells in 4 out of 5 zones and this has caused our inventory of drillable locations to increase dramatically!"



*Over 300 of these locations are recognized in the IPC (formerly PLA) independent reserve report dated Dec. 31, 2010

Cardium Resource Play

Economic Comparison – Vertical vs. Horizontal

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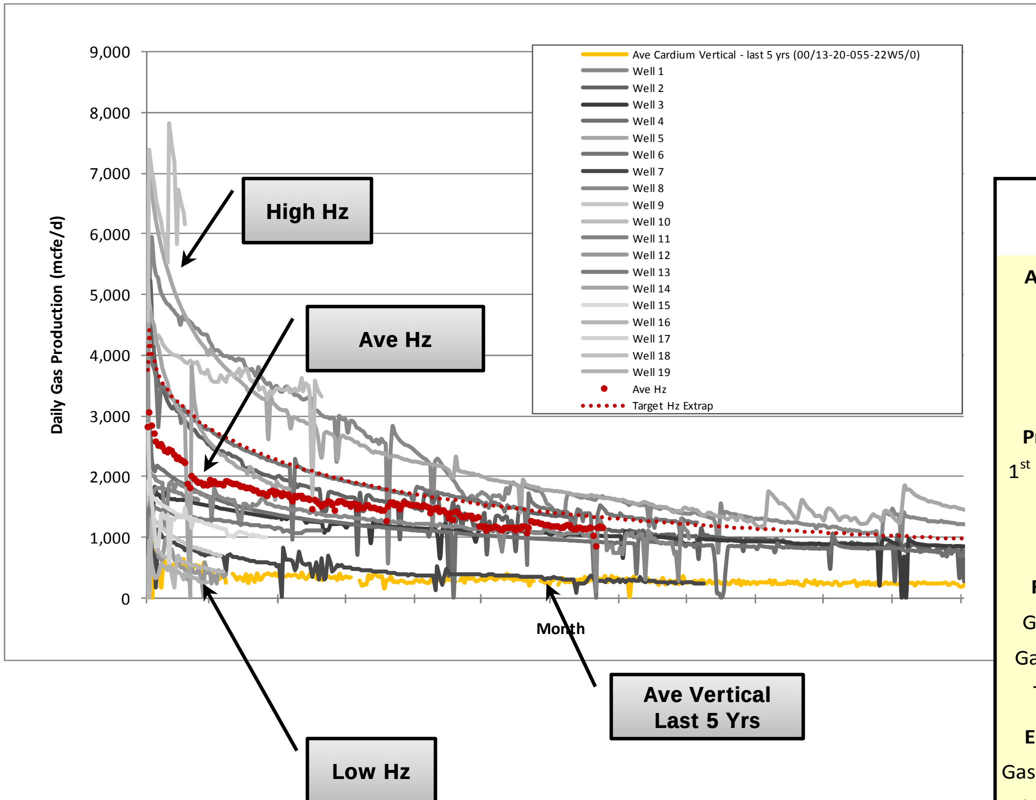
"The average Cardium horizontal well is coming in slightly lower than our target economics. We're working to improve on that."



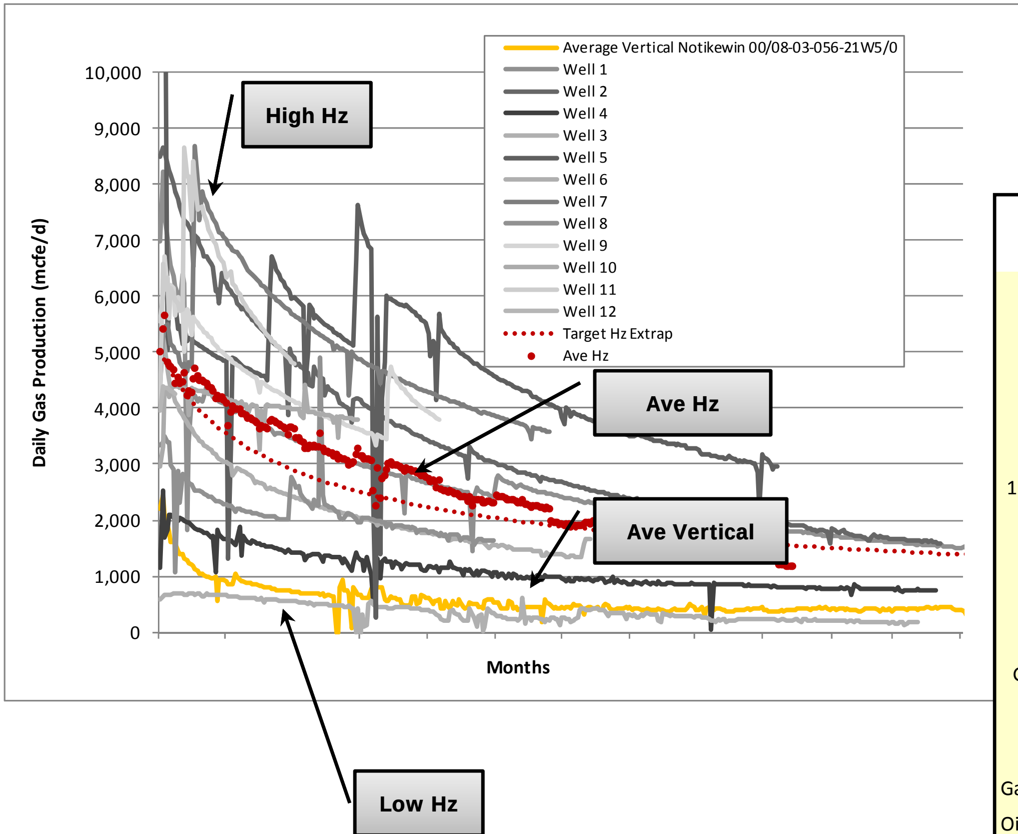
	Ave Vertical (last 10 yrs)	Ave Vertical (last 5 yrs)			Ave Target Horizontal		
Ave. Costs	**$1,700**		**$1,700**			**$5,050**	
Drill (K$)	$1,000		$1,000			$2,500	
Complete	$500		$500			$2,300	
E/T	$200		$200			$250	
*Average vertical costs for 10 wells drilled in 2009							
Production							
1st Mo. (mcf/d)	650		410			3,200	
12th Mo.	450		260			1,000	
1st Yr	540		325			1,700	
Reserves							
Gas Raw (bcf)	2.2		1.1			2.8	
Gas Sales (bcf)	2.0		1.0			2.6	
Total mboes	423		216			537	
Economics							
Gas Price ($/GJ)	$5	$4	$5	$6	$4	$5	$6
Oil Price ($/bbl)	$85		$85			$85	
IRR	84%	**23%**	**32%**	**41%**	**46%**	**63%**	**83%**
PIR_{10}	2.4	**0.5**	**0.8**	**1.1**	**0.8**	**1.1**	**1.4**
Payout (yrs)	1.3	**3.6**	**2.7**	**2.2**	**1.8**	**1.4**	**1**
NPV_5 ($M)	$ 6.8	**$ 1.7**	**$ 2.4**	**$ 3.2**	**$ 6.3**	**$ 8.3**	**$10.2**
NPV_{10} ($M)	$ 4.1	**$ 0.8**	**$ 1.3**	**$ 1.8**	**$ 4.1**	**$ 5.6**	**$ 7.0**
F&D ($/mcfe)	$ 0.67		**$ 1.31**			**$ 1.57**	

BOE factor - 6 mcf = 1 bbl of oil equivalent
Peyto internal reserve estimates and economic evaluation
Economics do not include $200/m DRC but do include 5% max

Notikewin Resource Play

Economic Comparison – Vertical vs. Horizontal

"So far, horizontal development of the Notikewin looks to be beating our target economics. And the costs are right on target."



