Notice of Amendments to
National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities,
Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information,
Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor,
Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure and Companion Policy 51-101CP Standards of Disclosure for Oil and Gas Activities

October 12, 2007

Introduction
We, the Canadian Securities Administrators (CSA) are implementing amendments to National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101), its related forms (the Forms) and its companion policy (CP 51-101). In this Notice, NI 51-101 and the Forms are collectively referred to as the Instrument.

The CSA adopted the Instrument and CP 51-101 in September 2003. NI 51-101 sets out the annual filing requirements for reporting issuers who are involved in oil and gas activities and the general disclosure standards for reporting issuers who are reporting on their oil and gas activities. The disclosure standards apply to any disclosure made by a reporting issuer throughout the year. CP 51-101 includes explanations, discussion, and examples on how the CSA will interpret and apply the Instrument.

The text of the amendments and black-lined versions of the Instrument follow the appendices. We are publishing a new version of CP 51-101, the text of which also follows the appendices.

The amendments to the Instrument have been made, or are expected to be made, by each member of the CSA.

Provided all necessary ministerial approvals are obtained, the amendments to the Instrument will come into force on December 28, 2007. The new version of CP 51-101 will come into effect at the same time as the amendments to the Instrument.

In Ontario, the amendments to the Instrument and the other materials required to be delivered to the minister responsible for the oversight of the Ontario Securities Commission were delivered on October 10, 2007.

In Québec, the Instrument is a regulation made under section 331.1 of The Securities Act (Québec) and the amendments to the Instrument must be approved, with or without amendment, by the Minister of Finance. The amendments to the Instrument will come into force on the date of their publication in the Gazette officielle du Québec or on any later date specified in the regulation. They must also be published in the Bulletin.
Substance and Purpose
The amendments to the Instrument fall into the following four broad categories:

2. Amendments to remove or amend certain requirements for the annual filing requirements where such requirements were determined to be burdensome for reporting issuers and of limited utility for investors and security holders.
3. Amendments to certain provisions to provide new guidelines for disclosure of resources that cannot currently be classified as reserves.

Background
We published the proposed amendments for comment on January 19, 2007. The comment period ended in April 2007.

Summary of Written Comments Received by the CSA
During the comment period, we received submissions from 13 commenters. We have considered the comments received and thank all the commenters. Appendix A lists the names of the commenters and Appendix B summarizes their comments and our responses. The original comment letters are available on the Alberta Securities Commission website at www.albertasecurities.com.

After considering the comments, we have made changes to the amendments that we published for comment. However, as these changes are not material, we are not republishing the amendments for a further comment period.

Summary of Changes to Proposed Amendments
See appendix C for a summary of the changes made to the amendments as originally published.

We are also eliminating the following staff notices relating to the Instrument effective the implementation date of the amendments to the Instrument, as they are no longer necessary:

- CSA Staff Notice 51-313 Frequently Asked Questions - National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities
- CSA Staff Notice 51-321 Questions and answers concerning resources and possible reserves National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities
- CSA Staff Notice 51-317 National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities Application of Canadian Oil and Gas Evaluation Handbook
- National Policy Statement 22 - Use of Information and Opinion Re Mining and Oil Properties by Registrants and Others. (Note: National Policy Statement 22 has already been repealed in the Province of Quebec)
We are also publishing CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities*. This staff notice replaces Appendix 1 to CP 51-101.

**Questions**
Please refer your questions to any of the following:

Blaine Young  
Associate Director, Corporate Finance  
Alberta Securities Commission  
(403) 297-4220  
[blaine.young@seccom.ab.ca](mailto:blaine.young@seccom.ab.ca)

Alex Poole  
Legal Counsel, Corporate Finance  
Alberta Securities Commission  
(403) 297-4482  
[alex.poole@seccom.ab.ca](mailto:alex.poole@seccom.ab.ca)

Tom Percy  
Legal Counsel, Corporate Finance  
Alberta Securities Commission  
(403) 355-4165  
[tom.percy@seccom.ab.ca](mailto:tom.percy@seccom.ab.ca)

Dr. David Elliott  
Chief Petroleum Advisor  
Alberta Securities Commission  
(403) 297-4008  
[david.elliott@seccom.ab.ca](mailto:david.elliott@seccom.ab.ca)

Gordon Smith  
Senior Legal Counsel, Corporate Finance  
British Columbia Securities Commission  
(604) 899-6656 or (800) 373-6393 (if calling from B.C. or Alberta)  
[gsmith@bcsc.bc.ca](mailto:gsmith@bcsc.bc.ca)

Robert Holland  
Chief Mining Advisor, Corporate Finance  
British Columbia Securities Commission  
(604) 899-6719 or (800) 373-6393 (if calling from B.C. or Alberta)  
[rholland@bcsc.bc.ca](mailto:rholland@bcsc.bc.ca)
Pierre Martin  
Senior Legal Counsel  
Autorité des marchés financiers  
(514) 395-0337 (4375)  
pierre.martin@lautorite.qc.ca

Eric Boutin  
Analyste en valeurs mobilières  
Autorité des marchés financiers  
(514) 395-0337 (4447)  
eric.boutin@lautorite.qc.ca

Craig Waldie  
Senior Geologist  
Ontario Securities Commission  
(416) 593-8308  
cwaldie@osc.gov.on.ca
# Appendix A

## LIST OF COMMENTERS

<table>
<thead>
<tr>
<th>COMMENTER</th>
<th>NAME</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. SEPAC</td>
<td>Gary C. Leach</td>
<td>April 12, 2007</td>
</tr>
<tr>
<td>6. Freehold Royalty Trust</td>
<td>William O. Ingram</td>
<td>April 17, 2007</td>
</tr>
<tr>
<td>7. Reg Pitt</td>
<td>Reg Pitt</td>
<td>April 19, 2007</td>
</tr>
<tr>
<td>9. TSX Venture Exchange</td>
<td>Peter Varsanyi</td>
<td>April 29, 2007</td>
</tr>
<tr>
<td>12. Nexen Inc.</td>
<td>Ian McDonald</td>
<td>April 30, 2007</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>1.</td>
<td>General comment</td>
<td>One commenter agrees with the removal of the requirement to report reserves and future net revenue using constant prices and costs, the removal of the requirement to do a reconciliation of future net revenue, and the changing of the requirement to do reserves reconciliation using gross reserves instead of net reserves. The commenter believes this will significantly enhance the usefulness of disclosure to analysts and investors while reducing the burden on the reporting issuer.</td>
</tr>
<tr>
<td>2.</td>
<td>General comment</td>
<td>One commenter representing several senior issuers with exemptions to report their oil and gas disclosure using US standards (“several senior issuers”) states that they generally support the purposes of the proposed amendments and the underlying principle of improving the quality of disclosure. The exempt issuers are concerned with certain aspects of the resource amendments.</td>
</tr>
<tr>
<td>3.</td>
<td>General comment</td>
<td>One commenter that represents small and medium oil and gas issuers states that it fully supports the proposed amendments.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>4.</td>
<td>General comment</td>
<td>One commenter representing a Canadian stock exchange states that overall it supports the proposed amendments. The amendments improve the clarity and meaning of various provisions and significantly enhance the Instrument, particularly in terms of guidance to issuers with resource estimates. However, the commenter contends that securities regulatory authorities may be missing an opportunity to enhance the capital markets by not including sufficient guidance for certain emerging oil and gas issuers, particularly those with material undeveloped properties for which there are no resource estimates.</td>
</tr>
<tr>
<td>5.</td>
<td>General comment</td>
<td>One commenter agrees with the broad objectives and principles of the CSA initiative to improve the disclosure of resources through the proposed additional disclosure requirements. However, the commenter opposes the removal of certain disclosure that is currently required in respect of resources (existing section 5.9).</td>
</tr>
<tr>
<td>6.</td>
<td>General comment</td>
<td>One commenter states he has not encountered any use or reporting of possible reserves or resources beyond proved or probable reserves but that the more rigorous guidelines appear to be of merit.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>7.</td>
<td>General comment</td>
<td>One commenter states that the increased conservativeness brought about by adoption of the COGE Handbook and NI 51-101 has contributed to a disconnect between asset values as derived from reserve reports, particularly from proved reserves, and asset values as determined by market acquisitions and dispositions.</td>
</tr>
<tr>
<td>8.</td>
<td>Paragraph 1.1(a.1) - “analogous information”</td>
<td>One commenter states that the addition of this term to the rule is necessary.</td>
</tr>
<tr>
<td>9.</td>
<td>Paragraph 1.1(a.2) - “anticipated results”</td>
<td>One commenter thinks that “anticipated results” should refer to information that indicates the expected value or expected quantities of the resource instead of the potential value or quantities of the resource.</td>
</tr>
<tr>
<td>10.</td>
<td>Repeal of existing paragraph 1.1(g) - “constant prices and costs”</td>
<td>Four commenters agree with the repeal of the definition and the associated annual filing requirement concerning constant prices and costs. One of the commenters, representing small and medium oil and gas issuers, states that forecast prices more accurately reflect the implied value of reserves. Making the constant price disclosure voluntary will simplify the report and will not be confusing for readers.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>11.</td>
<td>Repeal of existing paragraph 1.1(g) - “constant prices and costs”</td>
<td>One commenter does not support the amendment to make constant prices and cost reporting optional. The commenter favours a modified constant price and cost disclosure based on using: 1) the average of the price received for the last quarter or year; 2) operating costs averaged over the past year; 3) capital costs encountered in the last quarter. This would provide a report that could be compared to financial statements. Forecast prices introduce another source of error.</td>
</tr>
<tr>
<td>12.</td>
<td>Repeal of existing paragraph 1.1(g) - “constant prices and costs”</td>
<td>One commenter does not support eliminating the requirement to disclose the constant prices and costs because: 1) without the constant case, it is difficult to compare issuers on a reasonably consistent and objective basis; 2) without the constant case, there is no baseline price making it difficult to judge the reasonableness and worthiness of the forecast price; 3) the Taskforce concluded that both constant and forecast cases should be presented; 4) the SEC requires constant cases to be disclosed; 5) constant cases are easily understood and not subject to inappropriate estimates; 6) the cost of developing the constant case is not material on a relative basis; and 7) there have been no complaints that the 1) Broad feedback persuades us that the mandatory use of the constant price and cost case is of little value and can be misleading and that this outweighs the value of facilitating comparisons based on arbitrary values; 2) we note that reporting issuers and evaluators take responsibility for their price estimates; mandatory disclosure of price forecasts assists investors in assessing the information disclosed; moreover, the year-end price may not be indicative of a reasonable price; 3) since the work of the Taskforce, we have had the benefit of seeing</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td></td>
<td>constant case is misleading but there have been complaints that the forecast price is misleading.</td>
<td>four years of reporting and hearing feedback from industry participants and users that support the proposed change; 4) an issuer may optionally disclose constant prices and costs if it wishes to be compared to US peers; 5) use of a year-end price can yield an arbitrary and meaningless result; 6) the cost of developing the constant case was not material to the decision to eliminate it; and 7) there have been complaints that the constant case is misleading (for example, bitumen).</td>
</tr>
<tr>
<td>13.</td>
<td>Paragraph 1.1(j) - “forecast prices and costs”</td>
<td>One commenter states that there is more inconsistency than there needs to be between evaluation firms with respect to forecast prices. It is suggested that the same prices be specified for all reserves evaluators at any point in time, with those prices based on the market strip.</td>
</tr>
<tr>
<td>14.</td>
<td>Paragraphs 1.1(x) and (y) - “qualified reserves evaluator” and “qualified reserves auditor” and section 4.2</td>
<td>One commenter states that the reference to reserves data and resources in the proposed amended definitions of a qualified reserves evaluator and auditor and in proposed section 4.2 should be changed to “reserves and resources data”.</td>
</tr>
<tr>
<td>15.</td>
<td>Paragraph 1.1(z.1) - “reserves”</td>
<td>One commenter suggests changing the definition of “reserves” to more specifically refer to “individual estimates of volumes of proved, probable or possible reserves” to more specifically refer to “individual estimates of volumes of proved, probable or possible reserves”.</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Reference</th>
<th>Subject (references are to proposed sections, items and paragraphs)</th>
<th>Summarized Comment</th>
<th>CSA Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>reserves or aggregated volumes of proved plus probable reserves or proved plus probable plus possible reserves”</td>
<td>proposed form addresses the substance of the comment.</td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Paragraph 1.1(aa) - “reserves data”</td>
<td>One commenter recommends further amending the definition of reserves data to mean estimates of proved reserves and probable reserves and an aggregation of proved plus probable reserves and respective estimates of future net revenue for each category of reserves, estimated using forecast prices and costs. The commenter adds that estimates of possible reserves and aggregated proved plus probable plus possible reserves and related future net revenue may also be included. However, the commenter also appears to favour the inclusion of a statement indicating that the proved plus probable reserves estimates and related future net revenue represents the Company’s best estimates of reserves to be recovered and future net revenue to be received from the sale of the proved plus probable reserves.</td>
<td>We do not propose to make a change to the proposed definition. While we agree with the comment in principle, we believe that the proposed amendment covers these categories and is more succinct. The disclosure of possible reserves is optional disclosure in Form 51-101F1 and not an integral part of reserves data, as it is defined and applied in NI 51-101.</td>
</tr>
<tr>
<td>17.</td>
<td>Section 2.2 - Notice to Announce Filing</td>
<td>One commenter, representing small and medium oil and gas issuers, disagrees with the proposed amendment which replaces the dissemination of a news release announcing the annual filing with the filing of a notice announcing the same. The commenter did not feel that this was a value added exercise given that the notice was filed on SEDAR like the report itself.</td>
<td>This amendment was initially proposed to facilitate the consistent and clear disclosure of the announcement. However, we agree with the comment and will maintain the existing provision permitting the dissemination of a news release, as this may be a more effective method of giving notice of the filed reports.</td>
</tr>
<tr>
<td>18.</td>
<td>Section 3.4 - Certain</td>
<td>In response to the CSA’s request for comment on the</td>
<td>We remain of the view that investor interests</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>Responsibilities of Board of Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>benefit of requiring the board of directors to appoint the independent qualified reserves evaluator or auditor, one commenter’s response was not altogether clear. The commenter states that it does not believe there would be a material enhancement to investor protection by requiring the board to make these appointments. The existing requirement that the board review the appointment is adequate. However, the commenter also states that to ensure greater independence, the board rather than management, should appoint the evaluator given that reserves represent significant assets for companies in the extractive industry.</td>
<td>are adequately addressed by the required participation of the board in the review of the appointment and the approval of the annual filings under NI 51-101. NI 51-101 does not preclude the board from appointing the independent qualified reserves evaluator or auditor if in its judgement, this would be useful.</td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Section 3.4 - Certain Responsibilities of Board of Directors</td>
<td>In response to the CSA’s request for comment on the benefit of requiring the board of directors to appoint the independent qualified reserves evaluator or auditor, two commenters state that they do not perceive a need to make this change. One commenter states that there would be no material enhancement to investor protection and that the change would simply be one of formality not substance. Investor protection concerns are sufficiently addressed by the required participation of the board in the approval and execution of Form 51-101F3. The other commenter states that a change in current practice is not warranted. On the contrary, it is desirable to increase the separation and independence of the board of directors in reviewing and approving the work of the reserves evaluator.</td>
<td>We agree. No change will be made.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>20.</td>
<td>Subparagraph 5.2(a)(v) - Cautionary language concerning possible reserves</td>
<td>One commenter urges that the cautionary language concerning possible reserves be expanded to include a statement that proved plus probable reserves and related future net revenue represent the issuer’s best estimate of reserves to be recovered and the future net revenue to be obtained.</td>
<td>We do not propose to make the suggested change. The additional disclosure on proved plus probable reserves does not provide additional necessary or useful information on possible reserves.</td>
</tr>
<tr>
<td>21.</td>
<td>Subparagraph 5.2(a)(v) - cautionary language concerning possible reserves</td>
<td>Two commenters state that the cautionary language is inconsistent with the COGE Handbook definition. One commenter states that the reference to percentage probability should be removed and replaced with the language in the COGE Handbook definition: “It is unlikely that the actual remaining quantities recovered will exceed the sum of proved + probable + possible reserves.”</td>
<td>The definition quoted by the commenter refers to the lowest level [individual non-aggregated properties] at which reserves calculations are performed (see COGE Handbook, volume 1, section 5.4.1). However, reserves reported under NI 51-101 are Reported Reserves which are aggregated reserves (as referenced in the COGE Handbook) the criteria for which are numerical probabilities (see COGE Handbook, volume 1, section 5.4.3). We will amend the statement to remove the word “only”. Although this does not duplicate the language in the COGE Handbook, it is consistent with the COGE Handbook and more understandable for investors.</td>
</tr>
<tr>
<td>22.</td>
<td>Section 5.3 - Reserves and Resources Classification</td>
<td>One commenter favours retaining the existing wording of section 5.3.</td>
<td>We believe that the amendment is warranted to ensure disclosure of resources is not misleading and more clear. The more specific resource categories convey more meaningful and accurate information to investors than the more general resource categories. For example, the general</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>category of “discovered resources” covers everything from cumulative production to unrecoverable resources, thus the disclosure of “discovered resources” may convey very little information to investors that is not necessarily helpful in rendering investment decisions.</td>
</tr>
</tbody>
</table>
| 23.       | Section 5.3 - Reserves and Resources Classification            | Two commenters indicate that the SPE/WPC have prepared new reserves and resources definitions that are similar to, but not exactly the same as, the definitions and categories in the COGE Handbook. One of the commenters notes that many senior issuers prefer the SPE/WPC definitions and the CSA should wait until these definitions are harmonized before making changes to resource disclosure. | The proposed changes to the resource provisions are not being deferred for the following reasons:  
  - we have identified an immediate need to improve voluntary resource disclosure to ensure that the investment community is provided with meaningful and consistent information  
  - we have endeavoured to accommodate this anticipated change by modifying the cautionary language in draft subparagraph 5.9(2)(c)(vi) to reference commercial viability (rather than economic viability and technical feasibility) of the resource based on the SPE/WPC use of the term “commercial”. We have also severed the glossary from the companion policy in a staff notice to accommodate a faster update of the resource definitions if the SPE/WPC |
<table>
<thead>
<tr>
<th>Reference</th>
<th>Subject (references are to proposed sections, items and paragraphs)</th>
<th>Summarized Comment</th>
<th>CSA Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.</td>
<td>Section 5.3 - Reserves and Resources Classification</td>
<td>The commenter representing exempt senior issuers states that the issuers concur with the CSA’s objective of improving disclosure of resources to make the disclosure more meaningful for the investment community. However, the SPE/WPC standards are globally recognized and widely used. Issuers with assets outside Canada or which trade on a market outside Canada should have the ability to use the definitions and categories in either the COGE Handbook or those adopted by SPE/WPC.</td>
<td>We are of the view that the rule’s substantive principle that the disclosure of reserves and resources is to be done in accordance with the terminology and categories set out in the COGE Handbook, must be maintained. However, we have made the changes noted in item 23 in anticipation of the potential adoption of the SPE/WPC definitions in the COGE Handbook.</td>
</tr>
<tr>
<td>25.</td>
<td>Repeal of existing section 5.9</td>
<td>Two commenters oppose the repeal of existing section 5.9 which prescribes disclosure requirements concerning prospects if anticipated results from a prospect(s) is disclosed. One commenter specifically opposes the removal of the following two disclosure requirements: 1. The removal of the disclosure of the expiry date of a leasehold interest in undeveloped property. The commenter states that this information can have a material impact on valuation and does not pose significant additional costs. 2. The removal of the requirement to disclose reasonably expected marketing and transportation arrangements. The commenter favours retaining and amending the existing disclosure requirement to read “whether infrastructure currently exists in the region to transport the resource.”</td>
<td>With respect to the specific disclosures which the commenter wishes to retain, we do not propose to retain the disclosure requirements for the following reasons: 1. If an issuer provides a valuation of the leasehold interest, it is required to disclose the basis of the calculation of its value pursuant to paragraph 5.9(1)(e). The proposed companion policy guidance states that the remaining term of the unproved property may be a relevant consideration in the determination of value. This would depend on the circumstances of the particular issuer. Also, Form 51-101F1 requires the issuer to disclose annually the net area for which exploration and development rights</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>expire within one year (item 6.2(2)). Additionally if an issuer discloses a resource volume or related value, it is required pursuant to proposed paragraph 5.9(2)(c)(iii) of NI 51-101 to disclose significant positive and negative factors relevant to the estimate, which could in certain circumstances necessitate a discussion of a leasehold expiry date. We will provide additional guidance in the companion policy to this effect. At the broader level of disclosure of anticipated results (subsection 5.9(1)), we do not believe that the specific disclosure of expiry dates is practical and meaningful, particularly where many leasehold interests are aggregated. 2. We believe that the disclosure of infrastructure may be required when an issuer discloses a resource volume or associated value, pursuant to proposed subparagraph 5.9(2)(c)(iii) which requires the disclosure of significant positive and negative factors relevant to the estimate. We will provide additional guidance in the companion policy to this effect. Also, it may be prescribed pursuant to the requirement in proposed paragraph 5.9(2)(c) that an issuer disclosing a contingent resource volume must also disclose specific contingencies preventing the resource’s classification as a</td>
<td></td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------</td>
<td>--------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>Reserve. At the present time, we do not wish to prescribe further requirements for infrastructure disclosure.</td>
<td>26. Repeal of existing sections 5.9 and 5.10</td>
<td>One commenter, representing a Canadian stock exchange, opposes the elimination of existing sections 5.9 and 5.10. The elimination of these provisions will result in virtually no disclosure guidelines for issuers that have interests in material undeveloped properties with no resource estimates. The commenter believes that these provisions should be retained in some form and expanded to provide enhanced guidance to those issuers. We retained certain elements of existing sections 5.9 and 5.10 in the proposed amendments while expanding the requirements where necessary. For example, certain information prescribed in existing section 5.9 (nature of interest in the resource, location of the resource, associated risks) has been retained in proposed subsection 5.9(1) and the provision has been expanded to address anticipated results not only from prospects, but also from resources excluding reserves. Issuers are not precluded from disclosing additional relevant information, which may or may not include items listed in existing section 5.9. Similarly, the requirements of existing section 5.10 have been retained in a simpler and clearer form in proposed subsection 5.9(1)(e). Extensive additional guidance concerning this provision is provided in the companion policy.</td>
</tr>
<tr>
<td>27.</td>
<td>General comment on section 5.9 - Disclosure of Resources</td>
<td>One commenter, representing small and medium oil and gas issuers, accepts the proposed changes to the disclosure of estimates of resource volumes or values.</td>
<td>We acknowledge the comment.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>--------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>28.</td>
<td>General comment on section 5.9 - Disclosure of Resources</td>
<td>One commenter states that, while resource estimates are of interest to investors and analysts in a comparative context regarding future opportunity sets, these estimates are typically not considered material because of their inherent risk and uncertainty. They are not risked the way reserves are.</td>
<td>Resource estimate disclosure is increasingly common and it provides significant information to the investment community about the issuer’s opportunities and potential value. It may be the only asset or a major asset of an issuer. The concepts of materiality and risk are distinct. The fact that a resource estimate is less certain or more risky than a reserves estimate does not make it less material from an investor’s perspective.</td>
</tr>
<tr>
<td>29.</td>
<td>General comment on section 5.9 - Disclosure of Resources</td>
<td>One commenter states that the resource amendments are problematic for the following reasons: a. The resource amendments attempt to reflect the technical rigor and risk factor disclosure used in the mining rule (NI 43-101) despite the differences between the two industries. b. The resource amendments could impair the competitiveness of issuers in an international context whose joint venture partners would not be subject to similar disclosure requirements. They could also affect confidentiality for the issuer. c. The general disclaimer in proposed paragraph 5.9(2)(vi) undermines the intentions of requiring a qualified reserves evaluator to have prepared the resource estimate and indicates the limitations to the perception of additional rigor to resource disclosure estimates. Also, use of the term “no certainty” is inconsistent with the inherent definitional contingencies estimation of either</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. The CSA appreciate the differences between the oil and gas industry and the mining industry and the resource amendments (undefined but which we infer to be proposed sections 5.3 and 5.9) do not endeavour to draw on any disclosure requirements in the mining rule, but are rather motivated by staff and user experience. b. If the issuer’s partner is opposed to the additional disclosure requirements triggered by the issuer’s voluntary disclosure of resource results, the issuer has the option not to disclose the resource results. There are no mandatory disclosure requirements for resources. It is unclear how the resource amendments would affect confidentiality for the issuer as the issuer has discretion not to</td>
<td></td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>discovering or developing the resources.</td>
<td></td>
<td>disclose information concerning resources. The issuer may also avail itself of the opportunity to file a confidential material change report where appropriate. See also item 31.</td>
</tr>
<tr>
<td></td>
<td>d. The issuer prefers the US disclosure system, which only permits reserves, not resource, disclosure in SEC filings but permits prospect and other resource disclosure in press releases, provided cautionary language is disclosed.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. The issuer is a 10-K filer and will be required to disclose in its 10-K the resource information prescribed in subsections 5.9(1) and (2), which is not permitted under SEC law. The issuer is caught between two regimes because the US regime prohibits resource filings while the Canadian regime mandates it.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>f. For issuers with multiple resource opportunities, the information in section 5.9 is burdensome. It is also impractical as there is often 10 or more prospects underlying the anticipated result.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. The language referred to is not a disclaimer but rather cautionary language designed to give investors straightforward understandable information relating to the risks and uncertainties associated with the resource.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. Canadian and US reporting requirements share similarities in some regards. However, the CSA has determined a need to further regulate the voluntary disclosure of resources in order to ensure that a more balanced and informative picture is provided to investors.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. NI 51-101 does not mandate resource disclosure. Section 5.9 only prescribes additional disclosure concerning a resource if the issuer voluntarily discloses results concerning its resource. Section 5.9 would not be triggered if the issuer does not disclose resource information, which should be consistent with the 10-K requirements as described by the commenter.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>f. The additional disclosure prescribed in subsection 5.9(1) is significantly shorter than what is presently required for the disclosure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Reference | Subject (references are to proposed sections, items and paragraphs) | Summarized Comment | CSA Response
--- | --- | --- | ---
30. | General comment on section 5.9 - Disclosure of Resources | One commenter states that the sophistication and internal controls of senior issuers should be recognized, such that only the following disclosure should be required, in lieu of the information prescribed by proposed subsections 5.9(1) and (2):
- a description of the issuer’s resource estimation processes, and
- uncertainties associated with certain types of disclosure, such as is required for reserves disclosure. | We do not propose to make the suggested change. A description of the issuer’s resource estimation processes may not be readily understood or helpful information to an investor. Rather, investors should be advised of the simplified list of information concerning anticipated results of a resource set out in subsection 5.9(1), which includes the disclosure of uncertainty recommended by the commenter. Alternatively, if actual volumes or associated values of a resource are disclosed, the issuer should provide additional information and proper cautions concerning the type of resource, as set out in subsection 5.9(2). |
31. | General comment on section 5.9 - Disclosure of Resources | One commenter representing exempt senior issuers states that proposed section 5.9 may result in issuers being required to publicly disclose proprietary and competitively sensitive information. Protection of proprietary information such as success rate of exploration in a new area, certainty of recovery of the | The proposed amendment calls for the provision of certain basic and balanced information about the resource when anticipated results or volumes of the resource are voluntarily disclosed by the issuer. We are not persuaded that this requirement is |
<table>
<thead>
<tr>
<th>Reference</th>
<th>Subject (references are to proposed sections, items and paragraphs)</th>
<th>Summarized Comment</th>
<th>CSA Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>resource associated with a new technology or technique and the probability of commerciality must be preserved. Proposed section 5.9 should be revised to allow for omitting certain information if the disclosure would be prejudicial to the issuer’s interests, in a manner comparable to s.12.2 of NI 51-102 regarding the filing of material contracts.</td>
<td>unduly onerous. We do not agree that basic information relating to the resource, such as its general location and the product types expected from the resource, should be omitted from disclosure to the investing public. With respect to the disclosure of the risk associated with the resource, we are of the view that basic information concerning the associated recovery risk is essential in order to provide investors with a fair and balanced picture concerning these resources. However, we are prepared to eliminate the requirement set out in proposed subparagraph 5.9(2)(c)(iv) as we are persuaded at this time that the other requirements of section 5.9 sufficiently convey necessary information associated with the resource to investors - please refer to the comments on this provision for further elaboration. With respect to s. 12.2 of NI 51-102, this provision applies to a mandatory disclosure requirement whereas section 5.9 of NI 51-101 is only triggered if an issuer voluntarily discloses anticipated results from its resources.</td>
<td></td>
</tr>
<tr>
<td>32.</td>
<td>General comment on section 5.9 - Disclosure of Resources</td>
<td>One commenter expresses doubt concerning the disclosure of resources given the high level of</td>
<td>We disagree with the comment. There is an accepted regime to classify resources and our</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>uncertainty associated with possible reserves.</td>
<td>goal is to ensure that the voluntary disclosure of resource information is consistent and transparent.</td>
<td></td>
</tr>
<tr>
<td><strong>33.</strong></td>
<td>Subsection 5.9(1) - anticipated results from resources</td>
<td>One commenter recommends changing the term “anticipated results” to “expected results”.</td>
<td>The term “expected results” has a specific and restricted meaning. We do not propose to make a change to this definition because we would like the application of the term “anticipated results” to be more broad and inclusive.</td>
</tr>
<tr>
<td><strong>34.</strong></td>
<td>Subsection 5.9(1) - anticipated results from resources</td>
<td>The commenter representing several senior issuers states that if an issuer with many prospect areas wishes to disclose an aggregate resource number for its global operations, the disclosure requirements in proposed subsection 5.9(1) would likely require a supporting filing including a list of all the properties, their location and the product types reasonably expected from each. The commenter argues that this disclosure would be impractical and of little value to the investors. Compliance with paragraph 5.9(1)(d) (risk and level of uncertainty associated with recovery of the resources) and subparagraph 5.9(2)(c)(iii) (significant positive and negative factors) is not clear, i.e. would it apply to each individual property or to the aggregate estimate. The commenter recommends that a materiality qualifier be inserted which makes it clear that the specific items of disclosure need not be provided if it is not significant to the understanding of the estimate.</td>
<td>If an aggregate estimate for numerous properties is disclosed, the issuer may, depending on the circumstances, satisfy the requirements of proposed subsection 5.9(1) by providing summarized information in respect of each prescribed requirement. The issuer must ensure that its disclosure is reasonable and at a level appropriate to its size. However, the issuer must ensure compliance with the categorization requirement in paragraph 5.9(2)(b). The intention of the amendment in subsection 5.9(1) is to simplify the existing requirements for prospect and other resource disclosure, while ensuring that investors are still provided with certain basic essential information. Similarly the requirements of paragraph 5.9(1)(d) and subparagraph 5.9(2)(c)(iii) may relate to the aggregate estimate concerning numerous properties,</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>unless discussion of specific material prospects or other resources would be warranted. It would be important for an investor to be advised of the risks associated with the resource result disclosed pursuant to paragraph 5.9(1)(d). With respect to subparagraph 5.9(2)(c)(iii), it is in the issuer’s discretion to determine if there are in fact any significant positive and negative factors relating to the resource estimate. For this reason, we do not believe a materiality qualifier is warranted.</td>
</tr>
<tr>
<td>35.</td>
<td>Paragraph 5.9(1)(d) - anticipated results from resources</td>
<td>One commenter recommends removing the requirement to disclose risks since the concept of risk conflicts with uncertainty.</td>
<td>The terms risk and uncertainty are not contradictory (see the COGE Handbook, volume 1, section 9.2.2). For example, the concept of risk would be appropriate to express the likelihood that an exploration well would be successful or not, and the concept of uncertainty to capture the possible range of results of a successful well. We will provide additional guidance in the companion policy to this effect.</td>
</tr>
<tr>
<td>36.</td>
<td>Paragraph 5.9(1)(e) - value of an unproved property</td>
<td>One commenter recommends replacing the term “unproved property” with “resource”.</td>
<td>Proposed paragraph 5.9(1)(e) addresses value estimates of unproved property or undeveloped lands that are generally lease values. This paragraph is not intended to address values associated with resource volume estimates made by qualified reserves evaluators or auditors in subsection 5.9(2).</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------------------</td>
<td>------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37.</td>
<td>Subsection 5.9(2) - disclosure of a resource quantity or associated value</td>
<td>One commenter states that “estimated value” should be changed to “estimated expected value” and “estimated quantity” to “estimated expected quantity”.</td>
<td>The terms “estimated expected value” and “estimated expected quantity” have a specific and restricted meaning. The desired disclosure is not limited to those restrictive meanings. We do not propose to make the suggested change.</td>
</tr>
<tr>
<td>38.</td>
<td>Paragraph 5.9(2)(a) - resource estimate prepared by a qualified reserves evaluator or auditor</td>
<td>One commenter believes it is reasonable to have resource estimates prepared by a qualified individual, being a person with 5 years of relevant experience.</td>
<td>We will not make the suggested change. It is not clear from the comment which individuals, other than a qualified reserves evaluator or auditor, should be permitted to carry out a resource estimate. We believe that any estimate of a resource volume or associated value must be prepared by an individual who satisfies the requirements of a qualified reserves evaluator or auditor.</td>
</tr>
<tr>
<td>39.</td>
<td>Subparagraphs 5.9(2)(c)(i) and (vi) - requirements relating to disclosure of resource quantity or associated value</td>
<td>The commenter representing exempt senior issuers states that the disclosure of the definition of the resource category and the associated cautionary language in the proposed amendments effectively convey the probability of success associated with the resources.</td>
<td>We acknowledge the comment.</td>
</tr>
<tr>
<td>40.</td>
<td>Subparagraph 5.9(2)(c)(iii) - requirement relating to disclosure of resource quantity or associated value</td>
<td>One commenter believes that the prescribed disclosure of “significant positive and negative factors” should be changed to “levels of uncertainty”.</td>
<td>The term significant positive and negative factors does not refer to disclosure of uncertainty but rather to a discussion of legal, business, infrastructure, capital or other factors highly relevant to the estimate.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>41.</td>
<td>Subparagraph 5.9(2)(c)(iv) - requirement relating to disclosure of resource quantity or associated value</td>
<td>Two commenters do not support the addition of the requirement to disclose an estimated percentage probability of discovery or commercial extraction, depending on the type of resource. One of the commenters stated that there is no accepted industry standard for determining such estimated percentage probabilities. The other commenter stated that there is no clear methodology to use for risked estimates for an issuer’s global resources on an aggregated basis. The latter commenter also states that the disclosure of the definition of the resource category and the associated cautionary language (proposed subparagraphs 5.9(2)(c)(i) and (vi)) effectively convey the probability of success associated with the resources. The two commenters also state that it would provide an enhanced level of assurance to investors that is not achievable, given the inherent uncertainties of resource estimates.</td>
<td>Please refer to the companion policy for guidance. There are many components for the evaluation process for which there is no accepted industry standard. We acknowledge that there is no accepted industry standard for estimating percentage probabilities, but there is extensive technical literature that provides guidance. However, we will remove this requirement as we accept that the disclosure prescribed by proposed subparagraphs 5.9(2)(c)(i) and (vi) as noted by the commenter as well as the other requirements of section 5.9 sufficiently convey the level of uncertainty.</td>
</tr>
<tr>
<td>42.</td>
<td>Clauses 5.9(2)(c)(iv)(A) and (B) and 5.9(2)(c) (vi)(A) and (B)</td>
<td>One commenter states that the references to subcategories should be removed in these provisions.</td>
<td>We do not propose to make the suggested change. Pursuant to section 5.3, issuers must classify resources in their most specific categories. We wish to ensure that the prescribed disclosure is provided when a resource is disclosed in one of the subcategories.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------------------------------------</td>
<td>--------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>43.</td>
<td>Section 5.13 - Netbacks</td>
<td>One commenter believes that netbacks for each major product type of each production group should be required.</td>
<td>We do not propose to make the suggested change. It is difficult to break out netbacks by product type because an issuer commonly gets more than one product type from a well. We made this change to make the requirements less onerous. An issuer is not precluded from disclosing netbacks by product type, it if so chooses.</td>
</tr>
<tr>
<td>44.</td>
<td>Section 5.13 - Netbacks</td>
<td>One commenter wishes to replace the “netbacks” disclosure regulated in section 5.13 with a disclosure favoured by the commenter called “distribution of gross revenues”.</td>
<td>While this suggestion may have merit, it would require further review and public comment and is beyond the scope of the current amendments. We are of the view that netbacks are readily understood and widely used by industry and believe that it is more important to regulate the disclosure in its current format at this time and we will therefore not make this change.</td>
</tr>
</tbody>
</table>

**FORMS 51-101 F1 STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION**

<table>
<thead>
<tr>
<th>Reference</th>
<th>Subject (references are to proposed sections, items and paragraphs)</th>
<th>Summarized Comment</th>
<th>CSA Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>45.</td>
<td>General comments</td>
<td>One commenter supports the reduction of disclosure required in the existing NI 51-101F1.</td>
<td>We acknowledge the comment.</td>
</tr>
<tr>
<td>46.</td>
<td>Repeal of existing item 2.1 - Reserves Data (Constant Prices and Costs)</td>
<td>Four commenters support the removal of mandatory reserves data disclosure using constant prices and costs. One of the commenters, representing small and medium oil and gas issuers, states that forecast prices more accurately reflect the implied value of reserves. Making the constant price disclosure voluntary will simplify the</td>
<td>We acknowledge the comment. Regarding the issue of comparability, we note that issuers are not precluded from using the disclosure of constant prices and costs.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>--------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>report and will not be confusing for readers. One commenter states that constant prices and costs set as the effective date of a reserves evaluation can create a misleading representation of economic value. This is particularly relevant for heavy oil and bitumen that tend to be priced significantly below full year averages at year-end. However, one potential issue of this change is that the comparability of Canadian issuers or the comparability of those issuers to US peers may be affected. One commenter notes that the requirement to disclose both constant and forecast prices and costs in the same document creates conflicting disclosure.</td>
<td>Possible reserves is an internationally recognized category of reserves. Our position is that proper disclosure of possible reserves should be permitted.</td>
<td>Possible reserves is an internationally recognized category of reserves. Our position is that proper disclosure of possible reserves should be permitted.</td>
</tr>
<tr>
<td>47.</td>
<td>Optional disclosure of possible reserves in paragraph 1(g) of Item 2.1</td>
<td>One commenter suggests eliminating the disclosure of possible reserves because the U.S. does not permit the disclosure of probable reserves.</td>
<td></td>
</tr>
<tr>
<td>48.</td>
<td>Unit value disclosure in section 2 of Item 2.1</td>
<td>One commenter recommends that the proposed unit value disclosure in section 2 of Item 2.1 be moved to and amalgamated with paragraph 3(c) of Item 2.1. A sample chart should also be provided.</td>
<td>The instruction in section 2 of Item 2.1 allows for this. There is also a sample chart illustrating this which is provided with other sample charts in the companion policy.</td>
</tr>
<tr>
<td>49.</td>
<td>Unit value disclosure in section 2 of Item 2.1</td>
<td>One commenter believes the proposed additional requirement to disclose net present value of future net revenue on a unit basis may have some limited value and does not add a significant burden to the reporting issuer. The commenter believes that calculating unit values</td>
<td>We do not propose to make the suggested change. The future net revenue calculation takes into account royalties payable so we believe that it is more appropriate to use net reserves in the unit value calculation. It is</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>based on net rather than gross reserves is inconsistent with investment analyst’s and investor’s common usage. If this requirement is retained, it should be based on gross reserves similar to the change to gross reserves in conducting reconciliations.</td>
<td>consistent with the requirement to report NPV of the future net revenue.</td>
<td></td>
</tr>
<tr>
<td>50.</td>
<td>Reporting of gross reserves in Item 2.1</td>
<td>One commenter states a return to the use of Company Interest reserves as the primary reporting number, or at least a clear identification of royalty reserves, should be adopted, with the use of Company Gross reserves relegated to secondary reporting.</td>
<td>At this time, issuers are required to disclose their company interest reserves although the terminology utilized in NI 51-101 and the associated forms is different. We acknowledge the comment but the terminology of NI 51-101 has been in use since implementation and we will not make this change at this time.</td>
</tr>
<tr>
<td>51.</td>
<td>Reporting of developed producing reserves in Item 2.1</td>
<td>One commenter recommends that proved plus probable developed producing reserves be referred to in reserve reports and disclosure.</td>
<td>We acknowledge the merit of the comment however a change of this type would require extensive industry consultation and is beyond the scope of the current amendments.</td>
</tr>
<tr>
<td>52.</td>
<td>Use of gross reserves in the reserves reconciliation in section 1 of Item 4.1</td>
<td>Two commenters state that reserves reconciliations should be done on a net reserves, not gross reserves, basis. Otherwise, issuers with primarily royalty interests would be disadvantaged. Net reserves are the only volumes that reflect reserves owned by the issuer. One commenter representing one of the largest holders of royalty lands in Western Canada does not support this change and wants to be permitted to quote working interest reserves plus royalty interests received as their</td>
<td>We do not propose to make the suggested change. It is our understanding that the reserves reconciliation prepared on a gross reserves basis is more helpful in revealing performance and acquisition activity. Reporting issuers are also required to disclose net reserves elsewhere in their annual filing. It is the issuer’s responsibility to</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>gross number. The commenter believes the proposed amendment will be seriously misleading and put it at a distinct disadvantage relative to its peers because: (i) a reconciliation of gross reserves will show only a small part of its oil and gas assets and would not contain any royalty information. Its unique structure will not lend itself to a direct comparison; and (ii) it would need to perform a reconciliation of net reserves which, when compared to other issuers’ gross reconciliation could be misleading by understating its numbers.</td>
<td>communicate to investors the distinctive nature of their business. Form 51-101F1 does not prohibit optional additional disclosure of the reconciliation on a net reserves basis. However, to accommodate those issuers with significant royalty interests, brief guidance will be added to the companion policy clarifying that disclosure of the reserves reconciliation on a net reserves basis is permissible.</td>
<td></td>
</tr>
<tr>
<td>53.</td>
<td>Use of gross reserves in the reserves reconciliation in section 1 of Item 4.1</td>
<td>Four commenters support the use of gross reserves in the reserves reconciliation. One commenter, representing small and medium oil and gas issuers, strongly supports the use of gross reserves in the reserves reconciliation since it ties directly to financial disclosure of production which is reported on a gross basis before royalties. The reconciliation on a net basis is confusing and adds little value to end users. The second commenter states that the requirement to do a reserves reconciliation using net reserves does not provide significant additional material information. The third commenter notes that investment analysts’ reports use gross reserves based on forecast prices and costs to compare oil and gas companies.</td>
<td>We acknowledge the comments.</td>
</tr>
<tr>
<td>54.</td>
<td>Paragraph 2(b) of Item 4.1 - breakdown of products in reserves reconciliation</td>
<td>One commenter states that synthetic oil should be added.</td>
<td>Synthetic oil is already included in the existing paragraph on products.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>55.</td>
<td>Categories of the reserves reconciliation in paragraph 2(c) of Item 4.1</td>
<td>One commenter states that the categories of extensions and improved recovery should not be merged. Rather, the category of “improved recovery” should be retained and “infill drilling” should be added to it.</td>
<td>We do not propose to make the suggested change as we would like to streamline and simplify the disclosure requirements where possible. However, we will add an instruction clarifying that in-fill drilling should be included in the category of extensions and improved recovery or disclosed in a separate category. A comment to this effect on in-fill drilling is also noted in the draft companion policy.</td>
</tr>
<tr>
<td>56.</td>
<td>Categories of the reserves reconciliation in paragraph 2(c) of Item 4.1</td>
<td>One commenter, representing small and medium oil and gas issuers, states that the reconciliation categories should be further simplified by adding discoveries to extensions and improved recovery as the distinction may not matter or the issuer may be unable to determine if there is a new discovery versus an extension. Also the commenter states that the categories of technical revisions and revisions due to economic factors should be merged since the distinction is not important.</td>
<td>We do not propose to make the suggested changes. The classes of extension and a discovery are based on standard industry usage that has been in use for many years. Economic and technical revisions are the result of fundamentally different factors, and we believe the distinction to be important.</td>
</tr>
<tr>
<td>57.</td>
<td>Repeal of existing item 4.2 - the Future Net Revenue Reconciliation</td>
<td>Two commenters support the repeal of the existing future net revenue reconciliation. One of the commenters, representing small and medium oil and gas issuers, supports the repeal of the future net revenue reconciliation on the basis that it is extremely complicated (leading to inconsistencies) and time consuming with limited value. The other commenter states that the future net revenue</td>
<td>We acknowledge the comment.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>reconciliation does not provide significant additional material information.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>58.</td>
<td>Repeal of existing item 4.2 - the Future Net Revenue Reconciliation</td>
<td>Two commenters do not support the repeal of the future net revenue reconciliation. One commenter states that the calculation should be modified (to, inter alia, reduce categories) and that it provides a lot of critical information, if done correctly. The other commenter supports retaining the requirement to disclose the reconciliation of changes in reported future net revenue because: 1) without the reconciliation, the reasons for changes are difficult to identify and quantify and these reasons are important to investors; 2) without the reconciliation, it is difficult to compare issuers on a reasonably, consistent and objective basis; 3) the Taskforce concluded that reconciliation should be required; 4) the SEC requires reconciliation; 5) the cost of preparing the reconciliation is not material on a relative basis; and 6) the reconciliation is useful to investors and not misleading.</td>
<td>We have received feedback that the future net revenue reconciliation is complex and confusing and provides a great burden of work and cost. It is of limited value as it is highly theoretical and not widely used. Staff experience is that it is improperly prepared and inaccurate. For these reasons, we will not make the suggested change.</td>
</tr>
<tr>
<td>59.</td>
<td>Item 5.1 - Undeveloped Reserves</td>
<td>One commenter does not support the amendment to reduce the PUD history from 5 years to 3 years, as it may take up to 5 years to develop the PUDs.</td>
<td>We do not propose to make the suggested change. This item was amended to require disclosure of both historic and future-oriented information concerning the PUDs and we believe that the future-oriented disclosure in item 5.1 will help to illuminate the development or lack of development of the PUDs.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>60.</td>
<td>Future development costs in clause 1(b)(i) of item 5.3</td>
<td>One commenter is opposed to eliminating the requirement to disclose the future development costs at a discounted rate as this represented the time value of money.</td>
<td>We do not propose to make the suggested change as we do not believe this level of detail is required.</td>
</tr>
<tr>
<td>61.</td>
<td>Item 6.2 - Properties with No Attributed Reserves</td>
<td>One commenter, representing a Canadian stock exchange, states that item 6.2 should be amended to include, at a minimum, the expanded disclosure in existing section 5.9 of NI 51-101. The existing item 6.2 does not provide sufficient guidance for issuers with material undeveloped properties without reserves estimates.</td>
<td>It would not be advisable to expand the mandatory disclosure requirements on resources in item 6.2 to include the information prescribed by existing section 5.9 since the latter information is not mandatory. It only has to be disclosed if the issuer voluntarily discloses anticipated results about its prospects.</td>
</tr>
<tr>
<td>62.</td>
<td>Production estimates in section 1 of item 6.8</td>
<td>One commenter does not support the proposed change to disclose production estimates based on volumes reflected in the estimates of gross proved and probable reserves. He favors using net reserves.</td>
<td>The issue with the existing requirement is that it references future net revenue which could be based on proved or proved and probable reserves. The change was intended to make more clear the basis for the production estimate. The change was also made to provide consistency with item 6.9 which requires disclosure of production estimates based on gross reserves such that production estimates could be compared with production history over time.</td>
</tr>
<tr>
<td>63.</td>
<td>Netback disclosure in item 6.9</td>
<td>One commenter states that he would prefer not to use netbacks or BOE disclosure and favours using distribution of gross revenue disclosure.</td>
<td>Please refer to the CSA response regarding section 5.13 of NI 51-101.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>64.</td>
<td>Additional language concerning variations</td>
<td>One commenter supports the proposed additional language.</td>
<td>We acknowledge the comment.</td>
</tr>
<tr>
<td>65.</td>
<td>Additional language concerning variations</td>
<td>Two commenters do not support the proposed additional language stating that, while revisions will generally be upwards, there will be exceptions. Revisions need to be examined on average, over time, not case by case. The commenter representing several senior issuers believes that the qualifier is inaccurate. It focuses on technical revisions and disregards variations due to other factors. Substantially more expansive language would be required to correct the qualifier and such a qualifier may not be meaningful to investors.</td>
<td>The additional language is intended to elaborate on the disclaiming statement that variations from the reserve data estimates may be material. The CSA is of the view that the additional language is important to ensure that reserves data estimates are made responsibly and in compliance with COGE Handbook standards, which categorize reserves according to their probability of recovery. While the additional language primarily addresses technical revisions, it does not preclude legitimate variations arising from economic factors, unforeseen factors or subsequent events. Variations from estimates may result from a number of factors and must be assessed within the appropriate context for a reporting issuer. Some of the factors that could result in variations would clearly not be within the control of an evaluator or a reporting issuer. Additional guidance is provided in the companion policy.</td>
</tr>
</tbody>
</table>