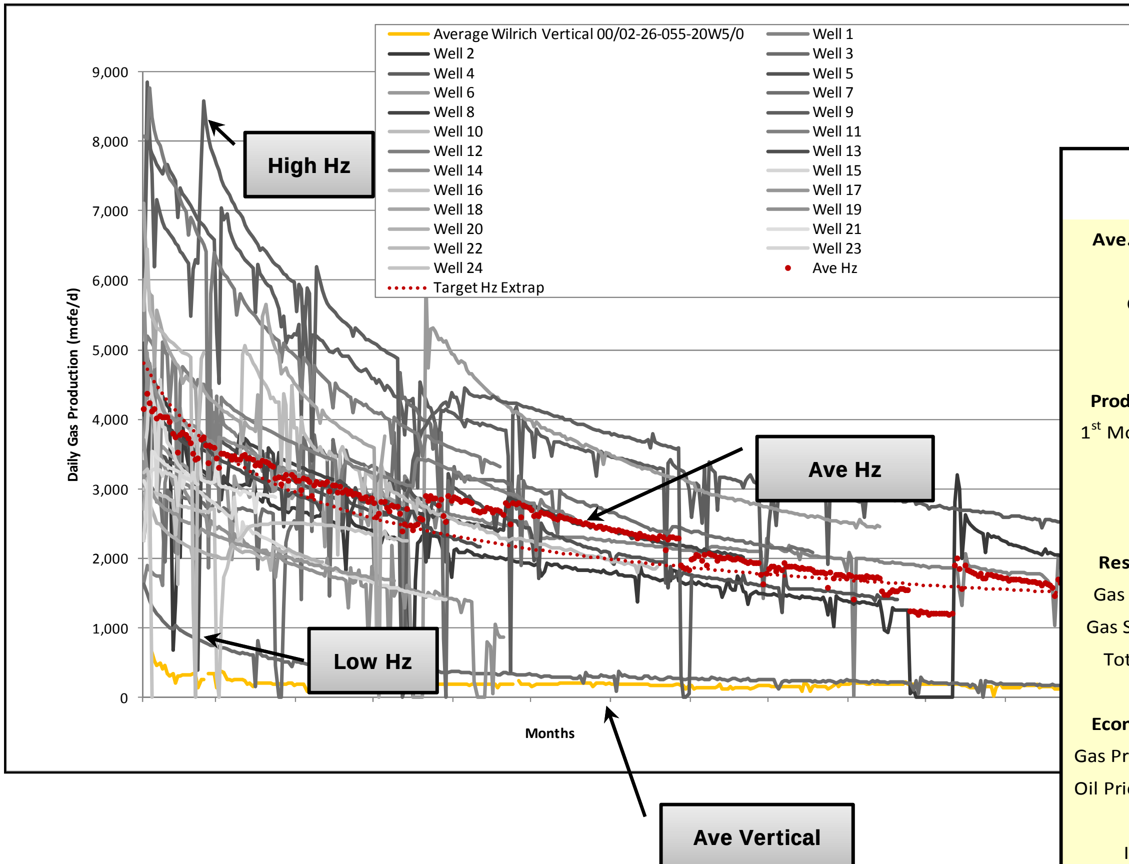
	Ave Vertical 08-03-56-21W5			Ave Target Horizontal		
Ave. Costs		**$2,000**			**$4,690**	
Drill (K$)		$1,300			$2,500	
Complete		$500			$1,940	
E/T		$200			$250	
		*Ave vert costs for 3 wells drilled in 2009				
Production						
1st Mo. (mcf/d)		1,200			5,000	
12th Mo.		310			1,500	
1st Yr		520			2,000	
Reserves						
Gas Raw (bcf)		1.8			4.0	
Gas Sales (bcf)		1.7			3.8	
Total mboes		310			691	
Economics						
Gas Price ($/GJ)	$4	$5	$6	$4	$5	$6
Oil Price ($/bbl)		$85			$85	
IRR	**22%**	**33%**	**45%**	**61%**	**91%**	**125%**
PIR_{10}	**0.5**	**0.9**	**1.3**	**1.2**	**1.6**	**2.1**
Payout (yrs)	**3.8**	**2.8**	**2.1**	**1.5**	**1.1**	**0.9**
NPV_5 ($M)	$ 2.2	$ 3.3	$ 4.4	$ 8.2	$ 11.3	$ 14.0
NPV_{10} ($M)	$ 1.0	$ 1.8	$ 2.5	$ 5.4	$ 7.7	$ 9.7
F&D ($/mcfe)		$ 1.08			$ 1.12	

BOE factor - 6 mcf = 1 bbl of oil equivalent
Peyto internal reserve estimates and economic evaluation
Economics do not include $200/m DRC, but do include 5% max and NGDDP

Wilrich Resource Play

Economic Comparison – Vertical vs. Horizontal

"The Wilrich results are very consistent with the average horizontal well beating our target profile and obviously much better than vertical wells."



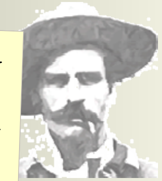
	Ave Vertical			Ave Target Horizontal		
Ave. Costs		**$2,000**			**$5,120**	
Drill (K$)		$1,300			$2,760	
Complete		$500			$2,140	
E/T		$200			$220	
	*Ave vert costs for 3 wells drilled in 2009					
Production						
1st Mo. (mcf/d)		200			3,800	
12th Mo.		150			1,700	
1st Yr		170			2,900	
Reserves						
Gas Raw (bcf)		0.8			4.2	
Gas Sales (bcf)		0.8			4.0	
Total mboes		140			730	
Economics						
Gas Price ($/GJ)	$4	$5	$6	$4	$5	$6
Oil Price ($/bbl)		$85			$85	
IRR	**1%**	**5%**	**9%**	**54%**	**79%**	**106%**
PIR$_{10}$	**-0.4**	**-0.2**	**-0.1**	**1.1**	**1.6**	**2.1**
Payout (yrs)	**24**	**12**	**9**	**1.7**	**1.3**	**1.1**
NPV$_5$ ($M)	$ (0.5)	$ 0.0	$ 0.6	$ 8.8	$ 12.1	$ 15.3
NPV$_{10}$ ($M)	$ (0.8)	$ (0.5)	$ (0.1)	$ 5.8	$ 8.3	$ 10.7
F&D ($/mcfe)		$ 2.38			$ 1.16	

BOE factor - 6 mcf = 1 bbl of oil equivalent
Peyto internal reserve estimates and economic evaluation
Economics do not include $200/m DRC, but do include 5% max and NGDDP

Falher Resource Play

Economic Comparison

"The Falher sands were never developed much in vertical wells but the horizontal results appear consistent with Wilrich and Notikewin results."



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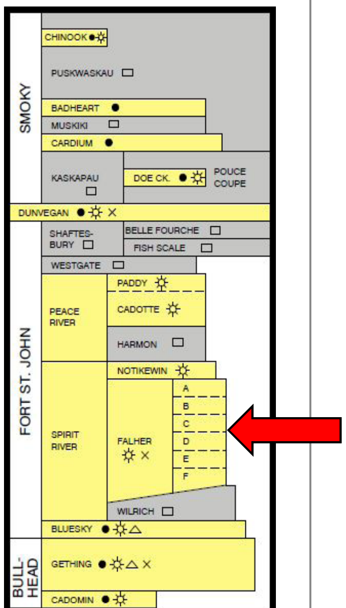
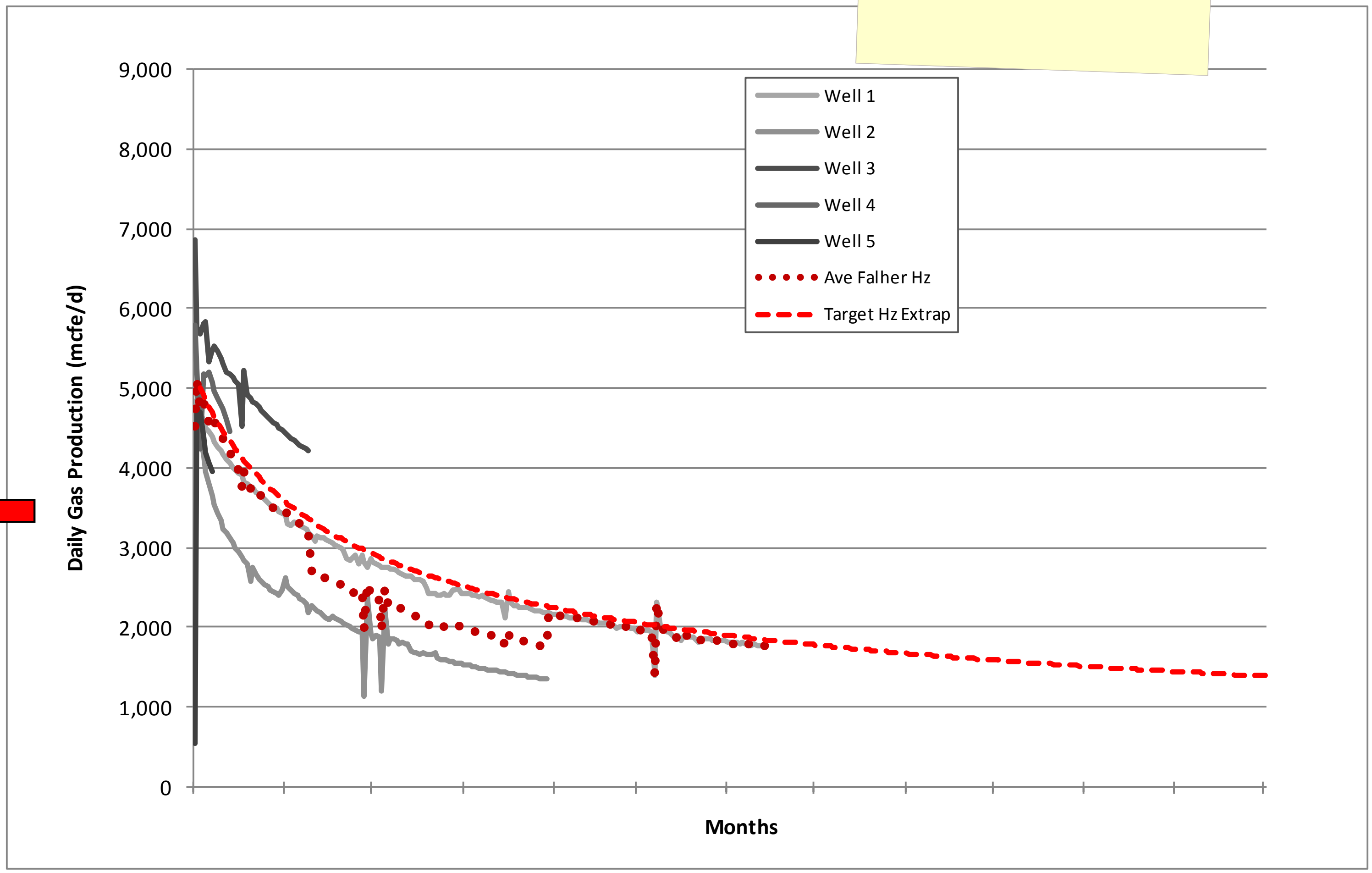
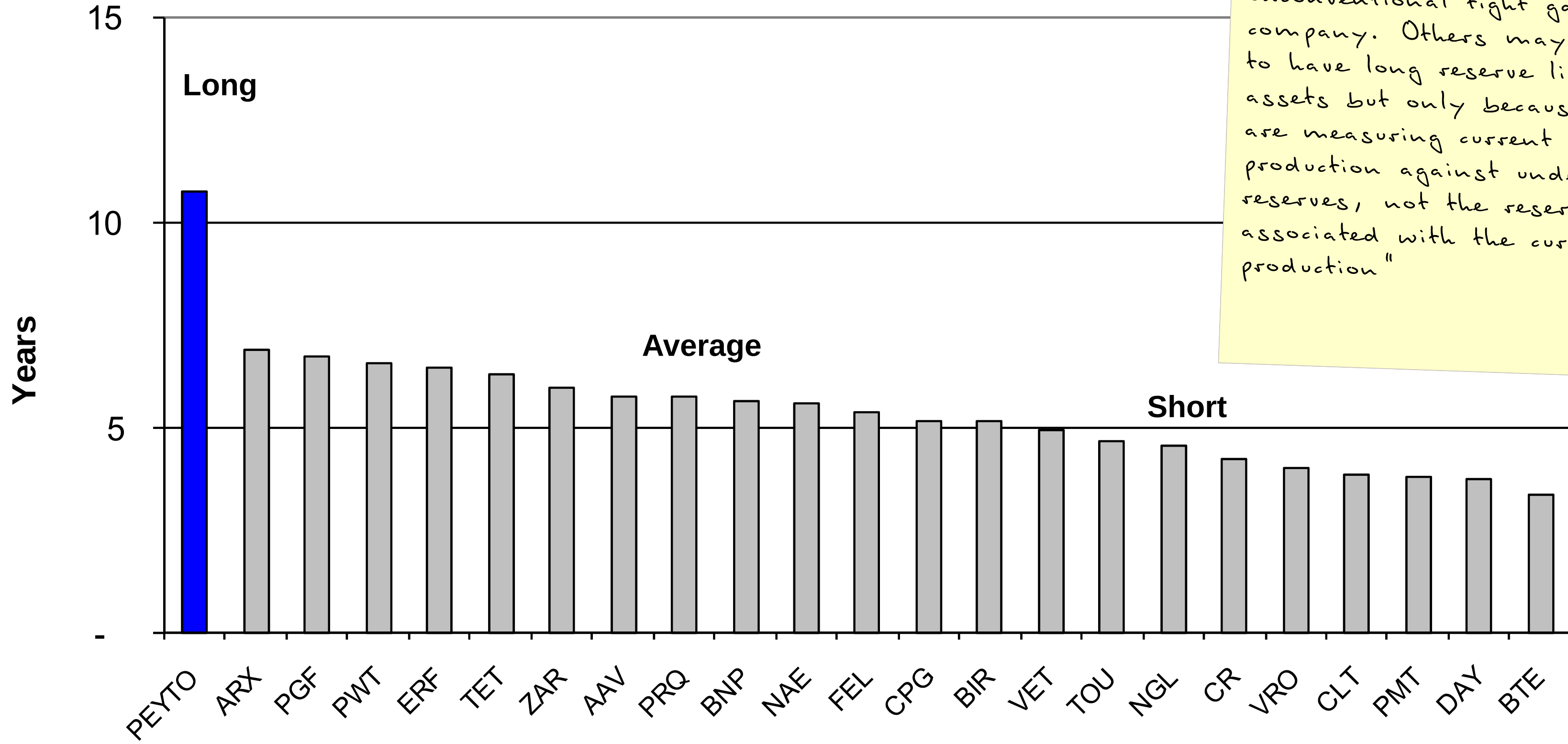