**FORM 51-101 F2 REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR**

**FORM 51-101 F3 REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE**
<table>
<thead>
<tr>
<th>Reference</th>
<th>Subject (references are to proposed sections, items and paragraphs)</th>
<th>Summarized Comment</th>
<th>CSA Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>66.</td>
<td>Additional language concerning variations</td>
<td>One commenter supports this amendment.</td>
<td>We acknowledge the comment.</td>
</tr>
<tr>
<td>67.</td>
<td>Additional language concerning variations</td>
<td>The commenter representing several senior issuers believes that the qualifier is inaccurate. It focuses on technical revisions and disregards variations due to other factors. Revisions need to be examined on average, over time, not case by case. Substantially more expansive language would be required to correct the qualifier and such a qualifier may not be meaningful to investors.</td>
<td>The additional language is intended to elaborate on the disclaiming statement that variations from the reserve data estimates may be material. The CSA is of the view that the additional language is important to ensure that reserves data estimates are made responsibly and in compliance with COGE Handbook standards, which categorize reserves according to their probability of recovery. While the additional language primarily addresses technical revisions, it does not preclude legitimate variations arising from economic factors, unforseen factors or subsequent events. Variations from estimates may result from a number of factors and must be assessed within the appropriate context for a reporting issuer. Some of the factors that could result in variations would clearly not be within the control of an evaluator or a reporting issuer. Additional guidance is provided in the companion policy.</td>
</tr>
</tbody>
</table>

**COMPANION POLICY 51-101 CP**

<table>
<thead>
<tr>
<th>Reference</th>
<th>Subject (references are to proposed sections, items and paragraphs)</th>
<th>Summarized Comment</th>
<th>CSA Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>68.</td>
<td>General comments</td>
<td>One commenter notes that the proposed companion policy is a marked improvement over the existing companion policy and provides greater clarity and</td>
<td>At the present time, the rule does not mandate the disclosure of resources, excluding reserves. Such resources would</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------------------</td>
<td>--------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>improved guidance for issuers with resource estimates. However, it provides little, if any, guidance to issuers with material properties that do not have attributed resource estimates. More guidance should be added.</td>
<td>include material properties with no attributed resource estimates. Disclosure requirements are only triggered if the issuer voluntarily discloses anticipated results concerning its resources. For example, if an issuer discloses a lease value on a material unproved property, the issuer must comply with the requirements of proposed subsection 5.9(1) and there is extensive guidance in the draft companion policy on this type of disclosure. At this time, the CSA is not prepared to mandate disclosure of resources. Thus, the guidance is restricted to the prescribed disclosure requirements of resources which arise when their anticipated results are disclosed.</td>
<td></td>
</tr>
<tr>
<td>69.</td>
<td>General comments</td>
<td>One commenter states that it would be beneficial to provide more detailed guidance regarding the estimation of future income tax expenses, or alternatively, to disclose the amount of income tax paid in previous years.</td>
<td>NI 51-101 is not designed to provide detailed guidance on evaluation practices, including after-tax evaluation. Evaluation engineers should consult the appropriate experts to obtain advice and direction.</td>
</tr>
<tr>
<td>70.</td>
<td>Paragraph 1.1(2) - forecast prices and costs</td>
<td>One commenter states that independent qualified reserves evaluators or auditors do not have sufficient expertise to determine forecast prices. An issuer should be able to reference price estimates by other parties recognized as reasonable authorities, such as PIRA or CERA.</td>
<td>The definition of forecast prices and costs incorporates a test that the future prices represent a reasonable outlook of the future. This does not preclude reliance on an estimate by PIRA or CERA, provided that the qualified reserves evaluator or auditor supplying the report accepts that future price</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>71.</td>
<td>Paragraph 1.1(4) - non-conventional activities</td>
<td>One commenter notes that the examples of products from non-conventional activities do not include references to shale gas, shale oil and hydrates.</td>
<td>As being a reasonable outlook of the future. It is the qualified reserves evaluator’s or auditor’s responsibility to evaluate the reserves and associated future net revenue, and as such, they must accept the forecast price estimates utilized. We will provide additional guidance in the companion policy.</td>
</tr>
<tr>
<td>72.</td>
<td>Paragraph 1.2 - COGE Handbook</td>
<td>One commenter states that the reserves definitions and categories were developed through the joint effort of the Calgary Chapter of the Society of Petroleum Evaluation Engineers and the Standing Committee on Reserves Definitions of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), not merely by the latter.</td>
<td>We do not propose to make the suggested change given that the statement in paragraph 1.2 of the companion policy is consistent with the preface to volume 1 of the COGE Handbook.</td>
</tr>
<tr>
<td>73.</td>
<td>Paragraph 1.3</td>
<td>One commenter states that the terms “unproved properties” and “resources” are synonymous.</td>
<td>The terms “unproved properties” and “resources” as defined in the glossary in Appendix 1 of the companion policy are related but not synonymous.</td>
</tr>
<tr>
<td>74.</td>
<td>Paragraph 2.7(3)(a) - computation of tax in future net revenue</td>
<td>One commenter states that the guidance on the tax rate to be estimated in a royalty trust structure is confusing and contradictory. The commenter also states that the issue of determining taxes should be moved to the NI 51-101 section.</td>
<td>It is not clear how this guidance is confusing or contradictory. The guidance provides that a zero tax rate may be used in these structures, where appropriate. Regarding the second comment, we believe</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>--------------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>75.</strong></td>
<td>Paragraph 2.7(5) - financial instruments</td>
<td>One commenter states that there is confusion about where contractual prices are used in the evaluation.</td>
<td>Contractual prices are to be taken into account in the determination of a forecast (or constant) price or cost, such as, for example, in the determination of a forecast price in the computation of future net revenue.</td>
</tr>
<tr>
<td><strong>76.</strong></td>
<td>Paragraph 5.2(2) - reserves</td>
<td>In the guidance on reserves, the commenter makes brief reference to his comments from NI 51-101F1 on disclosing proved, proved plus probable and proved plus probable plus possible reserves and his statement that “Proved plus Probable reserves are the Company’s best estimate of the reserves to be recovered and the related Future Net Revenue is the result of producing and selling these reserves.”</td>
<td>It is not clear whether the commenter is referring to earlier comments made in NI 51-101 or Form 51-101F1. We have assumed it is the former. To this end, please refer to the CSA response concerning paragraph 1.1(aa) of NI 51-101 above.</td>
</tr>
<tr>
<td><strong>77.</strong></td>
<td>Paragraph 5.5 - disclosure of resources</td>
<td>One commenter states that the following guidance implies that resources must be estimated using probabilistic methods, not deterministic methods: “Disclosure of resources requires the use of statistical measures that may be unfamiliar to a user.” The use of the deterministic method should be permitted, and if it is, the guidance should be clarified.</td>
<td>The guidance was not intended to exclude the use of deterministic methods and will be amended as follows: “Disclosure of resources may involve the use of statistical measures that may be unfamiliar to a user.”</td>
</tr>
<tr>
<td><strong>78.</strong></td>
<td>Paragraphs 5.5 (1) and (3) -</td>
<td>One commenter states that the disclosure of resources does not necessarily require the use of statistical</td>
<td>We agree. We have made the change to paragraph 5.5(1). We have not made a</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>disclosure of resources</td>
<td>measures and that the guidance in sections 5.5(1) and (3) should be amended accordingly.</td>
<td>change to paragraph 5.5(3) as the guidance states that the COGE Handbook recommends the use of probabilistic methods for making resource estimates; the guidance does not require the use of this method.</td>
</tr>
<tr>
<td>79.</td>
<td>Paragraph 5.5(3)(c) - application of subsection 5.9(2) of NI 51-101</td>
<td>A. One commenter recommends changing the word “median” to “best” in the reference to the resource estimate’s “middle value being the median estimate”. B. In respect of the guidance on disclosure of estimated percentage probability pursuant to subparagraph 5.9(2)(c)(iv) of NI 51-101, the commenter makes the following two comments: 1. The terms “risk” and “uncertainty” are not synonymous. The term “risk” should be removed throughout the instrument. 2. The example given of an interval ranging from “20% to 30%” is not an appropriate example of an interval that would likely capture the mostly likely outcome. C. In respect of the example of disclosure satisfying paragraph 5.9(2)(c), the commenter states that the new COGE Handbook definition of contingent resources would not define them as “recoverable but uneconomic”. There are contingent resources that are economic.</td>
<td>A. We agree. We changed the word “median” to “best” as this is more accurate. B. In respect of the commenter’s comments relating to the disclosure of an estimated percentage probability pursuant to subparagraph 5.9(2)(c)(iv) of NI 51-101, the CSA will retract this subparagraph from the amendments to the rule as well as the associated companion policy guidance. C. The definition of contingent resources in the COGE Handbook may change at a later date but at the present time, the example cites the current definition of contingent resources in the COGE Handbook. The example states that such resources are not currently economic, but this does not preclude the resource from becoming economic at a later date.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>80.</td>
<td>Paragraph 5.9 - finding and development costs</td>
<td>One commenter states that finding and development costs, as it is improperly used in the industry, causes significant problems in booking reserves.</td>
<td>NI 51-101 provides a standardized method of calculating finding and development costs pursuant to section 5.15.</td>
</tr>
<tr>
<td>81.</td>
<td>Withdrawal of existing Part 8 (commentary on exemptions)</td>
<td>Two of the commenters, both of which have exemptive relief pursuant to Part 8 of the companion policy or represent issuers having such relief, support retaining the guidance on the exemptions, in the same or a simplified or clarified form. One commenter states that the guidance provides valuable background to the original granting of the relief. It would therefore be of assistance in determining the continued applicability of the exemptions if the sunset provisions are triggered and the availability of discretionary exemptive relief in the future. To the extent that the existing guidance results in applications that misconstrue the applicability of the guidance, the guidance could be retained but clarified.</td>
<td>We will not retain the guidance on exemptions in the Companion Policy. The guidance is unusually lengthy and we do not feel that this relief is applicable to the majority of issuers. The removal of the guidance in the companion policy does not affect any existing exemptive relief orders or the ability to apply for future discretionary exemptive relief. It is more appropriate for securities regulatory authorities to consider discretionary relief on a case-by-case basis.</td>
</tr>
<tr>
<td>82.</td>
<td>Existing discretionary exemptive relief guidance</td>
<td>One of the commenters does not support eliminating the requirement for independent reserves evaluation or audit for some issuers.</td>
<td>We assume the commenter is referring to the discretionary exemptive relief orders granted to certain issuers. The proposed amendments were developed without reference to and consideration for any discretionary exemptive relief orders, which are considered on a case-by-case basis.</td>
</tr>
<tr>
<td>Reference</td>
<td>Subject (references are to proposed sections, items and paragraphs)</td>
<td>Summarized Comment</td>
<td>CSA Response</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>83.</td>
<td>Appendix 1 - definition of “prospective resources”</td>
<td>One commenter notes that the word “uneconomic” in the definition of “prospective resources” should be replaced with “economic” to properly reflect the meaning of the term and its definition in the COGE Handbook.</td>
<td>We agree. The definition of “prospective resources” has been changed to reflect the comment.</td>
</tr>
<tr>
<td>84.</td>
<td>Appendix 2 - Reserves and Resources Classification chart</td>
<td>Two commenters state that the reserves and resources classification chart does not duplicate the charts in the COGE Handbook.</td>
<td>We have withdrawn the chart as it would need to be modified if the SPE/WPC definitions of resources are adopted in the COGE Handbook - see item 23.</td>
</tr>
</tbody>
</table>
Appendix C

Summary of Changes to Published Amendments

NI 51-101

Part 2 Annual Filing Requirements

- We have not proceeded with the proposed amendment to require that a notice announcing the filing be filed with the securities regulatory authority as well as disseminated.

Part 5 Requirements Applicable to all Disclosure

- We have removed the requirement in subparagraph 5.9(2)(c)(iv) to disclose the estimated percentage probability of hydrocarbon discovery in the case of undiscovered resources or commercial extraction in the case of discovered resources.

- We have modified the cautionary language prescribed in subparagraph 5.9(2)(c)(vi) of the published amendments [subparagraph 5.9(2)(c)(v) of the amendments being implemented] to state that there is no certainty that it will be commercially viable, rather than economically viable or technically feasible, to produce the resource. The use of the term “commercially viable” is consistent with the language originally published for comment and it anticipates a potential change in the COGE Handbook to adopt resource definitions contained in the Petroleum Resource Management System\(^1\) which incorporate the concept of commerciality.

Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information

- We have added an instruction concerning the categorization of infill drilling reserves in the reserves reconciliation.

CP 51-101

- We have added additional guidance regarding:
  - the reserves reconciliation in the annual filing;
  - variations from reserves data estimates reported in Form 51-101F2;
  - the requirements relating to the disclosure of resources that cannot currently be classified as reserves in section 5.9 of NI 51-101;
- We have retained the definitions of reserves (excerpted from the COGE Handbook) contained in Part 2 of Appendix 1 to CP 51-101. We have also severed the glossary in Appendix 1 (including Parts 1 and 2) from CP 51-101 and will publish the glossary as

---

\(^1\) The Petroleum Resource Management System was prepared by the Society of Petroleum Engineers and jointly sponsored by the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.
CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities*. The publication of the glossary as a staff notice will facilitate more timely updates of the definitions provided in the glossary.

- We have removed Appendix 2 to CP 51-101, which provided a chart summarizing the current *COGE Handbook reserves* and *resources* classification.
1. National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities is amended by this Instrument.

2. The Notes are amended by repealing Note 1 and substituting the following:

   For the convenience of readers, CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities sets out the meanings of terms, including those defined in this Part, that are printed in italics in this Instrument, Form 51-101F1, Form 51-101F2, Form 51-101F3 or Companion Policy 51-101CP.

3. Part 1 is amended by,

   a. in paragraph 1.1(a), striking out “National Instrument 51-102 Continuous Disclosure Obligations” and substituting “NI 51-102”,

   b. after paragraph 1.1(a), adding the following paragraphs:

      (a.1) "analogous information" means information about an area outside the area in which the reporting issuer has an interest or intends to acquire an interest, which is referenced by the reporting issuer for the purpose of drawing a comparison or conclusion to an area in which the reporting issuer has an interest or intends to acquire an interest, which comparison or conclusion is reasonable, and includes:

         (i) historical information concerning reserves;

         (ii) estimates of the volume or value of reserves;

         (iii) historical information concerning resources;

         (iv) estimates of the volume or value of resources;

         (v) historical production amounts;

         (vi) production estimates; or

         (vii) information concerning a field, well, basin or reservoir;

      (a.2) "anticipated results" means information that may, in the opinion of a reasonable person, indicate the potential value or quantities of resources in respect of the reporting issuer’s resources or a portion of its resources and includes:

         (i) estimates of volume;
(ii) estimates of value;
(iii) areal extent;
(iv) pay thickness;
(v) flow rates; or
(vi) hydrocarbon content;

c. **repealing paragraph 1.1(d) and substituting the following:**

(d) "CICA Accounting Guideline 16" means Accounting Guideline AcG-16 "Oil and gas accounting - full cost" included in the CICA Handbook, as amended from time to time;

d. **repealing paragraph 1.1(g),

e. **in paragraph 1.1(o), striking out “qualified reserves evaluator or auditor, has the meaning set out in the COGE Handbook” and substituting “person or company, means a relationship between the reporting issuer and that person or company in which there is no circumstance that could, in the opinion of a reasonable person aware of all relevant facts, interfere with that person’s or company’s exercise of judgment regarding the preparation of information which is used by the reporting issuer”,

f. **after paragraph 1.1(r), adding the following paragraph:**

(r.1) "NI 51-102" means National Instrument 51-102 Continuous Disclosure Obligations;

g. **in subparagraph 1.1(v)(ii),

   i. in clause (C) striking out the “or”,
   ii. in clause (D) striking out the period and substituting a semi-colon, and
   iii. after clause (D) adding the following clauses:

       (E) shale oil; or
       (F) shale gas;

h. **in subparagraph 1.1(x)(i), adding “, resources” after “reserves data”, wherever it occurs;**

i. **in subparagraph 1.1(y)(i), adding “, resources” after “reserves data”, wherever it occurs;**
j. after paragraph 1.1(z), adding the following:

(z.1) "reserves" means proved, probable or possible reserves;,

k. repealing paragraph 1.1(aa) and substituting the following:

(aa) "reserves data" means an estimate of proved reserves and probable reserves and related future net revenue, estimated using forecast prices and costs; and, and

l. in subsection 1.2(2), striking out “shall apply” and substituting “applies”.

4. Part 4 is amended by,

a. in paragraph 4.1(a), striking out “5” and substituting “16”,

b. repealing section 4.2 and substituting the following:

4.2 Consistency in Dates - The date or period with respect to which the effects of an event or transaction are recorded in a reporting issuer’s annual financial statements must be the same as the date or period with respect to which they are first reflected in the reporting issuer’s annual reserves data disclosure under Part 2.

5. Part 5 is amended by,

a. repealing section 5.2 and substituting the following:

5.2 Disclosure of Reserves and Other Information - If a reporting issuer makes disclosure of reserves or other information of a type that is specified in Form 51-101F1, the reporting issuer must ensure that the disclosure satisfies the following requirements:

(a) estimates of reserves or future net revenue must

(i) disclose the effective date of the estimate;

(ii) have been prepared or audited by a qualified reserves evaluator or auditor;

(iii) have been prepared or audited in accordance with the COGE Handbook;

(iv) have been made assuming that development of each property in respect of which the estimate is made will occur, without regard to the likely availability to the reporting issuer of funding required for that development; and
in the case of estimates of possible reserves or related future net revenue disclosed in writing, also include a cautionary statement that is proximate to the estimate to the following effect:

“Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.”;

(b) for the purpose of determining whether reserves should be attributed to a particular undrilled property, reasonably estimated future abandonment and reclamation costs related to the property must have been taken into account;

(c) in disclosing aggregate future net revenue the disclosure must comply with the requirements for the determination of future net revenue specified in Form 51-101F1; and

(d) the disclosure must be consistent with the corresponding information, if any, contained in the statement most recently filed by the reporting issuer with the securities regulatory authority under item 1 of section 2.1, except to the extent that the statement has been supplemented or superseded by a report of a material change filed by the reporting issuer with the securities regulatory authority.

b. in section 5.3, striking out “be consistent with” and substituting “apply” and adding “and must relate to the most specific category of reserves or resources in which the reserves or resources can be classified” after “set out in the COGE Handbook”,

c. in section 5.4, adding “the quantities and” after “marketable quantities, reflecting”,

d. in section 5.6, adding “Market” after “Not Fair”,

e. repealing section 5.9 and substituting the following:

5.9 Disclosure of Resources

(1) If a reporting issuer discloses anticipated results from resources which are not currently classified as reserves, the reporting issuer

3 “Material change” has the same meaning ascribed to the term under securities legislation of the applicable jurisdiction.
must also disclose in writing, in the same document or in a supporting filing:

(a) the reporting issuer’s interest in the resources;
(b) the location of the resources;
(c) the product types reasonably expected;
(d) the risks and the level of uncertainty associated with recovery of the resources; and
(e) in the case of unproved property, if its value is disclosed,
   (i) the basis of the calculation of its value; and
   (ii) whether the value was prepared by an independent party.

(2) If disclosure referred to in subsection (1) includes an estimate of a quantity of resources in which the reporting issuer has an interest or intends to acquire an interest, or an estimated value attributable to an estimated quantity, the estimate must

(a) have been prepared or audited by a qualified reserves evaluator or auditor;
(b) relate to the most specific category of resources in which the resources can be classified, as set out in the COGE Handbook, and must identify what portion of the estimate is attributable to each category; and
(c) be accompanied by the following information:
   (i) a definition of the resources category used for the estimate;
   (ii) the effective date of the estimate;
   (iii) the significant positive and negative factors relevant to the estimate;
   (iv) in respect of contingent resources, the specific contingencies which prevent the classification of the resources as reserves; and
(v) a cautionary statement that is proximate to the estimate to the effect that:

(A) in the case of *discovered resources* or a subcategory of *discovered resources* other than *reserves*:

“There is no certainty that it will be commercially viable to produce any portion of the resources.”; or

(B) in the case of *undiscovered resources* or a subcategory of *undiscovered resources*:

“There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.”

(3) Paragraphs 5.9(1)(d) and (e) and subparagraphs 5.9(2)(c)(iii) and (iv) do not apply if:

(a) the *reporting issuer* includes in the written disclosure a reference to the title and date of a previously filed document that complies with those requirements; and

(b) the *resources* in the written disclosure, taking into account the specific properties and interests reflected in the *resources* estimate or other anticipated result, are materially the same *resources* addressed in the previously filed document.

f. **repealing section 5.10 and substituting the following:**

5.10 **Analogous Information**

(1) Sections 5.2, 5.3 and 5.9 do not apply to the disclosure of analogous information provided that the *reporting issuer* discloses the following:

(a) the source and date of the analogous information;

(b) whether the source of the analogous information was independent;
(c) if the reporting issuer is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor or in accordance with the COGE Handbook, a cautionary statement to that effect proximate to the disclosure of the analogous information; and

(d) the relevance of the analogous information to the reporting issuer’s oil and gas activities.

(2) For greater certainty, if a reporting issuer discloses information that is an anticipated result, an estimate of a quantity of reserves or resources, or an estimate of value attributable to an estimated quantity of reserves or resources for an area in which it has an interest or intends to acquire an interest, that is based on an extrapolation from analogous information, sections 5.2, 5.3 and 5.9 apply to the disclosure of the information., and

6. Part 6 is amended by, in subsection 6.1(2),

a. striking out “shall” and substituting “must discuss the reporting issuer’s reasonable expectation of how the material change has affected its reserves data or other information.”, and

b. repealing paragraphs (a) and (b).

7. Part 8 is amended by adding the following after section 8.1:

8.2 Exemption for Certain Exchangeable Security Issuers

(1) An exchangeable security issuer, as defined in subsection 13.3(1) of NI 51-102, is exempt from this Instrument if all of the requirements of subsection 13.3(2) of NI 51-102 are satisfied;

(2) For the purposes of subsection (1), the reference to “continuous disclosure documents” in clause 13.3(2)(d)(ii)(A) of NI 51-102 includes documents filed in accordance with this Instrument.

8. With the exception of subsection 1.2(2), all provisions containing the word “shall” are amended by striking out “shall” and substituting “must”.

AMENDMENTS TO

Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor, and Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure

1. Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor, and Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure are amended by this Instrument.

2. Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information is amended by,

(a) repealing note 1 to instruction (1) of the General Instructions and substituting the following:

1 For the convenience of readers, CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities sets out the meanings of terms that are printed in italics (or, in the Instructions, in bold type) in this Form 51-101F1 or in NI 51-101, Form 51-101F2, Form 51-101F3 or Companion Policy 51-101CP.

(b) repealing Item 2.1 and substituting the following:

Item 2.1 Reserves Data (Forecast Prices and Costs)

1. Breakdown of Reserves (Forecast Case) – Disclose, by country and in the aggregate, reserves, gross and net, estimated using forecast prices and costs, for each product type, in the following categories:

(a) proved developed producing reserves;

(b) proved developed non-producing reserves;

(c) proved undeveloped reserves;

(d) proved reserves (in total);

(e) probable reserves (in total);

(f) proved plus probable reserves (in total); and

(g) if the reporting issuer discloses an estimate of possible reserves in the statement:
(i) possible reserves (in total); and

(ii) proved plus probable plus possible reserves (in total).

2. Net Present Value of Future Net Revenue (Forecast Case) – Disclose, by country and in the aggregate, the net present value of future net revenue attributable to the reserves categories referred to in section 1 of this Item, estimated using forecast prices and costs, before and after deducting future income tax expenses, calculated without discount and using discount rates of 5 percent, 10 percent, 15 percent and 20 percent. Also disclose the same information on a unit value basis (e.g., $/Mcf or $/bbl using net reserves) using a discount rate of 10 percent and calculated before deducting future income tax expenses. This unit value disclosure requirement may be satisfied by including the unit value disclosure for each category of proved reserves and for probable reserves in the disclosure referred to in paragraph 3(c) of Item 2.1.

3. Additional Information Concerning Future Net Revenue (Forecast Case)

(a) This section 3 applies to future net revenue attributable to each of the following reserves categories estimated using forecast prices and costs:

(i) proved reserves (in total);

(ii) proved plus probable reserves (in total); and

(iii) if paragraph 1(g) of this Item applies, proved plus probable plus possible reserves (in total).

(b) Disclose, by country and in the aggregate, the following elements of future net revenue estimated using forecast prices and costs and calculated without discount:

(i) revenue;

(ii) royalties;

(iii) operating costs;

(iv) development costs;

(v) abandonment and reclamation costs;

(vi) future net revenue before deducting future income tax expenses;

(vii) future income tax expenses; and
future net revenue after deducting future income tax expenses.

(c) Disclose, by production group and on a unit value basis for each production group (e.g., $/Mcf or $/bbl using net reserves), the net present value of future net revenue (before deducting future income tax expenses) estimated using forecast prices and costs and calculated using a discount rate of 10 percent.

(c) repealing Item 2.2 and substituting the following:

Item 2.2 Supplemental Disclosure of Reserves Data (Constant Prices and Costs)

The reporting issuer may supplement its disclosure of reserves data under Item 2.1 by also disclosing the components of Item 2.1 in respect of its proved reserves or its proved and probable reserves, using constant prices and costs as at the last day of the reporting issuer’s most recent financial year.

(d) repealing instruction (3) to Part 2 and substituting the following:

(3) Constant prices and costs are prices and costs used in an estimate that are:

(a) the reporting issuer’s prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the reporting issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

For the purpose of paragraph (a), the reporting issuer’s prices will be the posted price for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors.

(e) in Item 3.1,

i. in the heading, adding “Supplemental” after “Constant Prices Used in”,

ii. at the beginning of the paragraph, striking out “For” and substituting “If supplemental disclosure under Item 2.2 is made, then disclose, for”,

iii. striking out “disclose” after “each product type”, and
iv. at the end of the paragraph, striking out “2.1” and substituting “2.2”,

(f) in paragraph 1.(a) of Item 3.2, striking out “2.2” and substituting “2.1”,

(g) in instruction (2) to Part 3, striking out “defined terms” and substituting “term”, and adding “the defined term” after “constant prices and costs” and”,

(h) in the heading to Part 4, striking out “RECONCILIATIONS OF CHANGES IN RESERVES AND FUTURE NET REVENUE” and substituting “RECONCILIATION OF CHANGES IN RESERVES”,

(i) in paragraph 1.(a) of Item 4.1, striking out “net” and substituting “gross”,

(j) in paragraph 1.(b) of Item 4.1, striking out “net” and substituting “gross”,

(k) in paragraph 1.(c) of Item 4.1, striking out “net” and substituting “gross”,

(l) in paragraph 2.(b) of Item 4.1,

i. at the end of subparagraph (iii), striking out “and”,

ii. at the end of subparagraph (iv), striking out “and other products from non-conventional oil and gas activities”;

iii. adding the following subparagraphs after subparagraph (iv):

   (v) bitumen;

   (vi) coal bed methane;

   (vii) hydrates;

   (viii) shale oil; and

   (ix) shale gas;

(m) in paragraph 2.(c) of Item 4.1,

i. in subparagraph (i), adding “and improved recovery”;

ii. repealing subparagraph (ii); and

iii. renumbering subparagraphs (iii),(iv), (v), (vi), (vii), and (viii) as (ii), (iii), (iv), (v), (vi), and (vii), respectively,
(n)  in instruction (1) to Item 4.1,

i.  striking out “may” and substituting “must”; and

ii. striking out “either constant prices and costs or”,

(o)  adding the following instruction after instruction (3) to Item 4.1:

(4)  Reporting issuers must not include infill drilling reserves in the category of technical revisions specified in clause 2(c)(ii). Reserves additions from infill drilling must be included in the category of extensions and improved recovery in clause 2(c)(i) (or, alternatively, in an additional separate category under paragraph 2(c) labelled “infill drilling”).

(p)  repealing Item 4.2,

(q)  repealing the instructions to Part 4,

(r)  in paragraph 1.(a) of Item 5.1, striking out “five” and substituting “three”, and at the end of the paragraph, striking out “or” and substituting “and”,

(s)  in paragraph 2.(a) of Item 5.1, striking out “five” and substituting “three”, and at the end of the paragraph, striking out “or” and substituting “and”,

(t)  in paragraph 1.(a) of Item 5.3,

i.  repealing subparagraph (i), and

ii. renumbering subparagraphs (ii) and (iii) as subparagraphs (i) and (ii), respectively,

(u)  in subparagraph 1.(b)(i) of Item 5.3, striking out “and using a discount rate of 10 percent”,

(v)  in paragraph 2.(a) of Item 6.3, striking out “3860” and substituting “3861”,

(w)  in the instruction to Item 6.4, striking out of “and clause 3(b)(v) of Item 2.2”,

(x)  in section 1. of Item 6.8, striking out “future net revenue” and substituting “gross proved reserves and gross probable reserves”, and striking out “Items 2.1 and 2.2” and substituting “Item 2.1.”, and

(y)  at the end of the instruction to Item 6.9, adding “Resulting netbacks may be disclosed on the basis of units of equivalency between oil and gas (e.g. BOE) but if so that must be made clear and disclosure must comply with section 5.14 of NI 51-101.”.
3. **Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor** is amended, in the prescribed form “Report on Reserves Data” under section 2, by

(a) **repealing note 1 and substituting the following:**

1 For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in NI 51-101, Form 51-101F1, Form 51-101F2 or Companion Policy 51-101CP.

(b) **in section 1, striking out “consist of the following:” and substituting “are estimates of proved reserves and probable reserves and related future net revenue as at [last day of the reporting issuer’s most recently completed financial year], estimated using forecast prices and costs.”**, 

(c) **repealing paragraphs 1(a) and (b),**

(d) **in note 2, striking out “2.2” and substituting “2.1”, and**

(e) **at the end of section 7, adding the following:**

“However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.”.

4. **Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure** is amended, in the prescribed form “Report of Management and Directors on Oil and Gas Disclosure” under section 2, by

(a) **repealing note 1 and substituting the following:**

1 For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in NI 51-101, Form 51-101F1, Form 51-101F2 or Companion Policy 51-101CP.

(b) **in the paragraph beginning “Management of [name of reporting issuer]”, striking out “consist of the following:” and substituting “are estimates of proved reserves and probable reserves and related future net revenue as at [last day of the reporting issuer’s most recently completed financial year], estimated using forecast prices and costs.”**, 

(c) **after the paragraph beginning “Management of [name of reporting issuer]”, repealing subparagraphs(a) and (b),**
(d) after the paragraph beginning “The [Reserves Committee of the] board of directors of the Company has”, in subparagraph (b), striking out “because of the” and substituting “in the event of a”.

(e) after the paragraph beginning “The [Reserves Committee of the] board of directors has reviewed”, in subparagraph (a), striking out “the” after “securities regulatory authorities of” and substituting “Form 51-101F1 containing”,

(f) after the paragraph beginning “The [Reserves Committee of the] board of directors has reviewed”, in subparagraph (b), adding “Form 51-101F2 which is” after “the filing of”, and

(g) at the end of the paragraph beginning “Because the reserves data are based on judgements” adding “However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.”.

5. Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor, and Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure are amended by striking out “shall” and substituting “must” wherever it appears.

6. This amendment comes into force December 28, 2007.
TABLE OF CONTENTS

Part 1 APPLICATION AND TERMINOLOGY
   1.1 Definitions
   1.2 COGE Handbook Definitions
   1.3 Applies to Reporting Issuers Only
   1.4 Materiality Standard

Part 2 ANNUAL FILING REQUIREMENTS
   2.1 Reserves Data and Other Oil and Gas Information
      1. Statement of Reserves Data and Other Information
      2. Report of Independent Qualified Reserves Evaluator or Auditor
      3. Report of Management and Directors
   2.2 News Release to Announce Filing
   2.3 Inclusion in Annual Information Form
   2.4 Reservation in Report of Qualified Reserves Evaluator or Auditor

Part 3 RESPONSIBILITIES OF REPORTING ISSUERS AND DIRECTORS
   3.1 Interpretation
   3.2 Reporting Issuer to Appoint Independent Qualified Reserves Evaluator or Auditor
   3.3 Reporting Issuer to Make Information Available to Qualified Reserves Evaluator or Auditor
   3.4 Certain Responsibilities of Board of Directors
   3.5 Reserves Committee
   3.6 repealed

Part 4 MEASUREMENT
   4.1 Accounting Methods
   4.2 Requirements for Disclosed Reserves Data
      4.2 Consistency in Dates

Part 5 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE
   5.1 Application of Part 5
   5.2 Consistency with Disclosure of Reserves Data and Other Information
   5.3 Reserves and Resources Classification
   5.4 Oil and Gas Reserves and Sales
   5.5 Natural Gas By-Products
   5.6 Future Net Revenue Not Fair Market Value
   5.7 Consent of Qualified Reserves Evaluator or Auditor
   5.8 Disclosure of Less Than All Reserves
   5.9 Disclosure Concerning Prospect of Resources
   5.10 Estimates of Fair Value of an Unproved Property, Prospect or Resource
5.10 Analogous Information
5.11 Net Asset Value and Net Asset Value per Share
5.12 Reserve Replacement
5.13 Netbacks
5.14 BOEs and McfGEs
5.15 Finding and Development Costs

Part 6 MATERIAL CHANGE DISCLOSURE
6.1 Material Change from Information Filed under Part 2

Part 7 OTHER INFORMATION
7.1 Information to be Furnished on Request

Part 8 EXEMPTIONS
8.1 Authority to Grant Exemption
8.2 Exemption for Certain Exchangeable Security Issuers

Part 9 INSTRUMENT IN FORCE
9.1 Coming Into Force
9.2 Transition
PART 1  APPLICATION AND TERMINOLOGY

1.1  Definitions - In this Instrument:

(a)  "annual information form" has the same meaning as “AIF” in National Instrument 51-102 Continuous Disclosure Obligations; **NI 51-102**.

(a.1) "analogous information" means information about an area outside the area in which the reporting issuer has an interest or intends to acquire an interest, which is referenced by the reporting issuer for the purpose of drawing a comparison or conclusion to an area in which the reporting issuer has an interest or intends to acquire an interest, which comparison or conclusion is reasonable, and includes:

(i)  historical information concerning reserves;

(ii)  estimates of the volume or value of reserves;

(iii)  historical information concerning resources;

(iv)  estimates of the volume or value of resources;

(v)   historical production amounts;

(vi)  production estimates; or

(vii) information concerning a field, well, basin or reservoir;

(a.2) "anticipated results" means information that may, in the opinion of a reasonable person, indicate the potential value or quantities of resources in respect of the reporting issuer’s resources or a portion of its resources and includes:

---

1  For the convenience of readers, Appendix 1 to Companion Policy 51-101CPCSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities sets out the meanings of terms, including those defined in this Part, that are printed in italics in this Instrument, Form 51-101F1, Form 51-101F2, Form 51-101F3 or the Companion Policy **51-101CP**.

2  A national definition instrument has been adopted as **NI 14-101**. It contains definitions of certain terms used in more than one national or multilateral instrument. **NI 14-101** provides that a term used in a national or multilateral instrument and defined in the statute relating to securities of the applicable jurisdiction, the definition of which is not restricted to a specific portion of the statute, will have the meaning given to it in that statute unless the context otherwise requires. **NI 14-101** also provides that a provision or a reference within a provision of a national or multilateral instrument that specifically refers by name to a jurisdiction other than the local jurisdiction shall not have any effect in the local jurisdiction, unless otherwise stated in that national or multilateral instrument.
(i) estimates of volume;
(ii) estimates of value;
(iii) areal extent;
(iv) pay thickness;
(v) flow rates; or
(vi) hydrocarbon content;

(b) "BOEs" means barrels of oil equivalent;

(c) "CICA" means The Canadian Institute of Chartered Accountants;

(d) "CICA Accounting Guideline §16" means Accounting Guideline AcG-5 "Full cost "Oil and gas accounting in the oil and gas industry - full cost" included in the CICA Handbook, as amended from time to time;

(e) "CICA Handbook" means the Handbook of the CICA, as amended from time to time;

(f) "COGE Handbook" means the "Canadian Oil and Gas Evaluation Handbook" prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society), as amended from time to time;

(g) "constant prices and costs" means the prices and costs used in an estimate that are: repealed:

(i) the reporting issuer's prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies;

(ii) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the reporting issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (i);

(h) "effective date", in respect of information, means the date as at which, or for the period ended on which, the information is provided;

(i) "FAS 19" means United States Financial Accounting Standards Board Statement of Financial Accounting Standards No. 19 "Financial Accounting and Reporting by Oil and Gas Producing Companies", as amended from time to time;
(j) "forecast prices and costs" means future prices and costs that are:

(i) generally accepted as being a reasonable outlook of the future;

(ii) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the reporting issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (i);

(k) "foreign geographic area" means a geographic area outside North America within one country or including all or portions of a number of countries;

(l) "Form 51-101F1" means Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information;

(m) "Form 51-101F2" means Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor;

(n) "Form 51-101F3" means Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure;

(o) "independent", in respect of the relationship between a reporting issuer and a qualified reserves evaluator or auditor, has the meaning set out in the COGE Handbook; person or company, means a relationship between the reporting issuer and that person or company in which there is no circumstance that could, in the opinion of a reasonable person aware of all relevant facts, interfere with that person’s or company’s exercise of judgment regarding the preparation of information which is used by the reporting issuer;

(p) "McfGEs" means thousand cubic feet of gas equivalent;

(q) "NI 14-101" means National Instrument 14-101 Definitions;

(r) repealed;

(r.1) "NI 51-102" means National Instrument 51-102 Continuous Disclosure Obligations;

(s) "oil and gas activities"

(i) include:

(A) the search for crude oil or natural gas in their natural states and original locations;
(B) the acquisition of property rights or properties for the purpose of further exploring for or removing oil or gas from reservoirs on those properties;

(C) the construction, drilling and production activities necessary to retrieve oil and gas from their natural reservoirs, and the acquisition, construction, installation and maintenance of field gathering and storage systems including lifting the oil and gas to the surface and gathering, treating, field processing and field storage; and

(D) the extraction of hydrocarbons from oil sands, shale, coal or other non-conventional sources and activities similar to those referred to in clauses (A), (B) and (C) undertaken with a view to such extraction; but

(ii) do not include:

(A) transporting, refining or marketing oil or gas;

(B) activities relating to the extraction of natural resources other than oil and gas and their by-products; or

(C) the extraction of geothermal steam or of hydrocarbons as a by-product of the extraction of geothermal steam or associated geothermal resources;

(t) "preparation date", in respect of written disclosure, means the most recent date to which information relating to the period ending on the effective date was considered in the preparation of the disclosure;

(u) "production group" means one of the following together, in each case, with associated by-products:

(i) light and medium crude oil (combined);

(ii) heavy oil;

(iii) associated gas and non-associated gas (combined); and

(iv) bitumen, synthetic oil or other products from non-conventional oil and gas activities.

(v) "product type" means one of the following:

(i) in respect of conventional oil and gas activities:

(A) light and medium crude oil (combined);
(B) heavy oil;
(C) natural gas excluding natural gas liquids; or
(D) natural gas liquids; and

(ii) in respect of non-conventional oil and gas activities:
(A) synthetic oil;
(B) bitumen;
(C) coal bed methane; or
(D) hydrates;
(E) shale oil; or
(F) shale gas;

(w) "professional organization" means a self-regulatory organization of engineers, geologists, other geoscientists or other professionals whose professional practice includes reserves evaluations or reserves audits, that:

(i) admits members primarily on the basis of their educational qualifications;
(ii) requires its members to comply with the professional standards of competence and ethics prescribed by the organization that are relevant to the estimation, evaluation, review or audit of reserves data;
(iii) has disciplinary powers, including the power to suspend or expel a member; and
(iv) is either:
(A) given authority or recognition by statute in a Canadian jurisdiction; or
(B) accepted for this purpose by the securities regulatory authority or the regulator;

(x) "qualified reserves auditor" means an individual who:

(i) in respect of particular reserves data, resources or related information, possesses professional qualifications and experience appropriate for the estimation, evaluation, review and audit of the reserves data, resources and related information; and

(ii) is a member in good standing of a professional organization;
(y) "qualified reserves evaluator" means an individual who:

(i) in respect of particular reserves data, resources or related information, possesses professional qualifications and experience appropriate for the estimation, evaluation and review of the reserves data, resources and related information; and

(ii) is a member in good standing of a professional organization;

(z) "qualified reserves evaluator or auditor" means a qualified reserves auditor or a qualified reserves evaluator;

(aa) "reserves data" means the following estimates, as at the last day of the reporting issuer’s most recent financial year:

(i) proved reserves and related future net revenue estimated:

(A) using constant prices and costs as at the last day of that financial year; and

(B) using forecast prices and costs; and

(z.1) "reserves" means proved, probable or possible reserves;

(aa) "reserves data" means an estimate of proved reserves and probable reserves and related future net revenue estimated using forecast prices and costs; and

(bb) "supporting filing" means a document filed by a reporting issuer with a securities regulatory authority.

1.2 COGE Handbook Definitions

(1) Terms used in this Instrument but not defined in this Instrument, NI 14-101 or the securities statute in the jurisdiction, and defined or interpreted in the COGE Handbook, have the meaning or interpretation ascribed to those terms in the COGE Handbook.

(2) In the event of a conflict or inconsistency between the definition of a term in this Instrument, NI 14-101 or the securities statute in the jurisdiction and the meaning ascribed to the term in the COGE Handbook, the definition in this Instrument, NI 14-101 or the securities statute in the jurisdiction, as the case may be, shall apply.

1.3 Applies to Reporting Issuers Only - This Instrument applies only to reporting issuers engaged, directly or indirectly, in oil and gas activities.
1.4 Materiality Standard

(1) This Instrument applies only in respect of information that is material in respect of a reporting issuer.

(2) For the purpose of subsection (1), information is material in respect of a reporting issuer if it would be likely to influence a decision by a reasonable investor to buy, hold or sell a security of the reporting issuer.

PART 2 ANNUAL FILING REQUIREMENTS

2.1 Reserves Data and Other Oil and Gas Information - A reporting issuer shall, not later than the date on which it is required by securities legislation to file audited financial statements for its most recent financial year, file with the securities regulatory authority the following:

1. Statement of Reserves Data and Other Information - a statement of the reserves data and other information specified in Form 51-101F1, as at the last day of the reporting issuer's most recent financial year and for the financial year then ended;

2. Report of Independent Qualified Reserves Evaluator or Auditor - a report in accordance with Form 51-101F2 that is:

   (a) included in, or filed concurrently with, the document filed under item 1; and

   (b) executed by one or more qualified reserves evaluators or auditors each of whom is independent of the reporting issuer, who shall in the aggregate have:

       (i) evaluated or audited at least 75 percent of the future net revenue (calculated using a discount rate of 10 percent) attributable to proved plus probable reserves, as reported in the statement filed or to be filed under item 1; and

       (ii) reviewed the balance of such future net revenue; and

3. Report of Management and Directors – a report in accordance with Form 51-101F3 that

   (a) refers to the information filed or to be filed under items 1 and 2;

   (b) confirms the responsibility of management of the reporting issuer for the content and filing of the statement referred to in item 1 and for the filing of the report referred to in item 2;

   (c) confirms the role of the board of directors in connection with the information referred to in paragraph (b);
(d) is contained in, or filed concurrently with, the statement filed under item 1; and

(e) is executed by two senior officers and two directors of the *reporting issuer*.

2.2 **News Release to Announce Filing** - A *reporting issuer* shall, concurrently with filing a statement and reports under section 2.1, disseminate a news release announcing that filing and indicating where a copy of the filed information can be found for viewing by electronic means.