Peyto's Assets

Longest Reserve Life

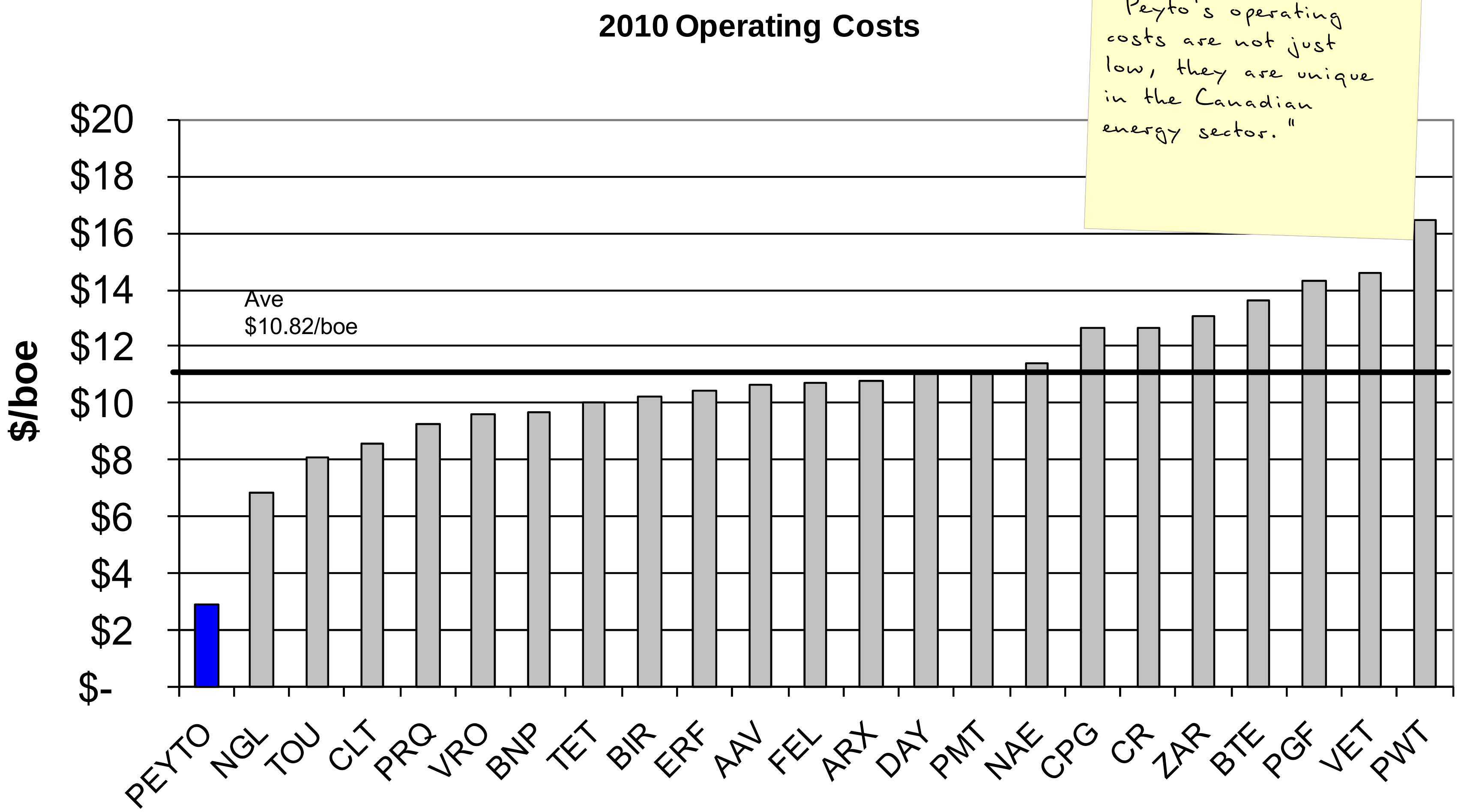


"Peyto is a pure play unconventional tight gas company. Others may claim to have long reserve life assets but only because they are measuring current production against undeveloped reserves, not the reserves associated with the current production"

Peyto's Assets

Lowest Operating Costs

"Peyto's operating costs are not just low, they are unique in the Canadian energy sector."



Operating Costs include Transportation costs.

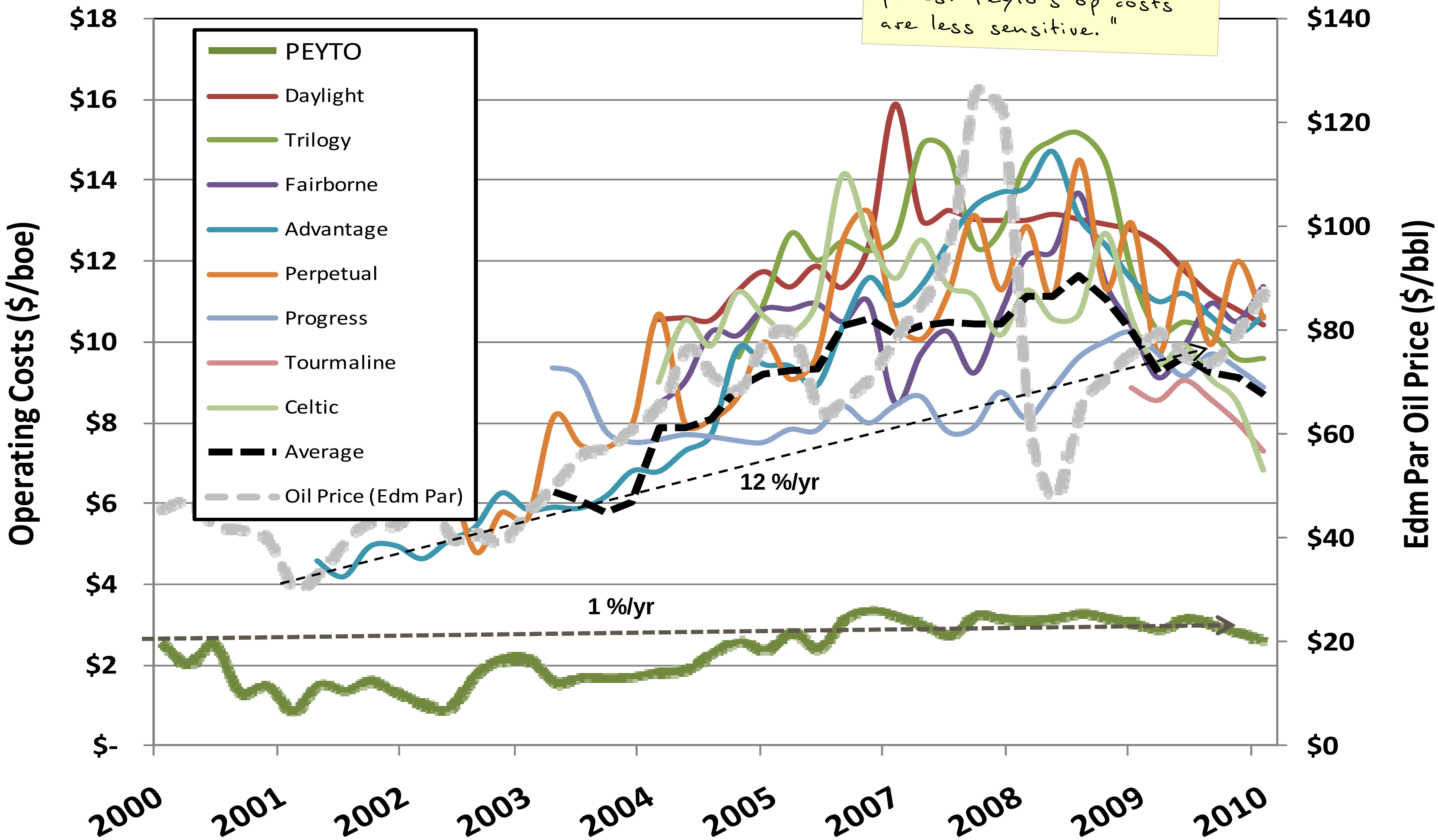
BOE factor - 6 mcf = 1 bbl of oil equivalent