2.3 **Inclusion in *Annual Information Form*** - The requirements of section 2.1 may be satisfied by including the information specified in section 2.1 in an *annual information form* filed within the time specified in section 2.1.

2.4 **Reservation in Report of *Qualified Reserves Evaluator or Auditor***

   (1) If a *qualified reserves evaluator or auditor* cannot report on *reserves data* without *reservation*, the *reporting issuer* shall ensure that the report of the *qualified reserves evaluator or auditor* prepared for the purpose of item 2 of section 2.1 sets out the cause of the *reservation* and the effect, if known to the *qualified reserves evaluator or auditor*, on the *reserves data*.

   (2) A report containing a *reservation*, the cause of which can be removed by the *reporting issuer*, does not satisfy the requirements of item 2 of section 2.1.

**PART 3  RESPONSIBILITIES OF REPORTING ISSUERS AND DIRECTORS**

3.1 **Interpretation** - A reference to a board of directors in this Part means, for a *reporting issuer* that does not have a board of directors, those individuals whose authority and duties in respect of that *reporting issuer* are similar to those of a board of directors.

3.2 **Reporting Issuer to Appoint Independent *Qualified Reserves Evaluator or Auditor*** - A *reporting issuer* shall appoint one or more *qualified reserves evaluators or auditors*, each of whom is independent of the *reporting issuer*, to report to the board of directors of the *reporting issuer* on its *reserves data*.

3.3 **Reporting Issuer to Make Information Available to *Qualified Reserves Evaluator or Auditor*** - A *reporting issuer* shall make available to the *qualified reserves evaluators or auditors* that it appoints under section 3.2 all information reasonably necessary to enable the *qualified reserves evaluators or auditors* to provide a report that will satisfy the applicable requirements of this *Instrument*.

3.4 **Certain Responsibilities of Board of Directors** - The board of directors of a *reporting issuer* shall

   (a) review, with reasonable frequency, the *reporting issuer’s* procedures relating to the disclosure of information with respect to *oil and gas activities*, including its
procedures for complying with the disclosure requirements and restrictions of this Instrument;

(b) review each appointment under section 3.2 and, in the case of any proposed change in such appointment, determine the reasons for the proposal and whether there have been disputes between the appointed qualified reserves evaluator or auditor and management of the reporting issuer;

(c) review, with reasonable frequency, the reporting issuer’s procedures for providing information to the qualified reserves evaluators or auditors who report on reserves data for the purposes of this Instrument;

(d) before approving the filing of reserves data and the report of the qualified reserves evaluators or auditors thereon referred to in section 2.1, meet with management and each qualified reserves evaluator or auditor appointed under section 3.2, to

(i) determine whether any restrictions affect the ability of the qualified reserves evaluator or auditor to report on reserves data without reservation; and

(ii) review the reserves data and the report of the qualified reserves evaluator or auditor thereon; and

(e) review and approve

(i) the content and filing, under section 2.1, of the statement referred to in item 1 of section 2.1;

(ii) the filing, under section 2.1, of the report referred to in item 2 of section 2.1; and

(iii) the content and filing, under section 2.1, of the report referred to in item 3 of section 2.1.

3.5 Reserves Committee

(1) The board of directors of a reporting issuer may, subject to subsection (2), delegate the responsibilities set out in section 3.4 to a committee of the board of directors, provided that a majority of the members of the committee

(a) are individuals who are not and have not been, during the preceding 12 months:

(i) an officer or employee of the reporting issuer or of an affiliate of the reporting issuer;
(ii) a person who beneficially owns 10 percent or more of the outstanding voting securities of the reporting issuer; or

(iii) a relative of a person referred to in subparagraph (a)(i) or (ii), residing in the same home as that person; and

(b) are free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgement.

(2) Despite subsection (1), a board of directors of a reporting issuer shall not delegate its responsibility under paragraph 3.4(e) to approve the content or the filing of information.

(3) A board of directors that has delegated responsibility to a committee pursuant to subsection (1) shall solicit the recommendation of that committee as to whether to approve the content and filing of information for the purpose of paragraph 3.4(e).

3.6 repealed

PART 4 MEASUREMENT

4.1 Accounting Methods - A reporting issuer engaged in oil and gas activities that discloses financial statements prepared in accordance with Canadian GAAP shall use

(a) the full cost method of accounting, applying CICA Accounting Guideline 516; or

(b) the successful efforts method of accounting, applying FAS 19.

4.2 Requirements for Disclosed Reserves Data

(1) A reporting issuer shall ensure that estimates of reserves or future net revenue contained in a document filed with the securities regulatory authority under this Instrument satisfy the following requirements:

(a) the estimates shall be

(i) prepared or audited by a qualified reserves evaluator or auditor;

(ii) prepared or audited in accordance with the COGE Handbook; and

(iii) estimated assuming that development of each property in respect of which the estimate is made will occur, without regard to the likely availability to the reporting issuer of funding required for that development;
(b) for the purpose of determining whether reserves should be attributed to a particular undrilled property, reasonably estimated future abandonment and reclamation costs related to the property shall be taken into account; and

(e) aggregate future net revenue shall be estimated deducting

(i) reasonably estimated future well abandonment costs; and

(ii) future income tax expenses (unless otherwise specified in this Instrument, Form 51-101F1 or Form 51-101F2).

4.2 (2) Consistency in Dates - The date or period with respect to which the effects of an event or transaction are recorded in a reporting issuer's annual financial statements shall be the same as the date or period with respect to which they are first reflected in the reporting issuer's annual reserves data disclosure under Part 2.

PART 5 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

5.1 Application of Part 5 - This Part applies to disclosure made by or on behalf of a reporting issuer

(a) to the public;

(b) in any document filed with a securities regulatory authority; or

(c) in other circumstances in which, at the time of making the disclosure, the reporting issuer knows, or ought reasonably to know, that the disclosure is or will become available to the public.

5.2 Consistency with Disclosure of Reserves Data and Other Information - If a reporting issuer makes disclosure of reserves or other information of a type that is required to be included in a statement filed with a securities regulatory authority under item 1 of section 2.1, the information shall be specified in Form 51-101F1, the reporting issuer must ensure that the disclosure satisfies the following requirements:

(a) prepared in accordance with Part 4; and estimates of reserves or future net revenue must

(i) disclose the effective date of the estimate;

(ii) have been prepared or audited by a qualified reserves evaluator or auditor;

(iii) have been prepared or audited in accordance with the COGE Handbook;
(iv) have been made assuming that development of each property in respect of which the estimate is made will occur, without regard to the likely availability to the reporting issuer of funding required for that development; and

(v) in the case of estimates of possible reserves or related future net revenue disclosed in writing, also include a cautionary statement that is proximate to the estimate to the following effect:

“Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.”;

(b) for the purpose of determining whether reserves should be attributed to a particular undrilled property, reasonably estimated future abandonment and reclamation costs related to the property must have been taken into account;

(c) in disclosing aggregate future net revenue the disclosure must comply with the requirements for the determination of future net revenue specified in Form 51-101F1; and

(d) the disclosure must be consistent with the corresponding information, if any, contained in the statement most recently filed by the reporting issuer with the securities regulatory authority under item 1 of section 2.1, except to the extent that such statement has been supplemented or superseded by a report of a material change filed by the reporting issuer with the securities regulatory authority.

5.3 Reserves and Resources Classification - Disclosure of reserves or resources shall be consistent with and must apply the terminology and categories set out in the COGE Handbook and must relate to the most specific category of reserves or resources in which the reserves or resources can be classified.

5.4 Oil and Gas Reserves and Sales - Disclosure of reserves or of sales of oil, gas or associated by-products shall be made only in respect of marketable quantities, reflecting the quantities and prices for the product in the condition (upgraded or not upgraded, processed or unprocessed) in which it is to be, or was, sold.

5.5 Natural Gas By-Products - Disclosure concerning natural gas by-products (including natural gas liquids and sulphur) shall be made in respect only of volumes that have been or are to be recovered prior to the point at which marketable gas is measured.

3 "Material change" has the meaning ascribed to the term under securities legislation of the applicable jurisdiction.
5.6 **Future Net Revenue Not Fair Market Value** - Disclosure of an estimate of future net revenue, whether calculated without discount or using a discount rate, must include a statement to the effect that the estimated values disclosed do not represent fair market value.

5.7 **Consent of Qualified Reserves Evaluator or Auditor**

(1) A reporting issuer must not disclose a report referred to in item 2 of section 2.1 that has been delivered to the board of directors of the reporting issuer by a qualified reserves evaluator or auditor pursuant to an appointment under section 3.2, or disclose information derived from the report or the identity of the qualified reserves evaluator or auditor, without the written consent of that qualified reserves evaluator or auditor.

(2) Subsection (1) does not apply to

(a) the filing of that report by a reporting issuer under section 2.1;

(b) the use of or reference to that report in another document filed by the reporting issuer under section 2.1; or

(c) the identification of the report or of the qualified reserves evaluator or auditor in a news release referred to in section 2.2.

5.8 **Disclosure of Less Than All Reserves** - If a reporting issuer that has more than one property makes written disclosure of any reserves attributable to a particular property

(a) the disclosure must include a cautionary statement to the effect that "The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation"; and

(b) the document containing the disclosure of any reserves attributable to one property must also disclose total reserves of the same classification for all properties of the reporting issuer in the same country (or, if appropriate and not misleading, in the same foreign geographic area).

5.9 **Disclosure Concerning Prospects of Resources**

(1) If a reporting issuer discloses anticipated results from a prospect which are not currently classified as reserves, the reporting issuer must also disclose in writing, in the same document or in a supporting filing, in respect of the prospect

(a) the location and basin name;
(a) the reporting issuer’s gross and net interest in the property, expressed in units of area (acres or hectares); resources;

(c) in the case of undeveloped property in which the reporting issuer holds a leasehold interest, the expiry date of that interest;

(d) the name, geologic age and lithology of the target zone;

(e) the distance to the nearest analogous commercial production;

(b) the location of the resources;

(c) the product types reasonably expected;

(d) the range of pool or field sizes;

(h) the depth of the target zone;

(i) the estimated cost to drill and test a well to the target depth;

(j) reasonably expected drilling commencement and completion dates;

(k) the anticipated prices to be received for each product type reasonably expected;

(l) reasonably expected marketing and transportation arrangements;

(m) the identity and relevant experience of the operator;

(n) risks and the probability of success; and level of uncertainty associated with recovery of the resources; and

(o) the applicable information specified in section 5.10.

5.10 Estimates of Fair Value of an Unproved Property, Prospect or Resource

(e) in the case of unproved property, if its value is disclosed,

(i) the basis of the calculation of its value; and

(ii) whether the value was prepared by an independent party.

(2) If disclosure referred to in subsection (1) includes an estimate of a quantity of resources in which the reporting issuer has an interest or intends to acquire an interest, or an estimated value attributable to an estimated quantity, the estimate must

(a) have been prepared or audited by a qualified reserves evaluator or auditor;
(b) relate to the most specific category of resources in which the resources can be classified, as set out in the COGE Handbook, and must identify what portion of the estimate is attributable to each category; and

(c) be accompanied by the following information:

(i) a definition of the resources category used for the estimate;

(ii) the effective date of the estimate;

(iii) (1) If a reporting issuer discloses in writing an estimate of the fair value of an unproved property, prospect or resource, or discloses expected results from a prospect, the disclosure shall include all the significant positive and negative factors relevant to the estimate or expectation;

(2) If a reporting issuer discloses in writing an estimate of the fair value of an unproved property, prospect or resource

(a) in the case of an estimate of the fair value of an unproved property, except as provided in paragraph (b), the estimate shall be based on the first applicable item listed below, and that item shall be described as the basis of the estimate in the document containing the disclosure or in a supporting filing:

1. the acquisition cost to the reporting issuer, provided that there have been no material changes in the unproved property, the surrounding properties, or the general oil and gas economic climate since acquisition;

2. recent sales by others of interests in the same unproved property;

3. terms and conditions, expressed in monetary terms, of recent farm-in agreements related to the unproved property;

4. terms and conditions, expressed in monetary terms, of recent work commitments related to the unproved property;

5. recent sales of similar properties in the same general area;

(b) in the case of an estimate of fair value to which none of the items listed in paragraph (a) applies

(i) the estimate shall be prepared or accepted by a professional valuator (who is not a "related party" of the reporting issuer within the meaning of the term as used in the CICA Handbook) applying valuation standards established by the professional body of which
the valuator is a member and from which the valuator derives professional standing;

(ii) the estimate shall consist of at least three values that reflect a range of reasonable likelihoods (the low value being conservative, the middle value being the median and the high value being optimistic) reflecting courses of action expected to be followed by the reporting issuer;

(iii) the estimate, and the identities of the professional valuator and of the professional body referred to in subparagraph (i), shall be set out in the document containing the disclosure or in a supporting filing; and

(iv) the reporting issuer shall obtain from the professional valuator referred to in subparagraph (i)in respect of contingent resources, the specific contingencies which prevent the classification of the resources as reserves; and

(v) a cautionary statement that is proximate to the estimate to the effect that:

(A) a report on the estimate that does not contain in the case of discovered resources or a subcategory of discovered resources other than reserves:

(I) a disclaimer that materially detracts from the usefulness of the estimate; or

(II) a statement that the report may not be relied on; and

“There is no certainty that it will be commercially viable to produce any portion of the resources.”; or

(B) the professional valuator’s written consent to the disclosure of the report by the reporting issuer to the public in the case of undiscovered resources or a subcategory of undiscovered resources:

“There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.”

(3) Paragraphs 5.9(1)(d) and (e) and subparagraphs 5.9(2)(c)(iii) and (iv) do not apply if:
(a) the reporting issuer includes in the written disclosure a reference to the title and date of a previously filed document that complies with those requirements; and

(b) the resources in the written disclosure, taking into account the specific properties and interests reflected in the resources estimate or other anticipated result, are materially the same resources addressed in the previously filed document.

5.10 Analogous Information

(1) Sections 5.2, 5.3 and 5.9 do not apply to the disclosure of analogous information provided that the reporting issuer discloses the following:

(a) the source and date of the analogous information;

(b) whether the source of the analogous information was independent;

(c) if the reporting issuer is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor or in accordance with the COGE Handbook, a cautionary statement to that effect proximate to the disclosure of the analogous information; and

(d) the relevance of the analogous information to the reporting issuer’s oil and gas activities.

(2) For greater certainty, if a reporting issuer discloses information that is an anticipated result, an estimate of a quantity of reserves or resources, or an estimate of value attributable to an estimated quantity of reserves or resources for an area in which it has an interest or intends to acquire an interest, that is based on an extrapolation from analogous information, sections 5.2, 5.3 and 5.9 apply to the disclosure of the information.

5.11 Net Asset Value and Net Asset Value per Share - Written disclosure of net asset value or net asset value per share shall include a description of the methods used to value assets and liabilities and the number of shares used in the calculation.

5.12 Reserve Replacement - Written disclosure concerning reserve replacement shall include an explanation of the method of calculation applied.

5.13 Netbacks - Written disclosure of a netback must

(a) shall include separate netbacks for each product type by country (or, if appropriate and not misleading, by foreign geographic area); 

(b) shall reflect netbacks calculated by subtracting royalties and operating costs from revenues; and
(c) shall state the method of calculation.

5.14 **BOEs and McfGEs** - If written disclosure includes information expressed in BOEs, McfGEs or other units of equivalency between oil and gas

(a) the information shall be presented

(i) in the case of BOEs, using BOEs derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil (6 Mcf:1 bbl);

(ii) in the case of McfGEs, using McfGEs derived by converting oil to gas in the ratio of one barrel of oil to six thousand cubic feet of gas (1 bbl:6 Mcf); and

(iii) with the conversion ratio stated;

(b) if the information is also presented using BOEs or McfGEs derived using a conversion ratio other than a ratio specified in paragraph (a), the disclosure shall state that other conversion ratio and explain why it has been chosen;

(c) if the information is presented using a unit of equivalency other than BOEs or McfGEs, the disclosure shall identify the unit, state the conversion ratio used and explain why it has been chosen; and

(d) the disclosure shall include a cautionary statement to the effect that:

"BOEs [or 'McfGEs' or other applicable units of equivalency] may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl [or 'An McfGE conversion ratio of 1 bbl: 6 Mcf'] is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead".

5.15 **Finding and Development Costs** - If written disclosure is made of finding and development costs:

(a) those costs shall be calculated using the following two methods, in each case after eliminating the effects of acquisitions and dispositions:

\[
\text{Method 1: } \frac{a+b+c}{x} \\
\text{Method 2: } \frac{a+b+d}{y}
\]

where

- \(a\) = *exploration costs* incurred in the most recent financial year
- \(b\) = *development costs* incurred in the most recent financial year
- \(c\) = the change during the most recent financial year in estimated future *development costs* relating to *proved reserves*
d = the change during the most recent financial year in estimated future development costs relating to proved reserves and probable reserves

x = additions to proved reserves during the most recent financial year, expressed in BOEs or other unit of equivalency

y = additions to proved reserves and probable reserves during the most recent financial year, expressed in BOEs or other unit of equivalency

(b) the disclosure shall must include

(i) the results of both methods of calculation under paragraph (a) and a description of those methods;

(ii) if the disclosure also includes a result derived using any other method of calculation, a description of that method and the reason for its use;

(iii) for each result, comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years;

(iv) a cautionary statement to the effect that:

"The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year"; and

(v) the cautionary statement required under paragraph 5.14(d).

PART 6 MATERIAL CHANGE DISCLOSURE

6.1 Material Change from Information Filed under Part 2

(1) This Part applies in respect of a material change that, had it occurred on or before the effective date of information included in the statement most recently filed by a reporting issuer under item 1 of section 2.1, would have resulted in a significant change in the information contained in the statement.

(2) In addition to any other requirement of securities legislation governing disclosure of a material change, disclosure of a material change referred to in subsection (1) shall must discuss the reporting issuer's reasonable expectation of how the material change has affected its reserves data or other information.

(a) identify the statement filed under Part 2 that contains the original information referred to in subsection (1); and

---

4 In this Part, "material change" has the meaning ascribed to the term under securities legislation of the applicable jurisdiction.
(b) discuss the reporting issuer’s reasonable expectation of how the material change, had it occurred on or before the effective date referred to in subsection (1), would have affected the reserves data or other information contained in the document identified under paragraph (a).

PART 7 OTHER INFORMATION

7.1 Information to be Furnished on Request - A reporting issuer shall must, on the request of the regulator, deliver additional information with respect to the content of a document filed under this Instrument.

PART 8 EXEMPTIONS

8.1 Authority to Grant Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant an exemption.

8.2 Exemption for Certain Exchangeable Security Issuers

(1) An exchangeable security issuer, as defined in subsection 13.3(1) of NI 51-102, is exempt from this Instrument if all of the requirements of subsection 13.3(2) of NI 51-102 are satisfied:

(2) For the purposes of subsection (1), the reference to “continuous disclosure documents” in clause 13.3(2)(d)(ii)(A) of NI 51-102 includes documents filed in accordance with this Instrument.

PART 9 INSTRUMENT IN FORCE

9.1 Coming Into Force - This Instrument comes into force on September 30, 2003.

9.2 Transition - Despite section 9.1, this Instrument does not apply to a reporting issuer until the earlier of:

(a) the date by which the reporting issuer is required under securities legislation to file audited annual financial statements for its financial year that includes or ends on December 31, 2003; and

(b) the first date on which the reporting issuer files with the securities regulatory authority the statement referred to in item 1 of section 2.1.
FORM 51-101F1
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION

TABLE OF CONTENTS

GENERAL INSTRUCTIONS

PART 1 DATE OF STATEMENT
  Item 1.1 Relevant Dates

PART 2 DISCLOSURE OF RESERVES DATA
  Item 2.1 Reserves Data (Constant Forecast Prices and Costs)
  Item 2.2 Supplemental Disclosure of Reserves Data (Forecast Constant Prices and Costs)
  Item 2.3 Reserves Disclosure Varies with Accounting
  Item 2.4 Future Net Revenue Disclosure Varies with Accounting

PART 3 PRICING ASSUMPTIONS
  Item 3.1 Constant Prices Used in Supplemental Estimates
  Item 3.2 Forecast Prices Used in Estimates

PART 4 RECONCILIATION OF CHANGES IN RESERVES AND FUTURE NET REVENUE
  Item 4.1 Reserves Reconciliation
  Item 4.2 Future Net Revenue Reconciliation

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA
  Item 5.1 Undeveloped Reserves
  Item 5.2 Significant Factors or Uncertainties
  Item 5.3 Future Development Costs

PART 6 OTHER OIL AND GAS INFORMATION
  Item 6.1 Oil and Gas Properties and Wells
  Item 6.2 Properties With No Attributed Reserves
  Item 6.3 Forward Contracts
  Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs
  Item 6.5 Tax Horizon
  Item 6.6 Costs Incurred
  Item 6.7 Exploration and Development Activities
  Item 6.8 Production Estimates
  Item 6.9 Production History
This is the form referred to in item 1 of section 2.1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

GENERAL INSTRUCTIONS

(1) Terms for which a meaning is given in NI 51-101 have the same meaning in this Form 51-101F1.

(2) Unless otherwise specified in this Form 51-101F1, information under item 1 of section 2.1 of NI 51-101 shall be provided as at the last day of the reporting issuer's most recent financial year or for its financial year then ended.

(3) It is not necessary to include the headings or numbering, or to follow the ordering of Items, in this Form 51-101F1. Information may be provided in tables.

(4) To the extent that any Item or any component of an Item specified in this Form 51-101F1 does not apply to a reporting issuer and its activities and operations, or is not material, no reference need be made to that Item or component. It is not necessary to state that such an Item or component is "not applicable" or "not material". Materiality is discussed in NI 51-101 and Companion Policy 51-101CP.

(5) This Form 51-101F1 sets out minimum requirements. A reporting issuer may provide additional information not required in this Form 51-101F1 provided that it is not misleading and not inconsistent with the requirements of NI 51-101, and provided that material information required to be disclosed is not omitted.

(6) A reporting issuer may satisfy the requirement of this Form 51-101F1 for disclosure of information "by country" by instead providing information by foreign geographic area in respect of countries outside North America as may be appropriate for meaningful disclosure in the circumstances.

1 For the convenience of readers, Appendix 1 to Companion Policy 51-101CP, CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities sets out the meanings of terms that are printed in italics (or, in the Instructions, in bold type) in this Form 51-101F1 or in NI 51-101, Form 51-101F2, Form 51-101F3 or the Companion Policy 51-101CP.
PART 1  DATE OF STATEMENT

Item 1.1  Relevant Dates

1. Date the statement.
2. Disclose the effective date of the information being provided.
3. Disclose the preparation date of the information being provided.

INSTRUCTIONS

(1) For the purpose of Part 2 of NI 51-101, and consistent with the definition of reserves data and General Instruction (2) of this Form 51-101F1, the effective date to be disclosed under section 2 of Item 1.1 is the last day of the reporting issuer’s most recent financial year. It is the date of the balance sheet for the reporting issuer’s most recent financial year (for example, "as at December 31, 20xx") and the ending date of the reporting issuer’s most recent annual statement of income (for example, "for the year ended December 31, 20xx").

(2) The same effective date applies to reserves of each category reported and to related future net revenue. References to a change in an item of information, such as changes in production or a change in reserves, mean changes in respect of that item during the year ended on the effective date.

(3) The preparation date, in respect of written disclosure, means the most recent date to which information relating to the period ending on the effective date was considered in the preparation of the disclosure. The preparation date is a date subsequent to the effective date because it takes time after the end of the financial year to assemble the information for that completed year that is needed to prepare the required disclosure as at the end of the financial year.

(4) Because of the interrelationship between certain of the reporting issuer’s reserves data and other information referred to in this Form 51-101F1 and certain of the information included in its financial statements, the reporting issuer should ensure that its financial auditor and its qualified reserves evaluators or auditors are kept apprised of relevant events and transactions, and should facilitate communication between them.

(5) If the reporting issuer provides information as at a date more recent than the effective date, in addition to the information required as at the effective date, also disclose the date as at which that additional information is provided. The provision of such additional information does not relieve the reporting issuer of the obligation to provide information as at the effective date.
PART 2  DISCLOSURE OF RESERVES DATA

Item 2.1  Reserves Data (Constant-Prices-and-Costs)

1. Breakdown of Proved Reserves (Constant Case) — Disclose, by country and in the aggregate, reserves, gross and net, estimated using constant prices and costs, for each product type, in the following categories:

   (a) proved developed producing reserves;

   (b) proved developed non-producing reserves;

   (c) proved undeveloped reserves; and

   (d) proved reserves (in total).

2. Net Present Value of Future Net Revenue (Constant Case) — Disclose, by country and in the aggregate, the net present value of future net revenue attributable to the reserves categories referred to in section 1 of this Item, estimated using constant prices and costs, before and after deducting future income tax expenses, calculated without discount and using a discount rate of 10 percent.

3. Additional Information Concerning Future Net Revenue (Constant Case)

   (a) This section 3 applies to future net revenue attributable to proved reserves (in total) estimated using constant prices and costs.

   (b) Disclose, by country and in the aggregate, the following elements of future net revenue estimated using constant prices and costs and calculated without discount:

      (i) revenue;

      (ii) royalties;

      (iii) operating costs;

      (iv) development costs;

      (v) abandonment and reclamation costs;

      (vi) future net revenue before deducting future income tax expenses;

      (vii) future income tax expenses; and

      (viii) future net revenue after deducting future income tax expenses.
(e) Disclose, by production group, the net present value of future net revenue (before deducting future income tax expenses) estimated using constant prices and costs and calculated using a discount rate of 10 percent.

**Item 2.2 Reserves Data (Forecast Prices and Costs)**

1. **Breakdown of Reserves (Forecast Case)** – Disclose, by country and in the aggregate, reserves, gross and net, estimated using forecast prices and costs, for each product type, in the following categories:

   (a) proved developed producing reserves;

   (b) proved developed non-producing reserves;

   (c) proved undeveloped reserves;

   (d) proved reserves (in total);

   (e) probable reserves (in total);

   (f) proved plus probable reserves (in total); and

   (g) if the reporting issuer discloses an estimate of possible reserves in the statement:

      (i) possible reserves (in total); and

      (ii) proved plus probable plus possible reserves (in total).

2. **Net Present Value of Future Net Revenue (Forecast Case)** – Disclose, by country and in the aggregate, the net present value of future net revenue attributable to the reserves categories referred to in section 1 of this Item, estimated using forecast prices and costs, before and after deducting future income tax expenses, calculated without discount and using discount rates of 5 percent, 10 percent, 15 percent and 20 percent. Also disclose the same information on a unit value basis (e.g., $/Mcf or $/bbl using net reserves) using a discount rate of 10 percent and calculated before deducting future income tax expenses. This unit value disclosure requirement may be satisfied by including the unit value disclosure for each category of proved reserves and for probable reserves in the disclosure referred to in paragraph 3(c) of Item 2.1.

3. **Additional Information Concerning Future Net Revenue (Forecast Case)**

   (a) This section 3 applies to future net revenue attributable to each of the following reserves categories estimated using forecast prices and costs:

      (i) proved reserves (in total);

      (ii) proved plus probable reserves (in total); and
(iii) if paragraph 1(g) of this Item applies, proved plus probable plus possible reserves (in total).

(b) Disclose, by country and in the aggregate, the following elements of future net revenue estimated using forecast prices and costs and calculated without discount:

(i) revenue;

(ii) royalties;

(iii) operating costs;

(iv) development costs;

(v) abandonment and reclamation costs;

(vi) future net revenue before deducting future income tax expenses;

(vii) future income tax expenses; and

(viii) future net revenue after deducting future income tax expenses.

(c) Disclose, by production group and on a unit value basis for each production group (e.g., $/Mcf or $/bbl using net reserves), the net present value of future net revenue (before deducting future income tax expenses) estimated using forecast prices and costs and calculated using a discount rate of 10 percent.

Item 2.2 Supplemental Disclosure of Reserves Data (Constant Prices and Costs)

The reporting issuer may supplement its disclosure of reserves data under Item 2.1 by also disclosing the components of Item 2.1 in respect of its proved reserves or its proved and probable reserves, using constant prices and costs as at the last day of the reporting issuer’s most recent financial year.

Item 2.3 Reserves Disclosure Varies with Accounting

In determining reserves to be disclosed:

(a) Consolidated Financial Disclosure – if the reporting issuer files consolidated financial statements:

(i) include 100 percent of reserves attributable to the parent company and 100 percent of the reserves attributable to its consolidated subsidiaries (whether or not wholly-owned); and

(ii) if a significant portion of reserves referred to in clause (i) is attributable to a consolidated subsidiary in which there is a significant minority interest, disclose
that fact and the approximate portion of such reserves attributable to the minority interest;

(b) **Proportionate Consolidation** – if the reporting issuer files financial statements in which investments are proportionately consolidated, the reporting issuer's disclosed reserves must include the reporting issuer's proportionate share of investees' oil and gas reserves; and

(c) **Equity Accounting** – if the reporting issuer files financial statements in which investments are accounted for by the equity method, do not include investees' oil and gas reserves in disclosed reserves of the reporting issuer, but disclose the reporting issuer's share of investees' oil and gas reserves separately.

**Item 2.4 Future Net Revenue Disclosure Varies with Accounting**

1. **Consolidated Financial Disclosure** – If the reporting issuer files consolidated financial statements, and if a significant portion of the reporting issuer's economic interest in future net revenue is attributable to a consolidated subsidiary in which there is a significant minority interest, disclose that fact and the approximate portion of the economic interest in future net revenue attributable to the minority interest.

2. **Equity Accounting** – If the reporting issuer files financial statements in which investments are accounted for by the equity method, do not include investees' future net revenue in disclosed future net revenue of the reporting issuer, but disclose the reporting issuer's share of investees' future net revenue separately, by country and in the aggregate.

**INSTRUCTIONS**

(1) **Do not include**, in reserves, oil or gas that is subject to purchase under a long-term supply, purchase or similar agreement. However, if the reporting issuer is a party to such an agreement with a government or governmental authority, and participates in the operation of the properties in which the oil or gas is situated or otherwise serves as "producer" of the reserves (in contrast to being an independent purchaser, broker, dealer or importer), disclose separately the reporting issuer's interest in the reserves that are subject to such agreements at the effective date and the net quantity of oil or gas received by the reporting issuer under the agreement during the year ended on the effective date.

(2) Future net revenue includes the portion attributable to the reporting issuer's interest under an agreement referred to in Instruction (1).

(3) In the disclosure of "abandonment**Constant prices and reclamation costs" referred to in clause 3(b)(v) of Item 2.1 and in clause 3(b)(v) of Item 2.2 include, at minimum, well abandonment costs. The response to Item 6.4 will disclose total abandonment and reclamation costs and (in response to paragraph (d) of Item 6.4) the portion of total abandonment and reclamation costs, if any, not disclosed under clause 3(b)(v) of Item 2.1 and clause 3(b)(v) of Item 2.2 costs are prices and costs used in an estimate that are:
(a) the reporting issuer's prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the reporting issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

For the purpose of paragraph (a), the reporting issuer's prices will be the posted price for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors.

PART 3 PRICING ASSUMPTIONS

Item 3.1 Constant Prices Used in Supplemental Estimates

For supplemental disclosure under Item 2.2 is made, then disclose, for each product type, disclose the benchmark reference prices for the countries or regions in which the reporting issuer operates, as at the last day of the reporting issuer's most recent financial year, reflected in the reserves data disclosed in response to Item 2.1.

Item 3.2 Forecast Prices Used in Estimates

1. For each product type, disclose:

(a) the pricing assumptions used in estimating reserves data disclosed in response to Item 2.2:

(i) for each of at least the following five financial years; and

(ii) generally, for subsequent periods; and

(b) the reporting issuer's weighted average historical prices for the most recent financial year.

2. The disclosure in response to section 1 shall include the benchmark reference pricing schedules for the countries or regions in which the reporting issuer operates, and inflation and other forecast factors used.

3. If the pricing assumptions specified in response to section 1 were provided by a qualified reserves evaluator or auditor who is independent of the reporting issuer, disclose that fact and identify the qualified reserves evaluator or auditor.
INSTRUCTIONS

(1) Benchmark reference prices may be obtained from sources such as public product trading exchanges or prices posted by purchasers.

(2) The defined term "constant prices and costs" and the defined term "forecast prices and costs" include any fixed or presently determinable future prices or costs to which the reporting issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended. In effect, such contractually committed prices override benchmark reference prices for the purpose of estimating reserves data. To ensure that disclosure under this Part is not misleading, the disclosure should reflect such contractually committed prices.

(3) Under subsection 5.7(1) of NI 51-101, the reporting issuer must obtain the written consent of the qualified reserves evaluator or auditor to disclose his or her identity in response to section 3 of this Item.

PART 4 RECONCILIATIONS OF CHANGES IN RESERVES AND FUTURE NET REVENUE

Item 4.1 Reserves Reconciliation

1. Provide the information specified in section 2 of this Item in respect of the following reserves categories:

   (a) net/gross proved reserves (in total);
   (b) net/gross probable reserves (in total); and
   (c) net/gross proved plus probable reserves (in total).

2. Disclose changes between the reserves estimates made as at the effective date and the corresponding estimates ("prior-year estimates") made as at the last day of the preceding financial year of the reporting issuer:

   (a) by country;
   (b) for each of the following:

      (i) light and medium crude oil (combined);
      (ii) heavy oil;
      (iii) associated gas and non-associated gas (combined); and
      (iv) synthetic oil and other products from non-conventional oil and gas activities;
(v) bitumen;
(vi) coal bed methane;
(vii) hydrates;
(vii) shale oil; and
(ix) shale gas;

(c) separately identifying and explaining:
(i) extensions;
(ii) and improved recovery;
(ii) (iii)—technical revisions;
(iii) (iv)—discoveries;
(iv) (v)—acquisitions;
(v) (vi)—dispositions;
(vi) (vii)—economic factors; and
(vii) (viii)—production.

INSTRUCTIONS

(1) The reconciliation required under this Item 4.1 must be provided in respect of reserves estimated using either constant prices and costs or forecast prices and costs, with the price and cost case indicated in the disclosure.

(2) For the purpose of this Item 4.1, it is sufficient to provide the information in respect of the products specified in paragraph 2(b), excluding solution gas, natural gas liquids and other associated by-products.

(3) The COGE Handbook provides guidance on the preparation of the reconciliation required under this Item 4.1.

Item 4.2 Future Net Revenue Reconciliation

1. Provide the information specified in section 2 of this Item in respect of estimates of future net revenue (estimated using constant prices and costs and calculated using a discount rate of 10 percent) attributable to net proved reserves (in total).
2. Disclose changes between the future net revenue estimates referred to in section 1 made as at the effective date and the corresponding estimates ("prior year estimates") made as at the last day of the preceding financial year of the reporting issuer:

(a) by country;

(b) separately identifying and explaining:

(i) sales and transfers of oil, gas or other product types produced during the period net of production costs and royalties;

(ii) net change in sales and transfer prices and in production costs and royalties related to future production;

(iii) changes in previously estimated development costs incurred during the period;

(iv) changes in estimated future development costs;

(v) net change resulting from discoveries;

(vi) changes resulting from acquisitions of reserves;

(vii) changes resulting from dispositions of reserves;

(viii) net change resulting from revisions in quantity estimates;

(ix) accretion of discount (10 percent of discounted future net revenue at the beginning of the financial year);

(x) net change in income taxes; and

(xi) any other significant factors.

INSTRUCTIONS

(1) For the purpose of this Part 4, compute the effects of changes in prices and costs before the effects of changes in volumes, so that, in respect of constant prices and costs, volumes are reflected at prices as at the effective date.

(2) Except in respect of clause 2(b)(xi) of Item 4.2, the information to be provided under this Part is pre-tax information.
(3) For the purpose of clause 2(b)(xi) of Item 4.2, a "net change in income taxes" includes both income taxes incurred during the period and changes in estimated future income tax expenses.

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Item 5.1 Undeveloped Reserves

1. For proved undeveloped reserves:
   (a) disclose for each product type the volumes of proved undeveloped reserves that were first attributed in each of the most recent five financial years and, in the aggregate, before that time;
   (b) discuss generally the basis on which the reporting issuer attributes proved undeveloped reserves, its plans (including timing) for developing the proved undeveloped reserves and, if applicable, its reasons for not planning to develop particular proved undeveloped reserves during the following two years.

2. For probable undeveloped reserves:
   (a) disclose for each product type the volumes of probable undeveloped reserves that were first attributed in each of the most recent five financial years and, in the aggregate, before that time;
   (b) discuss generally the basis on which the reporting issuer attributes probable undeveloped reserves, its plans (including timing) for developing the probable undeveloped reserves and, if applicable, its reasons for not planning to develop particular probable undeveloped reserves during the following two years.

Item 5.2 Significant Factors or Uncertainties

1. Identify and discuss important economic factors or significant uncertainties that affect particular components of the reserves data.

2. Section 1 does not apply if the information is disclosed in the reporting issuer's financial statements for the financial year ended on the effective date.

INSTRUCTION

Examples of information that could warrant disclosure under this Item 5.2 include unusually high expected development costs or operating costs, the need to build a major pipeline or other major facility before production of reserves can begin, or contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized but for those contractual obligations.

Item 5.3 Future Development Costs
1. (a) Provide the information specified in paragraph 1(b) in respect of development costs deducted in the estimation of future net revenue attributable to each of the following reserves categories:

(i) proved reserves (in total) estimated using constant prices and costs; forecast prices and costs; and

(ii) proved reserves (in total) estimated using forecast prices and costs; and

(iii) proved plus probable reserves (in total) estimated using forecast prices and costs.

(b) Disclose, by country, the amount of development costs estimated:

(i) in total, calculated using no discount and using a discount rate of 10 percent; and

(ii) by year for each of the first five years estimated.

2. Discuss the reporting issuer's expectations as to:

(a) the sources (including internally-generated cash flow, debt or equity financing, farm-outs or similar arrangements) and costs of funding for estimated future development costs; and

(b) the effect of those costs of funding on disclosed reserves or future net revenue.

3. If the reporting issuer expects that the costs of funding referred to in section 2, could make development of a property uneconomic for that reporting issuer, disclose that expectation and its plans for the property.

**PART 6 OTHER OIL AND GAS INFORMATION**

**Item 6.1 Oil and Gas Properties and Wells**

1. Identify and describe generally the reporting issuer’s important properties, plants, facilities and installations:

(a) identifying their location (province, territory or state if in Canada or the United States, and country otherwise);

(b) indicating whether they are located onshore or offshore;

(c) in respect of properties to which reserves have been attributed and which are capable of producing but which are not producing, disclosing how long they have been in that condition and discussing the general proximity of pipelines or other means of transportation; and
(d) describing any statutory or other mandatory relinquishments, surrenders, back-ins or changes in ownership.

2. State, separately for oil wells and gas wells, the number of the reporting issuer's producing wells and non-producing wells, expressed in terms of both gross wells and net wells, by location (province, territory or state if in Canada or the United States, and country otherwise).

### Item 6.2 Properties With No Attributed Reserves

1. For unproved properties disclose:
   
   (a) the gross area (acres or hectares) in which the reporting issuer has an interest;
   
   (b) the interest of the reporting issuer therein expressed in terms of net area (acres or hectares);
   
   (c) the location, by country; and
   
   (d) the existence, nature (including any bonding requirements), timing and cost (specified or estimated) of any work commitments.

2. Disclose, by country, the net area (acres or hectares) of unproved property for which the reporting issuer expects its rights to explore, develop and exploit to expire within one year.

### Item 6.3 Forward Contracts

1. If the reporting issuer is bound by an agreement (including a transportation agreement), directly or through an aggregator, under which it may be precluded from fully realizing, or may be protected from the full effect of, future market prices for oil or gas, describe generally the agreement, discussing dates or time periods and summaries or ranges of volumes and contracted or reasonably estimated values.

2. Section 1 does not apply to agreements disclosed by the reporting issuer
   
   (a) as financial instruments, in accordance with Section 3860 of the CICA Handbook; or
   
   (b) as contractual obligations or commitments, in accordance with Section 3280 of the CICA Handbook.

3. If the reporting issuer's transportation obligations or commitments for future physical deliveries of oil or gas exceed the reporting issuer’s expected related future production from its proved reserves, estimated using forecast prices and costs and disclosed under Part 2, discuss such excess, giving information about the amount of the excess, dates or time periods, volumes and reasonably estimated value.

### Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs
In respect of abandonment and reclamation costs for surface leases, wells, facilities and pipelines, disclose:

(a) how the reporting issuer estimates such costs;

(b) the number of net wells for which the reporting issuer expects to incur such costs;

(c) the total amount of such costs, net of estimated salvage value, expected to be incurred, calculated without discount and using a discount rate of 10 percent;

(d) the portion, if any, of the amounts disclosed under paragraph (c) of this Item 6.4 that was not deducted as abandonment and reclamation costs in estimating the future net revenue disclosed under Part 2; and

(e) the portion, if any, of the amounts disclosed under paragraph (c) of this Item 6.4 that the reporting issuer expects to pay in the next three financial years, in total.

INSTRUCTION

Item 6.4 supplements the information disclosed in response to clause 3(b)(v) of Item 2.1 and clause 3(b)(v) of Item 2.2. The response to paragraph (d) of Item 6.4 should enable a reader of this statement and of the reporting issuer's financial statements for the financial year ending on the effective date to understand both the reporting issuer's estimated total abandonment and reclamation costs, and what portions of that total are, and are not, reflected in the disclosed reserves data.

Item 6.5 Tax Horizon

If the reporting issuer is not required to pay income taxes for its most recently completed financial year, discuss its estimate of when income taxes may become payable.

Item 6.6 Costs Incurred

1. Disclose each of the following, by country, for the most recent financial year (irrespective of whether such costs were capitalized or charged to expense when incurred):

   (a) property acquisition costs, separately for proved properties and unproved properties;

   (b) exploration costs; and

   (c) development costs.

2. For the purpose of this Item 6.6, if the reporting issuer files financial statements in which investments are accounted for by the equity method, disclose by country the reporting issuer's share of investees' (i) property acquisition costs, (ii) exploration costs and (iii) development costs incurred in the most recent financial year.
**Item 6.7 Exploration and Development Activities**

1. Disclose, by country and separately for exploratory wells and development wells:
   (a) the number of gross wells and net wells completed in the reporting issuer's most recent financial year; and
   (b) for each category of wells for which information is disclosed under paragraph (a), the number completed as oil wells, gas wells and service wells and the number that were dry holes.

2. Describe generally the reporting issuer’s most important current and likely exploration and development activities, by country.

**Item 6.8 Production Estimates**

1. Disclose, by country, for each product type, the volume of production estimated for the first year reflected in the estimates of future net revenue, gross proved reserves and gross probable reserves disclosed under Items 2.1 and 2.2. Item 2.1.

2. If one field accounts for 20 percent or more of the estimated production disclosed under section 1, identify that field and disclose the volume of production estimated for the field for that year.

**Item 6.9 Production History**

1. To the extent not previously disclosed in financial statements filed by the reporting issuer, disclose, for each quarter of its most recent financial year, by country for each product type:
   (a) the reporting issuer's share of average daily production volume, before deduction of royalties; and
   (b) as an average per unit of volume (for example, $/bbl or $/Mcf):
      (i) the prices received;
      (ii) royalties paid;
      (iii) production costs; and
      (iv) the resulting netback.

2. For each important field, and in total, disclose the reporting issuer’s production volumes for the most recent financial year, for each product type.
INSTRUCTION

In providing information for each product type for the purpose of Item 6.9, it is not necessary to allocate among multiple product types attributable to a single well, reservoir or other reserves entity. It is sufficient to provide the information in respect of the principal product type attributable to the well, reservoir or other reserves entity. Resulting netbacks may be disclosed on the basis of units of equivalency between oil and gas (e.g. BOE) but if so that must be made clear and disclosure must comply with section 5.14 of NI 51-101.
This is the form referred to in item 2 of section 2.1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

1. Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form.¹

2. The report on reserves data referred to in item 2 of section 2.1 of NI 51-101, to be executed by one or more qualified reserves evaluators or auditors independent of the reporting issuer, shall must in all material respects be as follows:

Report on Reserves Data

To the board of directors of [name of reporting issuer] (the "Company"):

1. We have [audited] [evaluated] [and reviewed] the Company’s reserves data as at [last day of the reporting issuer's most recently completed financial year]. The reserves data consist of the following: are estimates of proved reserves and probable reserves and related future net revenue as at [last day of the reporting issuer's most recently completed financial year], estimated using forecast prices and costs.

(a) (i) proved and proved plus probable oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using forecast prices and costs; and

(ii) the related estimated future net revenue; and

(b) (i) proved oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using constant prices and costs; and

(ii) the related estimated future net revenue.

2. The reserves data are the responsibility of the Company’s management. Our responsibility is to express an opinion on the reserves data based on our [audit] [evaluation] [and review].

We carried out our [audit] [evaluation] [and review] in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the “COGE Handbook”) prepared

¹ For the convenience of readers, Appendix 1 to Companion Policy 51-101CP, CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in NI 51-101, Form 51-101F1, Form 51-101F3 or the Companion Policy 51-101CP.
jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an [audit] [evaluation] [and review] to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An [audit] [evaluation] [and review] also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company [audited] [evaluated] [and reviewed] by us for the year ended xxx xx, 20xx, and identifies the respective portions thereof that we have [audited] [evaluated] [and reviewed] and reported on to the Company's [management/board of directors]:

<table>
<thead>
<tr>
<th>Independent Qualified Reserves Evaluator or Auditor</th>
<th>Description and Preparation Date of [Audit/ Evaluation/ Review] Report</th>
<th>Location of Reserves (Country or Foreign Geographic Area)</th>
<th>Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Audited</td>
</tr>
<tr>
<td>Evaluator A</td>
<td>xxx xx, 20xx</td>
<td>xxxx</td>
<td>$xxx</td>
</tr>
<tr>
<td>Evaluator B</td>
<td>xxx xx, 20xx</td>
<td>xxxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td>$xxx</td>
</tr>
</tbody>
</table>

5. In our opinion, the reserves data respectively [audited] [evaluated] by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

---

2 This amount should be the amount disclosed by the reporting issuer in its statement of reserves data filed under item 1 of section 2.1 of NI 51-101, as its future net revenue (before deducting future income tax expenses) attributable to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent (required by section 2 of Item 2.21 of Form 51-101F1).
Executed as to our report referred to above:

Evaluator A, City, Province or State / Country, Execution Date

[signed]

Evaluator B, City, Province or State / Country, Execution Date

[signed]
This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

1. Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form.1

2. The report referred to in item 3 of section 2.1 of NI 51-101 shall must in all material respects be as follows:

Report of Management and Directors on Reserves Data and Other Information

Management of [name of reporting issuer] (the "Company") are responsible for the preparation and disclosure of information with respect to the Company’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following: which are estimates of proved reserves and probable reserves and related future net revenue as at [last day of the reporting issuer’s most recently completed financial year], estimated using forecast prices and costs.