Peyto's Assets

Lowest Operating Costs – Gas Producers

"Rising oil price drives inflation, even in the energy business. It's not surprising most of the gas industry has seen op cost go up with oil prices. Peyto's op costs are less sensitive."

ion & Development Corp.



BOE factor - 6 mcf = 1 bbl of oil equivalent
Note operating costs include transportation

Peyto's Assets

Continuous Improvement in Operating Costs

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- ✓ Methanol recovery reduces cost and recycles methanol
- ✓ Downhole chokes reduce methanol and the need for sand separators/more robust surface equipment
- ✓ Pad sites and automation reduces operator travel, leasehold taxes and road maintenance costs

Peyto's Assets

Deep Gas Drilling Royalty Incentives

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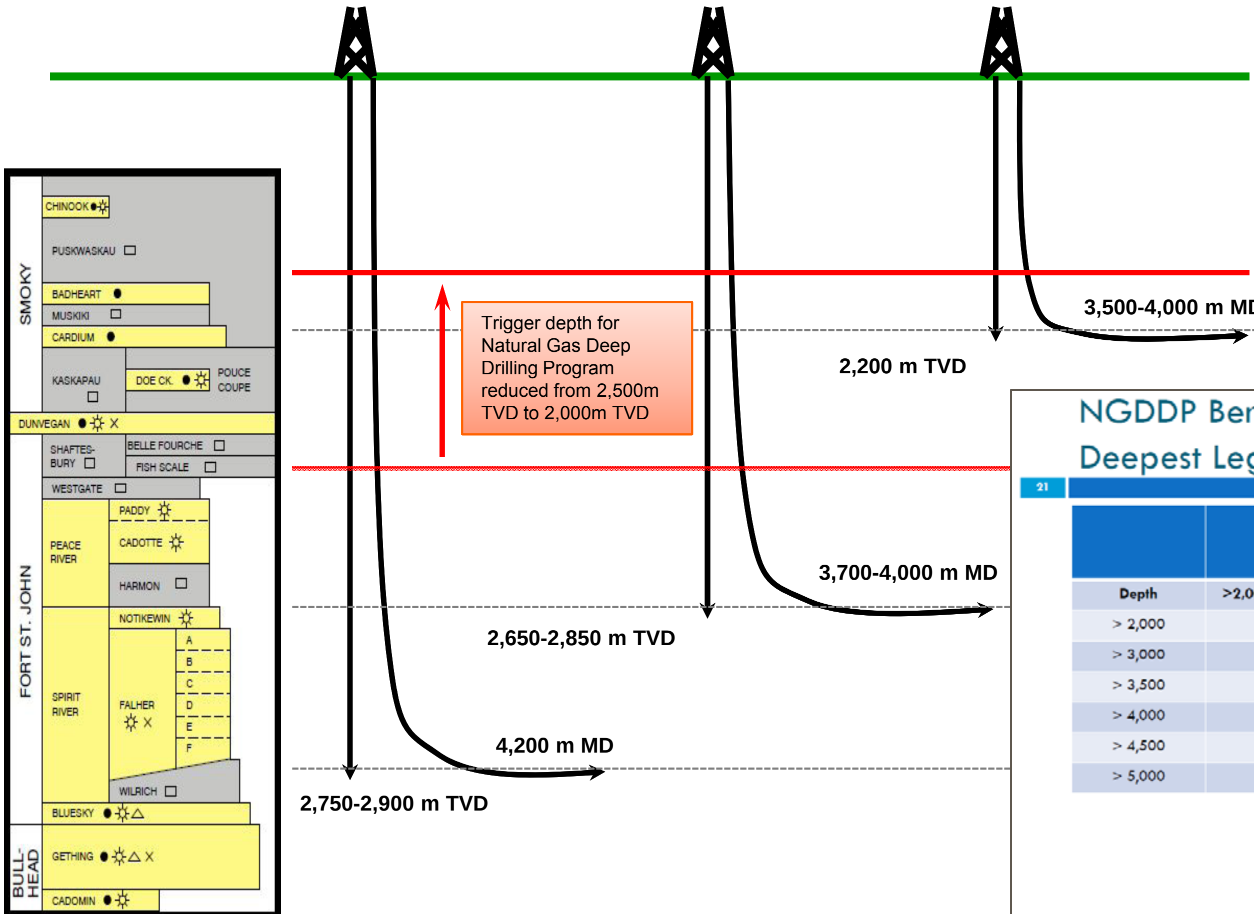
"All of the formations that Peyto targets are eligible for the Natural Gas Deep Drilling incentives. At $4 gas, royalties for the first 5 yrs are effectively capped at 5%."



**3,700m Cardium Horizontal Well would receive*
1,500m at $625/m
+200m at $2,500/m
$1,437,500 in royalty credit

NGDDP Benefits – Development Wells – Deepest Leg

21

	NGDDP Royalty Adjustment Per Well Development Wells Benefit per metre drilled in the depth range ($/m)			
Depth	>2,000 – 3,500	>3,500 – 4,000	>4,000 – 5,000	>5,000
> 2,000	$625			
> 3,000	$625			
> 3,500	$625	$2,500		
> 4,000	$625	$2,500	$2,500	
> 4,500	$625	$2,500	$2,500	
> 5,000	$625	$2,500	$2,500	$3,000

Alberta

Peyto's Assets

Low FD&A Costs, High Recycle Ratio

"On average Peyto has built producing reserves for 1/3 of what we sell them for. That is where the real profit lies."

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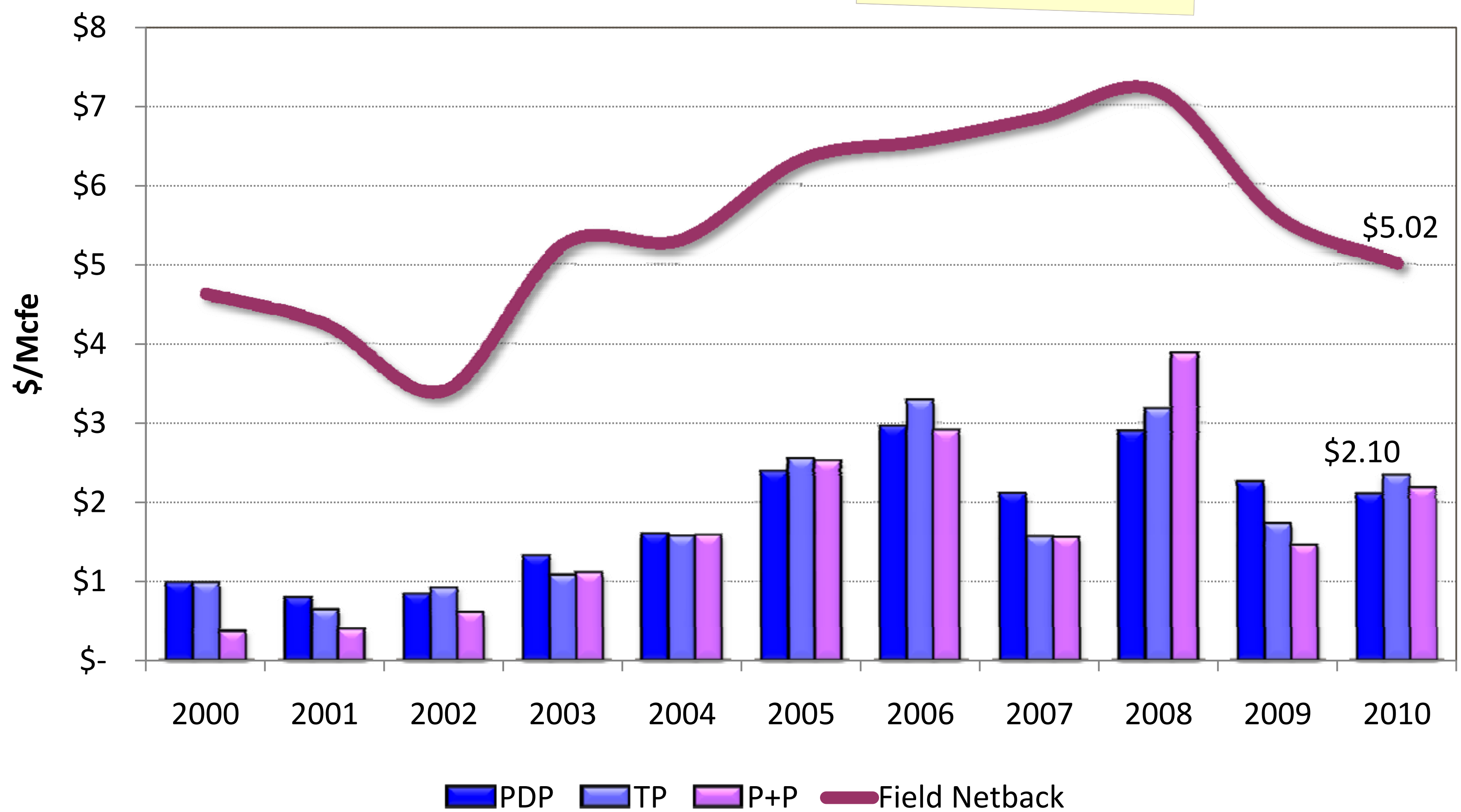

**FD&A costs include all capital expenditures and changes in Future Development Capital*
Field Netback is revenue less royalties, op costs, and transportation

Peyto's Assets
Lowest FD&A Cost

"Proved Producing is the most critical category to evaluate since sooner or later all reserves have to come on production to cover their cost."