(a) (i) proved and proved plus probable oil and gas reserves estimated as at [last day of the reporting issuer’s most recently completed financial year] using forecast prices and costs; and

(ii) the related estimated future net revenue; and

(b) (i) proved oil and gas reserves estimated as at [last day of the reporting issuer’s most recently completed financial year] using constant prices and costs; and

(ii) the related estimated future net revenue.

[An] independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [has / have] [audited] [evaluated] [and reviewed] the Company’s reserves data. The report of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [is presented below / will be filed with securities regulatory authorities concurrently with this report].

The [Reserves Committee of the] board of directors of the Company has

1 For the convenience of readers, Appendix 1 to Companion Policy 51-101CP, CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities, sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in NI 51-101, Form 51-101F1, Form 51-101F2 or the Companion Policy 51-101CP.
(a) reviewed the Company’s procedures for providing information to the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]]; 

(b) met with the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] to determine whether any restrictions affected the ability of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] to report without reservation [and, because in the event of the] proposal to change the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]], to inquire whether there had been disputes between the previous independent [qualified reserves evaluator[s] or qualified reserves auditor[s] and management]; and

(c) reviewed the reserves data with management and the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]].

The [Reserves Committee of the] board of directors has reviewed the Company’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has [, on the recommendation of the Reserves Committee,] approved

(a) the content and filing with securities regulatory authorities of the Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

__________________________
[signature, name and title of chief executive officer]

__________________________
[signature, name and title of a senior officer other than the chief executive officer]

__________________________
[signature, name of a director]

__________________________
[signature, name of a director]

[Date]
## TABLE OF CONTENTS

### PART 1  APPLICATION AND TERMINOLOGY
1.1 Definitions
1.2 *COGE Handbook*
1.3 Applies to *Reporting Issuers Only*
1.4 *Materiality* Standard

### PART 2  ANNUAL FILING REQUIREMENTS
2.1 Annual Filings on *SEDAR*
2.2 Inapplicable or Immaterial Information
2.3 Use of Forms
2.4 *Annual Information Form*
2.5 *Reporting Issuer Has No Reserves*
2.6 *Reservation in Report of Independent Qualified Reserves Evaluator or Auditor*
2.7 Disclosure in *Form 51-101F1*
2.8 *Form 51-101F2*

### PART 3  RESPONSIBILITIES OF *REPORTING ISSUERS AND DIRECTORS*
3.1 *Reserves Committee*
3.2 Responsibility for Disclosure

### PART 4  MEASUREMENT
4.1 Consistency in Dates

### PART 5  REQUIREMENTS APPLICABLE TO ALL DISCLOSURE
5.1 Application of Part 5
5.2 Disclosure of *Reserves* and Other Information
5.3 *Reserves and Resources* Classification
5.4 Written Consents
5.5 Disclosure of *Resources*
5.6 *Analogous Information*
5.7 Consistent Use of Units of Measurement
5.8 *BOEs* and *McfGEs*
5.9 Finding and *Development costs*
5.10 Prospectus Disclosure

### PART 6  MATERIAL CHANGE DISCLOSURE
6.1 Changes from Filed Information
APPENDIX 1 – SAMPLE RESERVES DATA DISCLOSURE
This Companion Policy sets out the views of the Canadian Securities Administrators (CSA) as to the interpretation and application of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101) and related forms.

NI 51-101\(^1\) supplements other continuous disclosure requirements of securities legislation that apply to reporting issuers in all business sectors.

The requirements under NI 51-101 for the filing with securities regulatory authorities of information relating to oil and gas activities are designed in part to assist the public and analysts in making investment decisions and recommendations.

The CSA encourage registrants\(^2\) and other persons and companies that wish to make use of information concerning oil and gas activities of a reporting issuer, including reserves data, to review the information filed on SEDAR under NI 51-101 by the reporting issuer and, if they are summarizing or referring to this information, to use the applicable terminology consistent with NI 51-101 and the COGE Handbook.

**PART 1  APPLICATION AND TERMINOLOGY**

1.1 **Definitions**

(1) **General** - Several terms relating to oil and gas activities are defined in section 1.1 of NI 51-101. If a term is not defined in NI 51-101, NI 14-101 or the securities statute in the jurisdiction, it will have the meaning or interpretation given to it in the COGE Handbook if it is defined or interpreted there, pursuant to section 1.2 of NI 51-101.

For the convenience of readers, CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities (the NI 51-101 Glossary) sets out the meaning of terms, including those defined in NI 51-101 and several terms which are derived from the COGE Handbook.

(2) **Forecast Prices and Costs** - The term forecast prices and costs is defined in paragraph 1.1(j) of NI 51-101 and discussed in the COGE Handbook. Except to the extent that the reporting issuer is legally bound by fixed or presently

---

1 For the convenience of readers, CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities sets out the meanings of terms that are printed in italics in NI 51-101, Form 51-101F1, Form 51-101F2 or Form 51-101F3, or in this Companion Policy (other than terms italicized in titles of documents that are printed entirely in italics).

2 "Registrant" has the meaning ascribed to the term under securities legislation in the jurisdiction.
determinable future prices or costs, forecast prices and costs are future prices and costs "generally accepted as being a reasonable outlook of the future".

The CSA do not consider that future prices or costs would satisfy this requirement if they fall outside the range of forecasts of comparable prices or costs used, as at the same date, for the same future period, by major independent qualified reserves evaluators or auditors or by other reputable sources appropriate to the evaluation.

(3) Independent - The term independent is defined in paragraph 1.1(o) of NI 51-101. Applying this definition, the following are examples of circumstances in which the CSA would consider that a qualified reserves evaluator or auditor (or other expert) is not independent. We consider a qualified reserves evaluator or auditor is not independent when the qualified reserves evaluator or auditor:

(a) is an employee, insider, or director of the reporting issuer;
(b) is an employee, insider, or director of a related party of the reporting issuer;
(c) is a partner of any person or company in paragraph (a) or (b);
(d) holds or expects to hold securities, either directly or indirectly, of the reporting issuer or a related party of the reporting issuer;
(e) holds or expects to hold securities, either directly or indirectly, in another reporting issuer that has a direct or indirect interest in the property that is the subject of the technical report or an adjacent property;
(f) has or expects to have, directly or indirectly, an ownership, royalty, or other interest in the property that is the subject of the technical report or an adjacent property; or
(g) has received the majority of their income, either directly or indirectly, in the three years preceding the date of the technical report from the reporting issuer or a related party of the reporting issuer.

For the purpose of paragraph (d) above, “related party of the reporting issuer” means an affiliate, associate, subsidiary, or control person of the reporting issuer as those terms are defined under securities legislation.

There may be instances in which it would be reasonable to consider that the independence of a qualified reserves evaluator or auditor would not be compromised even though the qualified reserves evaluator or auditor holds an interest in the reporting issuer's securities. The reporting issuer needs to determine whether a reasonable person would consider such interest would

---

3 Refer to the discussion of financial instruments in subsection 2.7(5) below.
interfere with the qualified reserves evaluator’s or auditor’s judgement regarding the preparation of the technical report.

There may be circumstances in which the securities regulatory authorities question the objectivity of the qualified reserves evaluator or auditor. In order to ensure the requirement for independence of the qualified reserves evaluator or auditor has been preserved, the reporting issuer may be asked to provide further information, additional disclosure or the opinion of another qualified reserves evaluator or auditor to address concerns about possible bias or partiality on the part of the qualified reserves evaluator or auditor.

(4) **Product Types Arising From Oil Sands and Other Non-Conventional Activities** - The definition of product type in paragraph 1.1(v) includes products arising from non-conventional oil and gas activities. NI 51-101 therefore applies not only to conventional oil and gas activities, but also to non-conventional activities such as the extraction of bitumen from oil sands with a view to the production of synthetic oil, the in situ production of bitumen, the extraction of methane from coal beds and the extraction of shale gas, shale oil and hydrates.

Although NI 51-101 and Form 51-101F1 make few specific references to non-conventional oil and gas activities, the requirements of NI 51-101 for the preparation and disclosure of reserves data and for the disclosure of resources apply to oil and gas reserves and resources relating to oil sands, shale, coal or other non-conventional sources of hydrocarbons. The CSA encourage reporting issuers that are engaged in non-conventional oil and gas activities to supplement the disclosure prescribed in NI 51-101 and Form 51-101F1 with information specific to those activities that can assist investors and others in understanding the business and results of the reporting issuer.

(5) **Professional Organization**

(a) **Recognized Professional Organizations**

For the purposes of the Instrument, a qualified reserves evaluator or auditor must also be a member in good standing with a self-regulatory professional organization of engineers, geologists, geoscientists or other professionals.

The definition of "professional organization" (in paragraph 1.1(w) of NI 51-101 and in the NI 51-101 Glossary) has four elements, three of which deal with the basis on which the organization accepts members and its powers and requirements for continuing membership. The fourth element requires either authority or recognition given to the organization by a statute in Canada, or acceptance of the organization by the securities regulatory authority or regulator.

As at August 1, 2007, each of the following organizations in Canada is a professional organization:
• Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA)
• Association of Professional Engineers and Geoscientists of the Province of British Columbia (APEGBC)
• Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS)
• Association of Professional Engineers and Geoscientists of Manitoba (APEGM)
• Association of Professional Geoscientists of Ontario (APGO)
• Professional Engineers of Ontario (PEO)
• Ordre des ingénieurs du Québec (OIQ)
• Ordre des Géologues du Québec (OGQ)
• Association of Professional Engineers of Prince Edward Island (APEPEI)
• Association of Professional Engineers and Geoscientists of New Brunswick (APEGNB)
• Association of Professional Engineers of Nova Scotia (APENS)
• Association of Professional Engineers and Geoscientists of Newfoundland (APEGN)
• Association of Professional Engineers of Yukon (APEY)
• Association of Professional Engineers, Geologists & Geophysicists of the Northwest Territories (NAPEGG) (representing the Northwest Territories and Nunavut Territory)

(b) Other Professional Organizations

The CSA are willing to consider whether particular foreign professional bodies should be accepted as "professional organizations" for the purposes of NI 51-101. A reporting issuer, foreign professional body or other interested person can apply to have a self-regulatory organization that satisfies the first three elements of the definition of "professional organization" accepted for the purposes of NI 51-101.

In considering any such application for acceptance, the securities regulatory authority or regulator is likely to take into account the degree to which a foreign professional body's authority or recognition, admission criteria, standards and disciplinary powers and practices are similar to, or differ from, those of organizations listed above.

The list of foreign professional organizations is updated periodically in CSA Staff Notice 51-309 Acceptance of Certain Foreign Professional Boards as a "Professional Organization". As at August 1, 2007, each of the following foreign organizations has been recognized as a professional organization for the purposes of NI 51-101:

• California Board for Professional Engineers and Land Surveyors,
• State of Colorado Board of Registration for Professional Engineers and Professional Land Surveyors
Louisiana State Board of Registration for Professional Engineers and Land Surveyors,
- Oklahoma State Board of Registration for Professional Engineers and Land Surveyors
- Texas Board of Professional Engineers
- American Association of Petroleum Geologists (AAPG) but only in respect of Certified Petroleum Geologists who are members of the AAPG’s Division of Professional Affairs
- American Institute of Professional Geologists (AIPG), in respect of the AIPG’s Certified Professional Geologists
- Energy Institute but only for those members of the Energy Institute who are Members and Fellows

(c) **No Professional Organization**

A *reporting issuer* or other person may apply for an exemption under Part 8 of *NI 51-101* to enable a *reporting issuer* to appoint, in satisfaction of its obligation under section 3.2 of *NI 51-101*, an individual who is not a member of a *professional organization*, but who has other satisfactory qualifications and experience. Such an application might refer to a particular individual or generally to members and employees of a particular foreign *reserves evaluation* firm. In considering any such application, the *securities regulatory authority* or *regulator* is likely to take into account the individual's professional education and experience or, in the case of an application relating to a firm, to the education and experience of the firm's members and employees, evidence concerning the opinion of a *qualified reserves evaluator or auditor* as to the quality of past work of the individual or firm, and any prior relief granted or denied in respect of the same individual or firm.

(d) **Renewal Applications Unnecessary**

A successful applicant would likely have to make an application contemplated in this subsection 1.1(5) only once, and not renew it annually.

(6) **Qualified Reserves Evaluator or Auditor** - The definitions of *qualified reserves evaluator* and *qualified reserves auditor* are set out in paragraphs 1.1(y) and 1.1(x) of *NI 51-101*, respectively, and again in the NI 51-101 Glossary.

The defined terms "*qualified reserves evaluator*" and "*qualified reserves auditor*" have a number of elements. A *qualified reserves evaluator* or *qualified reserves auditor* must

- possess professional qualifications and experience appropriate for the tasks contemplated in the *Instrument*, and

- be a member in good standing of a *professional organization*. 
Reporting issuers should satisfy themselves that any person they appoint to perform the tasks of a qualified reserves evaluator or auditor for the purpose of the Instrument satisfies each of the elements of the appropriate definition.

In addition to having the relevant professional qualifications, a qualified reserves evaluator or auditor must also have sufficient practical experience relevant to the reserves data to be reported on. In assessing the adequacy of practical experience, reference should be made to section 3 of volume 1 of the COGE Handbook - "Qualifications of Evaluators and Auditors, Enforcement and Discipline".

1.2 COGE Handbook

Pursuant to section 1.2 of NI 51-101, definitions and interpretations in the COGE Handbook apply for the purposes of NI 51-101 if they are not defined in NI 51-101, NI 14-101 or the securities statute in the jurisdiction (except to the extent of any conflict or inconsistency with NI 51-101, NI 14-101 or the securities statute).

Section 1.1 of NI 51-101 and the NI 51-101 Glossary set out definitions and interpretations, many of which are derived from the COGE Handbook. Reserves and resources definitions and categories developed by the Petroleum Society of the Canadian Institute of Mining, Metallurgy & Petroleum (CIM) are incorporated in the COGE Handbook and also set out, in part, in the NI 51-101 Glossary.

Subparagraph 5.2(a)(iii) of NI 51-101 requires that all estimates of reserves or future net revenue have been prepared or audited in accordance with the COGE Handbook. Under sections 5.2, 5.3 and 5.9 of NI 51-101, all types of public oil and gas disclosure, including disclosure of reserves and resources must be consistent with the COGE Handbook.

1.3 Applies to Reporting Issuers Only

NI 51-101 applies to reporting issuers engaged in oil and gas activities. The definition of oil and gas activities is broad. For example, a reporting issuer with no reserves, but a few prospects, unproved properties or resources, could still be engaged in oil and gas activities because such activities include exploration and development of unproved properties.

NI 51-101 will also apply to an issuer that is not yet a reporting issuer if it files a prospectus or other disclosure document that incorporates prospectus requirements. Pursuant to the long-form prospectus requirements, the issuer must disclose the information contained in Form 51-101F1, as well as the reports set out in Form 51-101F2 and Form 51-101F3.
1.4 Materiality Standard

Section 1.4 of NI 51-101 states that NI 51-101 applies only in respect of information that is material.

NI 51-101 does not require disclosure or filing of information that is not material. If information is not required to be disclosed because it is not material, it is unnecessary to disclose that fact.

Materiality for the purposes of NI 51-101 is a matter of judgement to be made in light of the circumstances, taking into account both qualitative and quantitative factors, assessed in respect of the reporting issuer as a whole.

This concept of materiality is consistent with the concept of materiality applied in connection with financial reporting pursuant to the CICA Handbook.

The reference in subsection 1.4(2) of NI 51-101 to a "reasonable investor" denotes an objective test: would a notional investor, broadly representative of investors generally and guided by reason, be likely to be influenced, in making an investment decision to buy, sell or hold a security of a reporting issuer, by an item of information or an aggregate of items of information? If so, then that item of information, or aggregate of items, is "material" in respect of that reporting issuer. An item that is immaterial alone may be material in the context of other information, or may be necessary to give context to other information. For example, a large number of small interests in oil and gas properties may be material in aggregate to a reporting issuer. Alternatively, a small interest in an oil and gas property may be material to a reporting issuer, depending on the size of the reporting issuer and its particular circumstances.

PART 2 ANNUAL FILING REQUIREMENTS

2.1 Annual Filings on SEDAR

The information required under section 2.1 of NI 51-101 must be filed electronically on SEDAR. Consult National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) and the current CSA "SEDAR Filer Manual" for information about filing documents electronically. The information required to be filed under item 1 of section 2.1 of NI 51-101 is usually derived from a much longer and more detailed oil and gas report prepared by a qualified reserves evaluator. These long and detailed reports cannot be filed electronically on SEDAR. The filing of an oil and gas report, or a summary of an oil and gas report, does not satisfy the requirements of the annual filing under NI 51-101.

2.2 Inapplicable or Immaterial Information

Section 2.1 of NI 51-101 does not require the filing of any information, even if specified in NI 51-101 or in a form referred to in NI 51-101, if that information is inapplicable or
not material in respect of the reporting issuer. See section 1.4 of this Companion Policy for a discussion of materiality.

If an item of prescribed information is not disclosed because it is inapplicable or immaterial, it is unnecessary to state that fact or to make reference to the disclosure requirement.

2.3 Use of Forms

Section 2.1 of NI 51-101 requires the annual filing of information set out in Form 51-101F1 and reports in accordance with Form 51-101F2 and Form 51-101F3. Appendix 1 to this Companion Policy provides an example of how certain of the reserves data might be presented. While the format presented in Appendix 1 in respect of reserves data is not mandatory, we encourage issuers to use this format.

The information specified in all three forms, or any two of the forms, can be combined in a single document. A reporting issuer may wish to include statements indicating the relationship between documents or parts of one document. For example, the reporting issuer may wish to accompany the report of the independent qualified reserves evaluator or auditor (Form 51-101F2) with a reference to the reporting issuer’s disclosure of the reserves data (Form 51-101F1), and vice versa.

The report of management and directors in Form 51-101F3 may be combined with management's report on financial statements, if any, in respect of the same financial year.

2.4 Annual Information Form

Section 2.3 of NI 51-101 permits reporting issuers to satisfy the requirements of section 2.1 of NI 51-101 by presenting the information required under section 2.1 in an annual information form.

(1) Meaning of "Annual Information Form" - Annual information form has the same meaning as “AIF” in National Instrument 51-102 Continuous Disclosure Obligations. Therefore, as set out in that definition, an annual information form can be a completed Form 51-102F2 Annual Information Form or, in the case of an SEC issuer (as defined in NI 51-102), a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB or Form 20-F.

(2) Option to Set Out Information in Annual Information Form - Form 51-102F2 Annual Information Form requires the information required by section 2.1 of NI 51-101 to be included in the annual information form. That information may be included either by setting out the text of the information in the annual information form or by incorporating it, by reference from separately filed documents. The option offered by section 2.3 of NI 51-101 enables a reporting issuer to satisfy its obligations under section 2.1 of NI 51-101, as well as its obligations in respect of annual information form disclosure, by setting out the information required under
section 2.1 only once, in the annual information form. If the annual information form is on Form 10-K, this can be accomplished by including the information in a supplement (often referred to as a "wrapper") to the Form 10-K.

A reporting issuer that elects to set out in full in its annual information form the information required by section 2.1 of NI 51-101 need not also file that information again for the purpose of section 2.1 in one or more separate documents. A reporting issuer that elects to follow this approach should file its annual information form in accordance with usual requirements of securities legislation, and at the same time file on SEDAR, in the category for NI 51-101 oil and gas disclosure, a notification that the information required under section 2.1 of NI 51-101 is included in the reporting issuer’s filed annual information form. More specifically, the notification should be filed under SEDAR Filing Type: “Oil and Gas Annual Disclosure (NI 51-101)” and Filing Subtype/Document Type: “Oil and Gas Annual Disclosure Filing (Forms 51-101F1, F2 & F3)”. Alternatively, the notification could be a copy of the news release mandated by section 2.2 of NI 51-101. If this is the case, the news release should be filed under SEDAR Filing Type: “Oil and Gas Annual Disclosure (NI 51-101)” and Filing Subtype/Document Type: “News Release (section 2.2 of NI 51-101)”.

This notification will assist other SEDAR users in finding that information. It is not necessary to make a duplicate filing of the annual information form itself under the SEDAR NI 51-101 oil and gas disclosure category.

2.5 Reporting Issuer That Has No Reserves

The requirement to make annual NI 51-101 filings is not limited to only those issuers that have reserves and related future net revenue. A reporting issuer with no reserves but with prospects, unproved properties or resources may be engaged in oil and gas activities (see section 1.3 above) and therefore subject to NI 51-101. That means the issuer must still make annual NI 51-101 filings and ensure that it complies with other NI 51-101 requirements. The following is guidance on the preparation of Form 51-101F1, Form 51-101F2, Form 51-101F3 and other oil and gas disclosure if the reporting issuer has no reserves.

(1) Form 51-101F1 - Section 1.4 of NI 51-101 states that the Instrument applies only in respect of information that is material in respect of a reporting issuer. If indeed the reporting issuer has no reserves, we would consider that fact alone material. The reporting issuer’s disclosure, under Part 2 of Form 51-101F1, should make clear that it has no reserves and hence no related future net revenue.

Supporting information regarding reserves data required under Part 2 (e.g., price estimates) that are not material to the issuer may be omitted. However, if the issuer had disclosed reserves and related future net revenue in the previous year, and has no reserves as at the end of its current financial year, the reporting issuer
is still required to present a reconciliation to the prior-year’s estimates of reserves, as required by Part 4 of Form 51-101F1.

The reporting issuer is also required to disclose information required under Part 6 of Form 51-101F1. Those requirements apply irrespective of the quantum of reserves, if any. This would include information about properties (items 6.1 and 6.2), costs (item 6.6), and exploration and development activities (item 6.7). The disclosure should make clear that the issuer had no production, as that fact would be material.

(2) **Form 51-101F2 - NI 51-101** requires reporting issuers to retain an independent qualified reserves evaluator or auditor to evaluate or audit the company’s reserves data and report to the board of directors. If the reporting issuer had no reserves during the year and hence did not retain an evaluator or auditor, then it would not need to retain one just to file a (nil) report of the independent evaluators on the reserves data in the form of Form 51-101F2 and the reporting issuer would therefore not be required to file a Form 51-101F2. If, however, the issuer did retain an evaluator or auditor to evaluate reserves, and the evaluator or auditor concluded that they could not be so categorized, or reclassified those reserves to resources, the issuer would have to file a report of the qualified reserves evaluator because the evaluator has, in fact, evaluated the reserves and expressed an opinion.

(3) **Form 51-101F3 -** Irrespective of whether the reporting issuer has reserves, the requirement to file a report of management and directors in the form of Form 51-101F3 applies.

(4) **Other NI 51-101 Requirements - NI 51-101** does not require reporting issuers to disclose anticipated results from their resources. However, if a reporting issuer chooses to disclose that type of information, section 5.9 of NI 51-101 applies to that disclosure.