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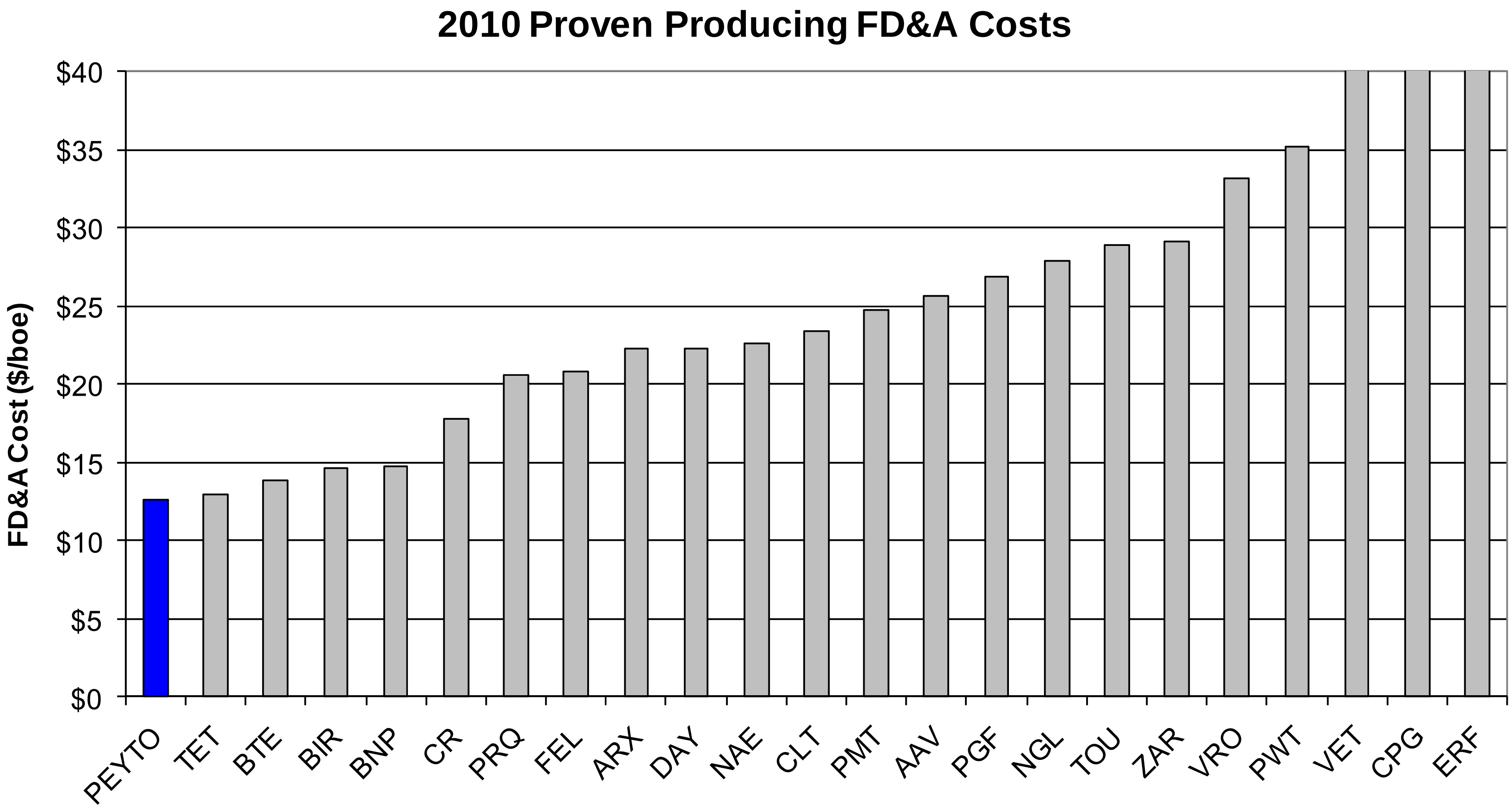


FD&A Cost – Inclusive of Acquisition, Finding and Development Capital

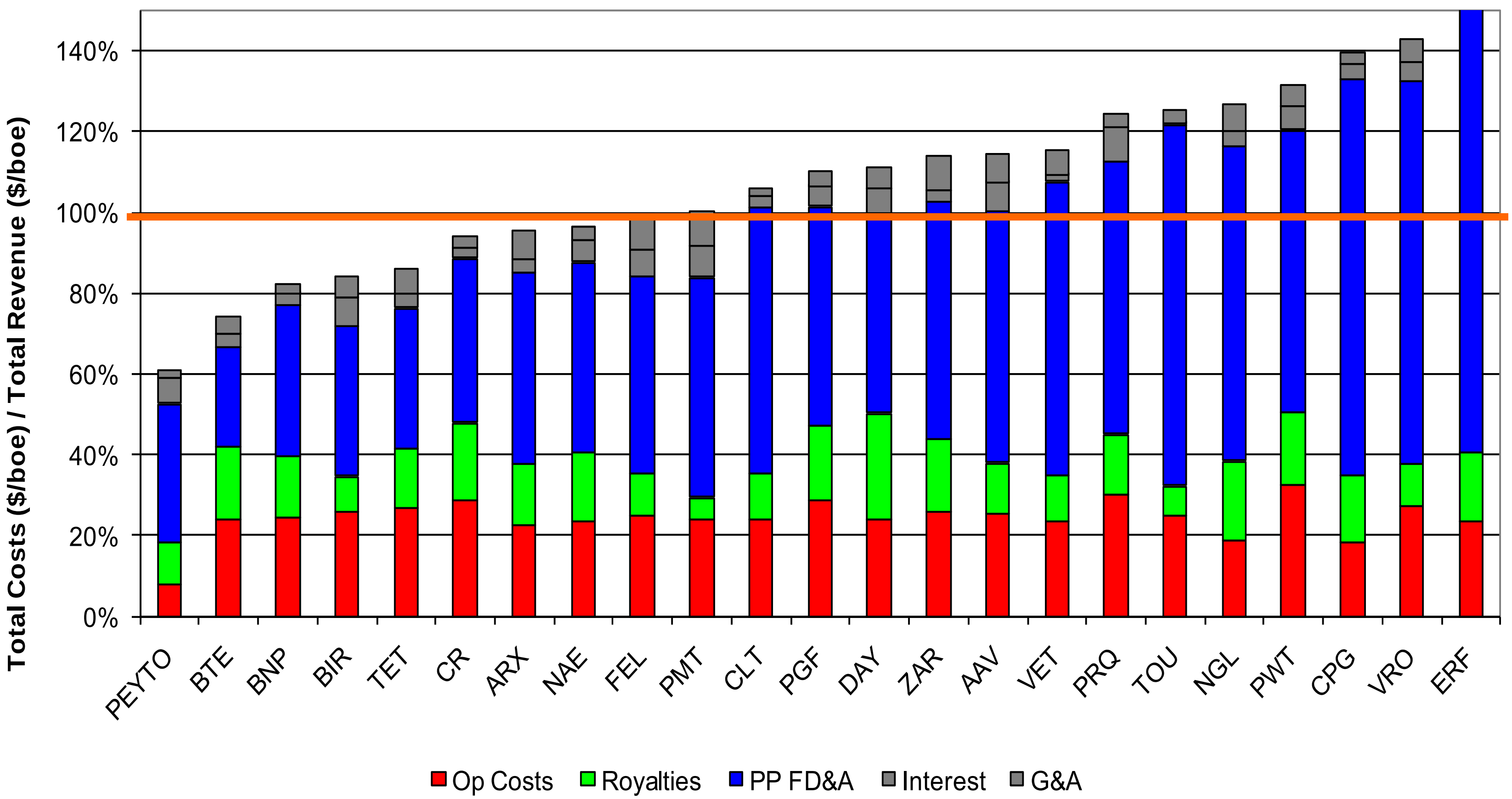
Peyto's Assets

Lowest Total Costs

"Being the low cost producer is the best competitive advantage you can have – in both good times and bad."

evelopment Corp.

2010 Low Total Costs

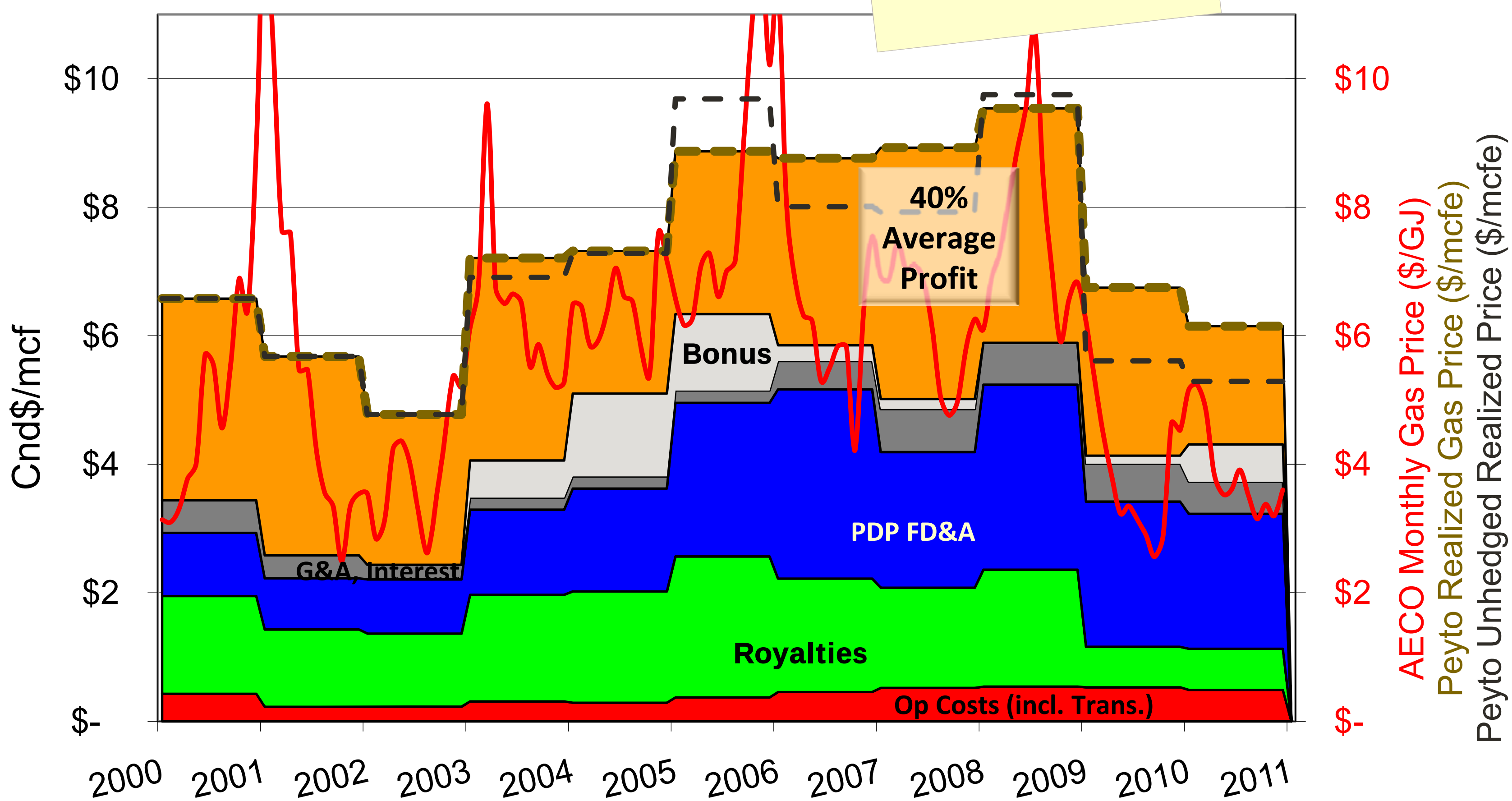


Total Costs per boe includes – Royalties, Op Costs, G&A, Interest, Management Fees, and PP FD&A cost

Peyto's Assets

Peyto's Full-Cycle Gas Supply Cost

"Supply cost is more than proved plus probable F&DA. It is the full cost of turning reserves into production."



Peyto's Assets
Who's Profitable

"Ultra Petroleum in the Pinedale field of Wyoming is the only other E&P to exhibit similar long term profitability to Peyto, but that may even be slipping."

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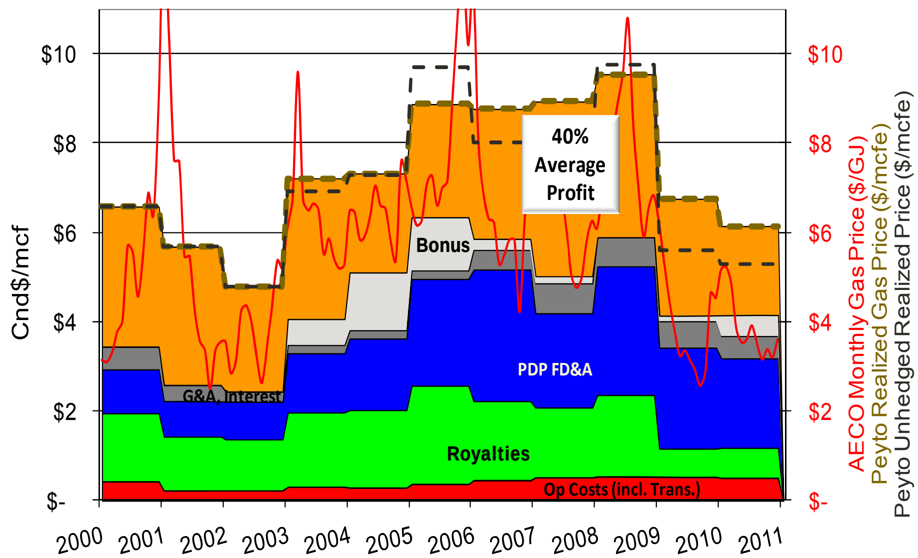
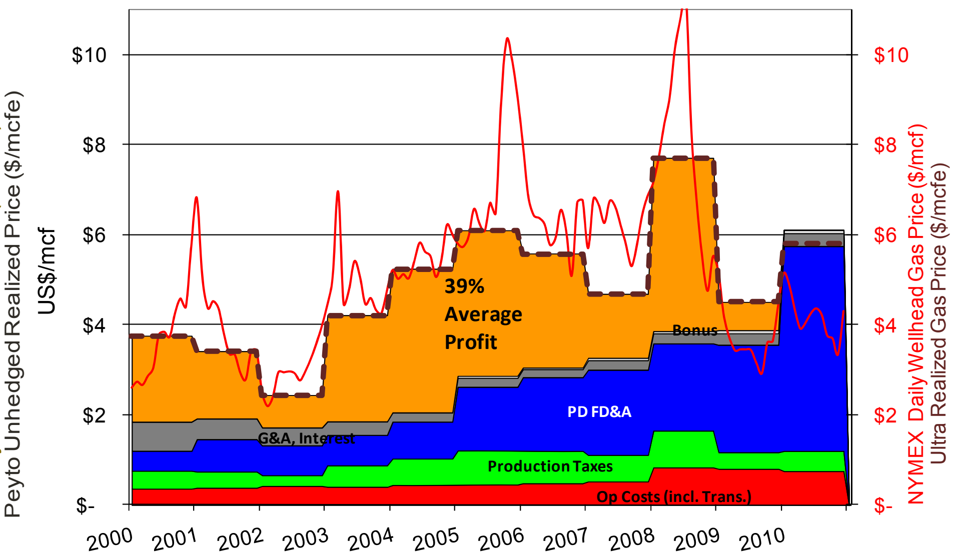
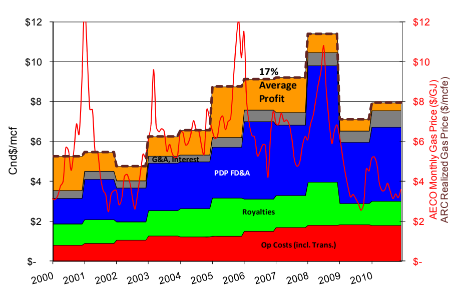
Peyto Ave Profit 2002-2010 = $2.80/mcfe



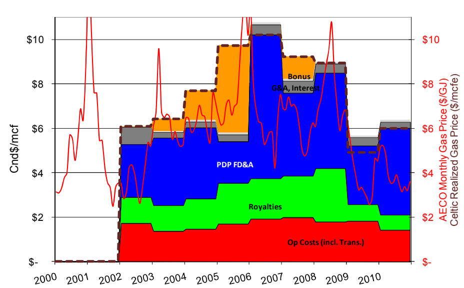
Ultra Pet. Ave Profit 2002-2010 = $1.96/mcfe



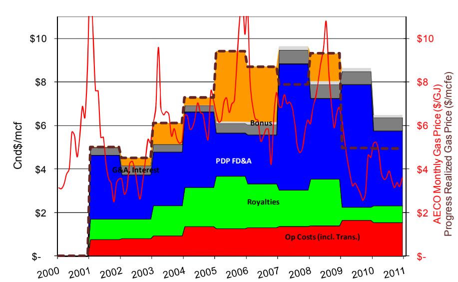
ARC Ave Profit 2002-2010 = $1.19/mcfe



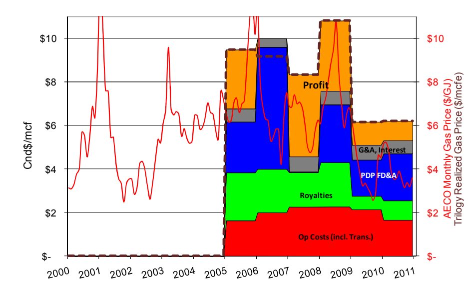
Celtic Ave Profit 2002-2010 = $0.57/mcfe



Progress Ave Profit 2002-2010 = $0.18/mcfe



Trilogy Ave Profit 2005-2010 = $1.80/mcfe



Peyto's Assets

Liquids Rich Margins

...pment Corp.

"If Peyto can find and develop new reserves for $10–$15/boe, then at $4 future gas prices we are recycling money at >2:1."

Total Peyto Revenue

85.7% Gas

14.3% Liquids

New Drilling

Peyto 2010 Unhedged	**Cardium Hztl**	**Wilrich/Notikewin Hztl**
$3.80/GJ (Ave AECO daily)	$4/GJ	
$4.50/mcf (Heat 17% up Peyto realized)	$4.68/mcf (ave 17% lift for heat)	
$27.00/boe (6:1)	$28.00/boe (6:1)	
$77.60/bbl Edm	$90/bbl Edm	
$65.31/bbl (Peyto realized 84%)	$76/bbl (2010 84% Peyto realized)	

$3.80/GJ = $5.40/mcfe
42% lift for liquids rich gas

May 16 swaps

	NYMEX	AECO	BASIS
Nov11-Oct12	$4.87	$4.07	(0.51)
Nov12-Oct13	$5.25	$4.42	(0.57)
Nov13-Oct14	$5.57	$4.75	(0.58)
Nov14-Oct15	$5.92	$5.09	(0.60)
Nov15-Oct16	$6.25	$5.40	(0.60)

	WTI	WTI C$
6 months	$98.68	$96.33
1 year	$98.84	$96.76
3 years	$97.26	$96.31
5 years	$96.08	$95.80
7 years	$95.73	$95.72

Peyto 2010 Unhedged	Cardium Hztl	Wilrich/Notikewin Hztl
85.7%*$27.00 = $23.14/boe	65%*$28 = $18.20	95%*$28=$26.60
14.3%*$65.31 = $9.34/bbl	(90 bbl/mmcf) 35%*$76 = $26.60	5%*$76=$ 3.80 (8 bbl/mmcf)
Peyto unhedged = $32.48/boe ($5.41/mcfe)	Peyto unhedged ≈ $45/boe	≈ $30/boe

73% Operating Margin

75-80% Operating Margin

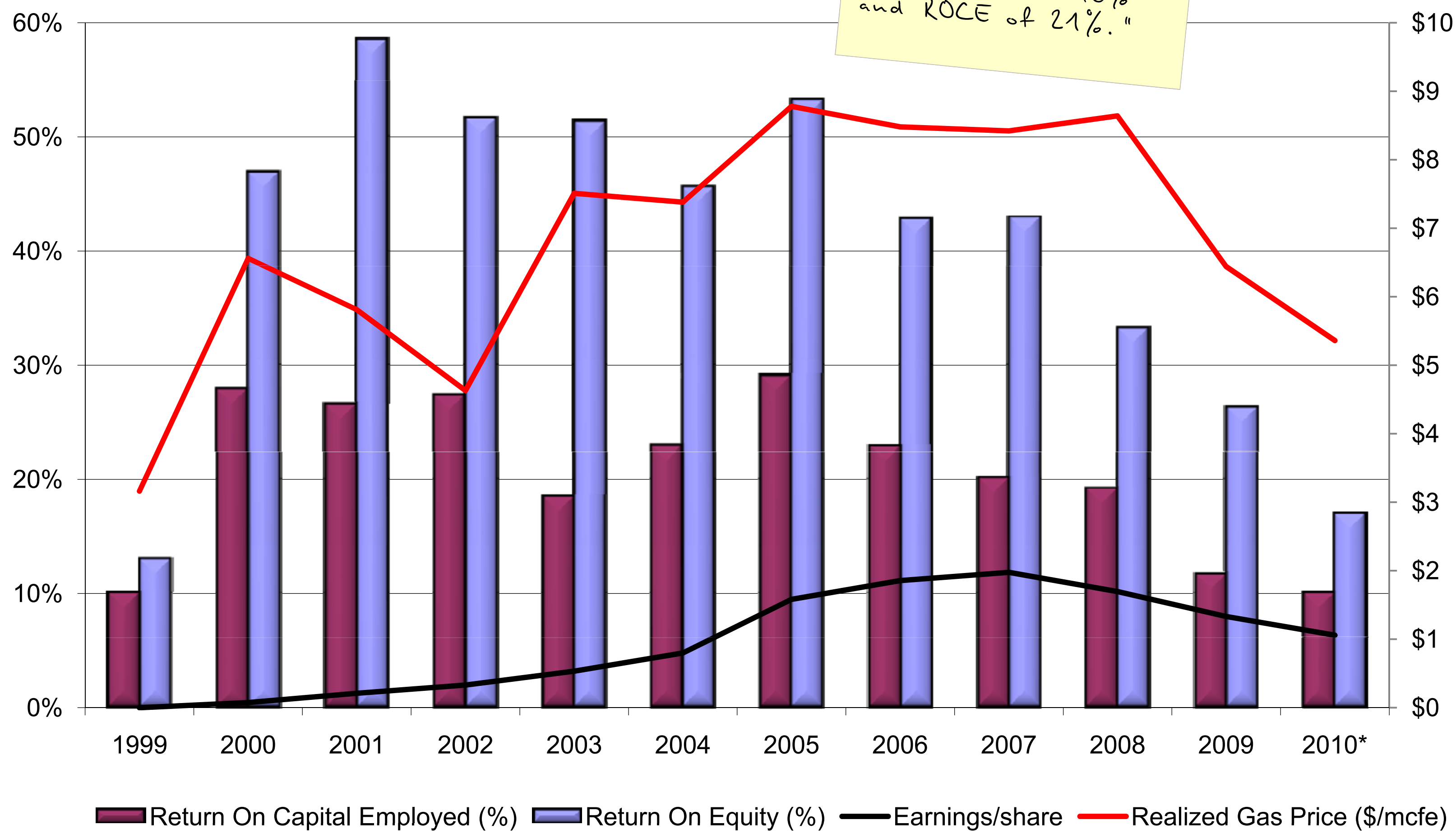
Peyto 2010		Cardium Hztl	Wilrich/Notikewin Hztl
$36.89	Revenue/boe (incl. hedges)	$45.00	$30.00
($ 3.86)	Royalties/boe (13% existing)	($ 2.25) (5% new)	($ 1.50) (5% new)
($ 2.13)	Opex/boe	($ 2.35)	($ 2.35)
($ 0.80)	Transport/boe	($ 0.70) (Sundance)	($ 0.70)
$30.10/boe	Field Netback	$39.70/boe	$25.45/boe
($ 0.67)	G&A/boe	($ 0.75)	($ 0.75)
($ 2.32)	Interest/boe	($ 2.45)	($ 2.45)
$27.11/boe	Cash Netback	$36.50/boe	$22.25/boe

Peyto's Returns

Peyto's Returns

High Returns on Capital and Equity

"Good well economics and IRRs should translate into good corporate returns. Peyto's do, with average ROE of 40% and ROCE of 21%."



Return on Equity (ROE) is earnings for the period divided by average unitholders equity – reveals how much profit a company generates with the money shareholders have invested

Return on Capital Employed (ROCE) is earnings before interest and tax for the period divided by total assets less current liabilities - indicates the efficiency and profitability of a company's capital investments

** 2010 as previously released, based on Canadian GAAP not IFRS*

Peyto's Returns

Shareholder Returns = Growth + Income

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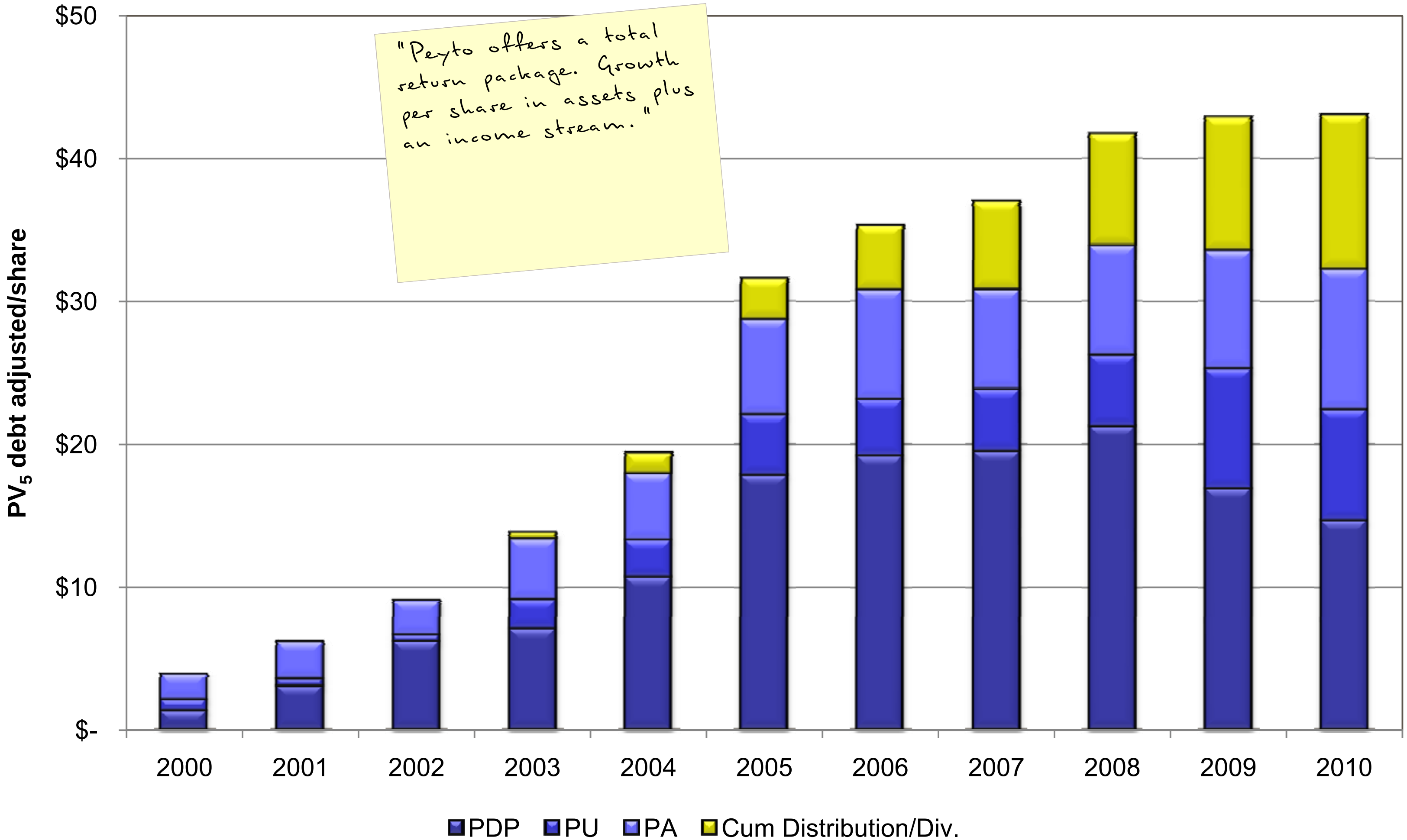
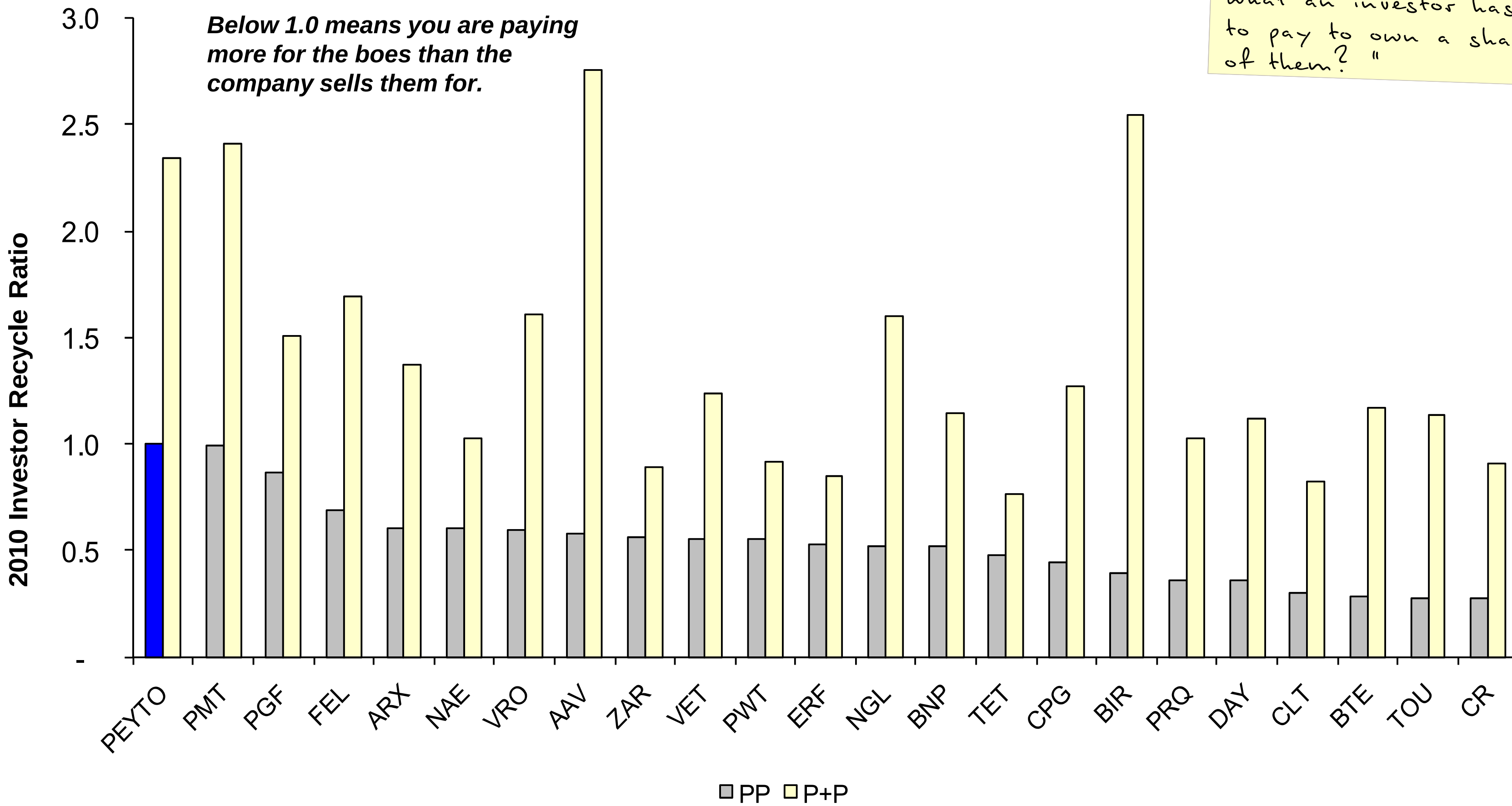


PV_5 DA/share is Before Tax Net Present Value, discounted at 5%, less debt divided by the number of shares/units outstanding
Historical Units and Shares have been adjusted to reflect the May 27, 2005 2:1 stock split

Peyto's Returns

Investor Recycle Ratio - Industry Comparison

"From a potential investor's perspective, what does the company sell the boes for, as compared to what an investor has to pay to own a share of them?"



Investor Recycle Ratio = Q4 2010 Netback/boe divided by Dec 31/10 Enterprise Value/PDP or P+P boe (YE 2010)

BOE factor - 6 mcf = 1 bbl of oil equivalent

2011 Outlook

More Of 2010

"Our 2011 budget calls for more of the same. Horizontal drilling in the Deep Basin with infrastructure expansion to handle the new volumes."

- Capital Expenditures ($300-$325 million before DRC)
  - Drill and Re-enter New Gas Locations (90% Hz)
  - Expand Gas Gathering & Processing Capacity
  - Expand Undeveloped Land Base
  - Expand Seismic Database
  - Acquire Additional Opportunities and Partner Interests

2011 Outlook

2010 All Over Again?

"Assuming the same capital efficiency as 2010 on a $300+ MM capital program, then the base decline is forecast to shrink, making it easier to grow."

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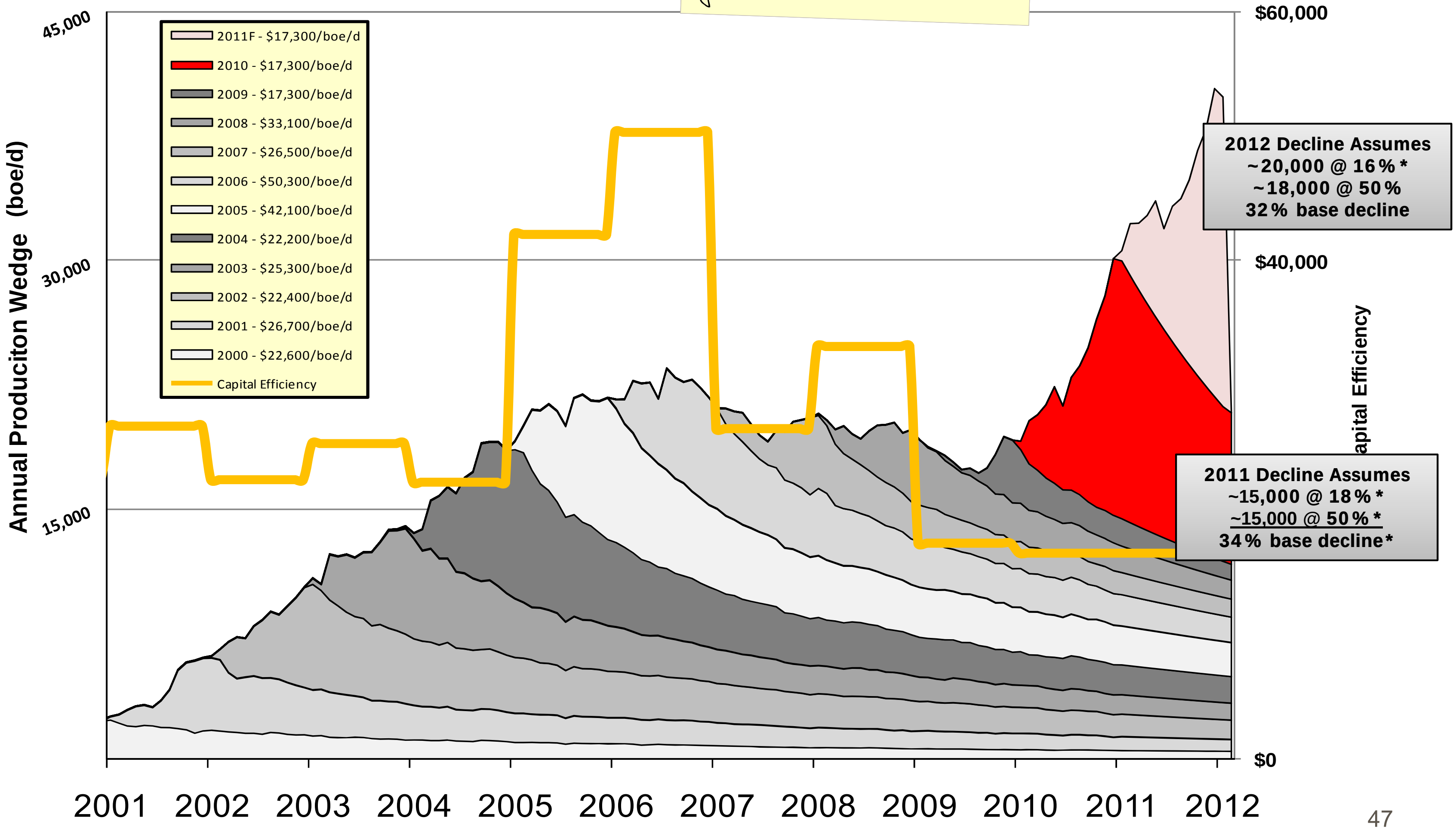

*Forecast decline rate based on Insite Petroleum Consultants Dec 31, 2010 Reserve Report


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ANNUAL GENERAL MEETING
MAY 18, 2011