### 2.6 Reservation in Report of Independent Qualified Reserves Evaluator or Auditor

A report of an independent qualified reserves evaluator or auditor on reserves data will not satisfy the requirements of item 2 of section 2.1 of NI 51-101 if the report contains a reservation, the cause of which can be removed by the reporting issuer (subsection 2.4(2) of NI 51-101).

The CSA do not generally consider time and cost considerations to be causes of a reservation that cannot be removed by the reporting issuer.

A report containing a reservation may be acceptable if the reservation is caused by a limitation in the scope of the evaluation or audit resulting from an event that clearly limits the availability of necessary records and which is beyond the control of the reporting issuer. This could be the case if, for example, necessary records have been
inadvertently destroyed and cannot be recreated or if necessary records are in a country at war and access is not practicable.

One potential source of reservations, which the CSA consider can and should be addressed in a different way, could be reliance by a qualified reserves evaluator or auditor on information derived or obtained from a reporting issuer’s independent financial auditors or reflecting their report. The CSA recommend that qualified reserves evaluators or auditors follow the procedures and guidance set out in both sections 4 and 12 of volume 1 of the COGE Handbook in respect of dealings with independent financial auditors. In so doing, the CSA expect that the quality of reserves data can be enhanced and a potential source of reservations can be eliminated.

2.7 Disclosure in Form 51-101F1

(1) Royalty Interest in Reserves - Net reserves (or "company net reserves") of a reporting issuer include its royalty interest in reserves.

If a reporting issuer cannot obtain the information it requires to enable it to include a royalty interest in reserves in its disclosure of net reserves, it should, proximate to its disclosure of net reserves, disclose that fact and its corresponding royalty interest share of oil and gas production for the year ended on the effective date.

Form 51-101F1 requires that certain reserves data be provided on both a "gross" and "net" basis, the latter being adjusted for both royalty entitlements and royalty obligations. However, if a royalty is granted by a trust’s subsidiary to the trust, this would not affect the computation of “net reserves”. The typical oil and gas income trust structure involves the grant of a royalty by an operating subsidiary of the trust to the trust itself, the royalty being the source of the distributions to trust investors. In this case, the royalty is wholly within the combined or consolidated trust entity (the trust and its operating subsidiary). This is not the type of external entitlement or obligation for which adjustment is made in determining, for example, “net reserves”. Viewing the trust and its consolidated entities together, the relevant reserves and other oil and gas information is that of the operating subsidiary without deduction of the internal royalty to the trust.

(2) Government Restriction on Disclosure - If, because of a restriction imposed by a government or governmental authority having jurisdiction over a property, a reporting issuer excludes reserves information from its reserves data disclosed under NI 51-101, the disclosure should include a statement that identifies the property or country for which the information is excluded and explains the exclusion.

(3) Computation of Future Net Revenue

(a) Tax
Form 51-101F1 requires future net revenue to be estimated and disclosed both before and after deduction of income taxes. However, a reporting issuer may not be subject to income taxes because of its royalty or income trust structure. In this instance, the issuer should use the tax rate that most appropriately reflects the income tax it reasonably expects to pay on the future net revenue. If the issuer is not subject to income tax because of its royalty trust structure, then the most appropriate income tax rate would be zero. In this case, the issuer could present the estimates of future net revenue in only one column and explain, in a note to the table, why the estimates of before-tax and after-tax future net revenue are the same.

Also, tax pools should be taken into account when computing future net revenue after income taxes. The definition of “future income tax expense” is set out in the NI 51-101 Glossary. Essentially, future income tax expenses represent estimated cash income taxes payable on the reporting issuer’s future pre-tax cash flows. These cash income taxes payable should be computed by applying the appropriate year-end statutory tax rates, taking into account future tax rates already legislated, to future pre-tax net cash flows reduced by appropriate deductions of estimated unclaimed costs and losses carried forward for tax purposes and relating to oil and gas activities (i.e., tax pools). Such tax pools may include Canadian oil and gas property expense (COGPE), Canadian development expense (CDE), Canadian exploration expense (CEE), undepreciated capital cost (UCC) and unused prior year’s tax losses. (Issuers should be aware of limitations on the use of certain tax pools resulting from acquisitions of properties in situations where provisions of the Income Tax Act concerning successor corporations apply.)

(b) Other Fiscal Regimes

Other fiscal regimes, such as those involving production sharing contracts, should be adequately explained with appropriate allocations made to various classes of proved reserves and to probable reserves.

(4) Supplemental Disclosure of Future Net Revenue Using Constant prices and costs - Form 51-101 F1 gives reporting issuers the option of disclosing future net revenue using constant prices and costs in addition to disclosing future net revenue using forecast prices and costs. Constant prices and costs are based on the reporting issuer’s prices and costs as at the reporting issuer’s financial year-end. In general, these prices and costs are assumed not to change, but rather to remain constant, throughout the life of a property, except to the extent of certain fixed or presently determinable future prices or costs to which the reporting issuer is legally bound by a contractual or other obligation to supply a physical product (including those for an extension period of a contract that is likely to be extended).

(5) Financial Instruments - The definition of "forecast prices and costs" in paragraph 1.1(j) of NI 51-101 and the term "constant prices and costs" as defined in the NI 51-101 Glossary refer to fixed or presently determinable future prices to
which a reporting issuer is legally bound by a contractual or other obligation to supply a physical product. The phrase "contractual or other obligation to supply a physical product" excludes arrangements under which the reporting issuer can satisfy its obligations in cash and would therefore exclude an arrangement that would be a "financial instrument" as defined in Section 3855 of the CICA Handbook. The CICA Handbook discusses when a reporting issuer’s obligation would be considered a financial instrument and sets out the requirements for presentation and disclosure of these financial instruments (including so-called financial hedges) in the reporting issuer’s financial statements.

(6) Reserves Reconciliation

(a) If the reporting issuer reports reserves, but had no reserves at the start of the reconciliation period, a reconciliation of reserves must be carried out if any reserves added during the previous year are material. Such a reconciliation will have an opening balance of zero.

(b) The reserves reconciliation is prepared on a gross reserves, not net reserves, basis. For some reporting issuers with significant royalty interests, such as royalty trusts, the net reserves may exceed the gross reserves. In order to provide adequate disclosure given the distinctive nature of its business, the reporting issuer may also disclose its reserves reconciliation on a net reserves basis. The issuer is not precluded from providing this additional information with its disclosure prescribed in Form 51-101F1 provided that the net reserves basis for the reconciliation is clearly identified in the additional disclosure to avoid confusion.

(c) Clause 2(c)(ii) of item 4.1 of Form 51-101F1 requires reconciliations of reserves to separately identify and explain technical revisions. Technical revisions show changes in existing reserves estimates, in respect of carried-forward properties, over the period of the reconciliation (i.e., between estimates as at the effective date and the prior year’s estimate) and are the result of new technical information, not the result of capital expenditure. With respect to making technical revisions, the following should be noted:

- **Infill Drilling:** It would not be acceptable to include infill drilling results as a technical revision. Reserves additions derived from infill drilling during the year are not attributable to revisions to the previous year’s reserves estimates. Infill drilling reserves must either be included in the “extensions and improved recovery” category or in an additional stand-alone category in the reserves reconciliation labelled “infill drilling”.

- **Acquisitions:** If an acquisition is made during the year, (i.e., in the period between the effective date and the prior year’s estimate), the reserves estimate to be used in the reconciliation is the
estimate of reserves at the effective date, not at the acquisition date, plus any production since the acquisition date. This production must be included as production in the reconciliation. If there has been a change in the reserves estimate between the acquisition date and the effective date other than that due to production, the issuer may wish to explain this as part of the reconciliation in a footnote to the reconciliation table.

(7) **Significant Factors or Uncertainties** - Item 5.2 of Form 51-101F1 requires an issuer to identify and discuss important economic factors or significant uncertainties that affect particular components of the reserves data. Like a “subsequent event” note in a financial statement, the issuer should discuss this type of information even if it pertains to a period subsequent to the effective date.

For example, if events subsequent to the effective date have resulted in significant changes in expected future prices, such that the forecast prices reflected in the reserves data differ materially from those that would be considered to be a reasonable outlook on the future around the date of the company’s “statement of reserves data and other information”, then the issuer’s statement might include, pursuant to item 5.2, a discussion of that change and its effect on the disclosed future net revenue estimates. It may be misleading to omit this information.

(8) **Additional Information** - As discussed in section 2.3 above and in the instructions to Form 51-101F1, NI 51-101 offers flexibility in the use of the prescribed forms and the presentation of required information.

The disclosure specified in Form 51-101F1 is the minimum disclosure required, subject to the materiality standard. Reporting issuers are free to provide additional disclosure that is not inconsistent with NI 51-101.

To the extent that additional, or more detailed, disclosure can be expected to assist readers in understanding and assessing the mandatory disclosure, it is encouraged. Indeed, to the extent that additional disclosure of material facts is necessary in order to make mandated disclosure not misleading, a failure to provide that additional disclosure would amount to a misrepresentation.

(9) **Sample Reserves Data Disclosure** - Appendix 1 to this Companion Policy sets out an example of how certain of the reserves data might be presented in a manner which the CSA consider to be consistent with NI 51-101 and Form 51-101F1. The CSA encourages reporting issuers to use the format presented in Appendix 1.

The sample presentation in Appendix 1 also illustrates how certain additional information not mandated under Form 51-101F1 might be incorporated in an annual filing.
2.8 *Form 51-101F2*

(1) **Negative Assurance by Qualified Reserves Evaluator or Auditor** - A qualified reserves evaluator or auditor conducting a review may wish to express only negative assurance -- for example, in a statement such as “Nothing has come to my attention which would indicate that the reserves data have not been prepared in accordance with principles and definitions presented in the Canadian Oil and Gas Evaluation Handbook”. This can be contrasted with a positive statement such as an opinion that "The reserves data have, in all material respects, been determined and presented in accordance with the Canadian Oil and Gas Evaluation Handbook and are, therefore, free of material misstatement".

The *CSA* are of the view that statements of negative assurance can be misinterpreted as providing a higher degree of assurance than is intended or warranted.

The *CSA* believe that a statement of negative assurance would constitute so material a departure from the report prescribed in *Form 51-101F2* as to fail to satisfy the requirements of item 2 of section 2.1 of *NI 51-101*.

In the rare case, if any, in which there are compelling reasons for making such disclosure (e.g., a prohibition on disclosure to external parties), the *CSA* believe that, to avoid providing information that could be misleading, the reporting issuer should include in such disclosure useful explanatory and cautionary statements. Such statements should explain the limited nature of the work undertaken by the qualified reserves evaluator or auditor and the limited scope of the assurance expressed, noting that it does not amount to a positive opinion.

(2) **Variations in Estimates** - *Form 51-101F2* (and *Form 51-101F3*) contains a statement that variations between reserves data and actual results may be material but that any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

*Reserves* estimates are made at a point in time, being the effective date. A reconciliation of a reserves estimate to actual results is likely to show variations and the variations may be material. This variation may arise from factors such as exploration discoveries, acquisitions, divestments and economic factors that were not considered in the initial reserves estimate. Variations that occur with respect to properties that were included in both the reserves estimate and the actual results may be due to technical or economic factors. Any variations arising due to technical factors should be consistent with the fact that reserves are categorized according to the probability of their recovery. For example, the requirement that reported proved reserves “must have at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves” (section 5 of volume 1 of the *COGE Handbook*) implies that as more technical data becomes available, a positive, or upward, revision is significantly more likely than a negative, or downward, revision. Similarly, it should be equally likely that
revisions to an estimate of proved plus probable reserves will be positive or negative.

*Reporting issuers* must assess the magnitude of such variation according to their own circumstances. A *reporting issuer* with a limited number of *properties* is more likely to be affected by a change in one of these *properties* than a *reporting issuer* with a greater number of *properties*. Consequently, *reporting issuers* with few *properties* are more likely to show larger variations, both positive and negative, than those with many *properties*.

Variations may result from factors that cannot be reasonably anticipated, such as the fall in the price of bitumen at the end of 2004 that resulted in significant negative revisions in proved reserves, or the unanticipated activities of a foreign government. If such variations occur, the reasons will usually be obvious. However, the assignment of a proved reserve, for instance, should reflect a degree of confidence in all of the relevant factors, at the *effective date*, such that the likelihood of a negative revision is low, especially for a *reporting issuer* with many properties. Examples of some of the factors that could have been reasonably anticipated, that have led to negative revisions of proved or of proved plus probable reserves are:

- Over-optimistic activity plans, for instance, booking reserves for proved or probable undeveloped reserves that have no reasonable likelihood of being drilled.

- *Reserves* estimates that are based on a forecast of production that is inconsistent with historic performance, without solid technical justification.

- Assignment of drainage areas that are larger than can be reasonably expected.

- The use of inappropriate analogs.

(3) *Effective date of Evaluation* - A qualified reserves evaluator or auditor cannot prepare an evaluation using information that relates to events that occurred after the *effective date*, being the financial year-end. Information that relates to events that occurred after the year-end should not be incorporated into the forecasts. For example, information about drilling results from wells drilled in January or February, or changes in production that occurred after year-end date of December 31, should not be used. Even though this more recent information is available, the evaluator or auditor should not go back and change the forecast information. The forecast is to be based on the evaluator’s or auditor’s perception of the future as of December 31, the *effective date* of the report.

Similarly, the evaluator or auditor should not use price forecasts for a date subsequent to the year-end date of, in this example, December 31. The evaluator
or auditor should use the prices that he or she forecasted on or around December 31. The evaluator or auditor should also use the December forecasts for exchange rates and inflation. Revisions to price, exchange rate or inflation rate forecasts after December 31 would have resulted from events that occurred after December 31.

PART 3 RESPONSIBILITIES OF REPORTING ISSUERS AND DIRECTORS

3.1 Reserves Committee

Section 3.4 of NI 51-101 enumerates certain responsibilities of the board of directors of a reporting issuer in connection with the preparation of oil and gas disclosure.

The CSA believe that certain of these responsibilities can in many cases more appropriately be fulfilled by a smaller group of directors who bring particular experience or abilities and an independent perspective to the task.

Subsection 3.5(1) of NI 51-101 permits a board of directors to delegate responsibilities (other than the responsibility to approve the content or filing of certain documents) to a committee of directors, a majority of whose members are independent of management. Although subsection 3.5(1) is not mandatory, the CSA encourage reporting issuers and their directors to adopt this approach.

3.2 Responsibility for Disclosure

NI 51-101 requires the involvement of an independent qualified reserves evaluator or auditor in preparing or reporting on certain oil and gas information disclosed by a reporting issuer, and in section 3.2 mandates the appointment of an independent qualified reserves evaluator or auditor to report on reserves data.

The CSA do not intend or believe that the involvement of an independent qualified reserves evaluator or auditor relieves the reporting issuer of responsibility for information disclosed by it for the purposes of NI 51-101.

PART 4 MEASUREMENT

4.1 Consistency in Dates

Section 4.2 of NI 51-101 requires consistency in the timing of recording the effects of events or transactions for the purposes of both annual financial statements and annual reserves data disclosure.

To ensure that the effects of events or transactions are recorded, disclosed or otherwise reflected consistently (in respect of timing) in all public disclosure, a reporting issuer will wish to ensure that both its financial auditors and its qualified reserves evaluators or auditors, as well as its directors, are kept apprised of relevant events and transactions,
and to facilitate communication between its financial auditors and its *qualified reserves evaluators or auditors*.

Sections 4 and 12 of volume 1 of the *COGE Handbook* set out procedures and guidance for the conduct of *reserves evaluations* and *reserves* audits, respectively. Section 12 deals with the relationship between a *reserves* auditor and the client's financial auditor. Section 4, in connection with *reserves evaluations*, deals somewhat differently with the relationship between the *qualified reserves evaluator or auditor* and the client's financial auditor. The CSA recommend that *qualified reserves evaluators or auditors* carry out the procedures discussed in both sections 4 and 12 of volume 1 of the *COGE Handbook*, whether conducting a *reserves evaluation* or a *reserves* audit.

**PART 5  REQUIREMENTS APPLICABLE TO ALL DISCLOSURE**

5.1 **Application of Part 5**

Part 5 of *NI 51-101* imposes requirements and restrictions that apply to all "disclosure" (or, in some cases, all written disclosure) of a type described in section 5.1 of *NI 51-101*. Section 5.1 refers to disclosure that is either

- filed by a *reporting issuer* with the *securities regulatory authority*, or
- if not filed, otherwise made to the public or made in circumstances in which, at the time of making the disclosure, the *reporting issuer* expects, or ought reasonably to expect, the disclosure to become available to the public.

As such, Part 5 applies to a broad range of disclosure including

- the annual filings required under Part 2 of *NI 51-101*,
- other continuous disclosure filings, including material change reports (which themselves may also be subject to Part 6 of *NI 51-101*),
- public disclosure documents, whether or not filed, including news releases,
- public disclosure made in connection with a distribution of securities, including a prospectus, and
- except in respect of provisions of Part 5 that apply only to written disclosure, public speeches and presentations made by representatives of the *reporting issuer* on behalf of the *reporting issuer*.

For these purposes, the CSA consider written disclosure to include any writing, map, plot or other printed representation whether produced, stored or disseminated on paper or electronically. For example, if material distributed at a company presentation refers to
BOEs, the material should include, near the reference to BOEs, the cautionary statement required by paragraph 5.14(d) of NI 51-101.

To ensure compliance with the requirements of Part 5, the CSA encourage reporting issuers to involve a qualified reserves evaluator or auditor, or other person who is familiar with NI 51-101 and the COGE Handbook, in the preparation, review or approval of all such oil and gas disclosure.

5.2 Disclosure of Reserves and Other Information

(1) **General** - A reporting issuer must comply with the requirements of section 5.2 in its disclosure, to the public, of reserves estimates and other information of a type specified in Form 51-101F1. This would include, for example, disclosure of such information in a news release.

(2) **Reserves** - NI 51-101 does not prescribe any particular methods of estimation but it does require that a reserve estimate be prepared in accordance with the COGE Handbook. For example, section 5 of volume 1 of the COGE Handbook specifies that, in respect of an issuer’s reported proved reserves, there is to be at least a 90 percent probability that the total remaining quantities of oil and gas to be recovered will equal or exceed the estimated total proved reserves.

Additional guidance on particular topics is provided below.

(3) **Possible Reserves** - A possible reserves estimate - either alone or as part of a sum - is often a relatively large number that, by definition, has a low probability of actually being produced. For this reason, the cautionary language prescribed in subparagraph 5.2(a)(v) of NI 51-101 must accompany the written disclosure of a possible reserves estimate.

(4) **Probabilistic and Deterministic Evaluation Methods** - Section 5 of volume 1 of the COGE Handbook states that "In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods".

When deterministic methods are used, in the absence of a "mathematically derived quantitative measure of probability", the classification of reserves is based on professional judgment as to the quantitative measure of certainty attained.

When probabilistic methods are used in conjunction with good engineering and geological practice, they will provide more statistical information than the conventional deterministic method. The following are a few critical criteria that an evaluator must satisfy when applying probabilistic methods:

- The evaluator must still estimate the reserves applying the definitions and using the guidelines set out in the COGE Handbook.
• Entity level probabilistic reserves estimates should be aggregated arithmetically to provide reported level reserves.

• If the evaluator also prepares aggregate reserves estimates using probabilistic methods, the evaluator should explain in the evaluation report the method used. In particular, the evaluator should specify what confidence levels were used at the entity, property, and reported (i.e., total) levels for each of proved, proved + probable and proved + probable + possible (if reported) reserves.

• If the reporting issuer discloses the aggregate reserves that the evaluator prepared using probabilistic methods, the issuer should provide a brief explanation, near its disclosure, about the reserves definitions used for estimating the reserves, about the method that the evaluator used, and the underlying confidence levels that the evaluator applied.

(5) Availability of Funding - In assigning reserves to an undeveloped property, the reporting issuer is not required to have the funding available to develop the reserves, since they may be developed by means other than the expenditure of the reporting issuer’s funds (for example by a farm-out or sale). Reserves must be estimated assuming that development of the properties will occur without regard to the likely availability of funding required for that property. The reporting issuer’s evaluator is not required to consider whether the reporting issuer will have the capital necessary to develop the reserves. (See section 7 of COGE Handbook and subparagraph 5.2(a)(iv) of NI 51-101.)

However, item 5.3 of Form 51-101F1 requires a reporting issuer to discuss its expectations as to the sources and costs of funding for estimated future development costs. If the issuer expects that the costs of funding would make development of a property unlikely, then even if reserves were assigned, it must also discuss that expectation and its plans for the property.

(6) Proved or Probable Undeveloped Reserves - Proved or probable undeveloped reserves must be reported in the year in which they are recognized. If the reporting issuer does not disclose the proved or probable undeveloped reserves just because it has not yet spent the capital to develop these reserves, it may be omitting material information, thereby causing the reserves disclosure to be misleading. If the proved or probable undeveloped reserves are not disclosed to the public, then those who have a special relationship with the issuer and know about the existence of these reserves would not be permitted to purchase or sell the securities of the issuer until that information has been disclosed. If the issuer has a prospectus, the prospectus might not contain full true and plain disclosure of all material facts if it does not contain information about these proved or probable undeveloped reserves.

(7) Mechanical Updates - So-called “mechanical updates” of reserves reports are sometimes created, often by rerunning previous evaluations with a new price deck. This is problematic since there may have been material changes other than
price that may lead to the report being misleading. If a reporting issuer discloses the results of the mechanical update it should ensure that all relevant material changes are also disclosed to ensure that the information is not misleading.

5.3 Reserves and Resources Classification

Section 5.3 of NI 51-101 requires that any disclosure of reserves or resources must be made using the categories and terminology as set out in the COGE Handbook. The definitions of the various reserves and resources categories, derived from the COGE Handbook, are provided in the NI 51-101 Glossary. In addition, section 5.3 of NI 51-101 requires that disclosure of reserves or resources must relate to the most specific category of reserves or resources in which the reserves or resources can be classified. For instance, there are several subcategories of discovered resources including reserves, contingent resources and discovered unrecoverable resources. Reporting issuers must classify discovered resources into one of the subcategories of discovered resources. In exceptional circumstances, a reporting issuer may be unable to classify the resources in a subcategory of discovered resources, in which case it must provide a comprehensive explanation as to why the resources cannot be classified in a subcategory.

In addition, reserves can be estimated using three subcategories, namely proved, probable or possible reserves, according to the probability that such quantities of reserves will actually be produced. As described in the COGE Handbook proved, probable and possible reserves represent conservative, realistic and optimistic estimates of reserves, respectively. Therefore any disclosure of reserves must be broken down into one of the three subcategories of reserves, namely proved, probable or possible reserves. For further guidance on disclosure of reserves and resources please see sections 5.2 and 5.5 of this Companion Policy.

5.4 Written Consents

Section 5.7 of NI 51-101 restricts a reporting issuer’s use of a report of a qualified reserves evaluator or auditor without written consent. The consent requirement does not apply to the direct use of the report for the purposes of NI 51-101 (filing Form 51-101F1; making direct or indirect reference to the conclusions of that report in the filed Form 51-101F1 and Form 51-101F3; and identifying the report in the news release referred to in section 2.2). The qualified reserves evaluator or auditor retained to report to a reporting issuer for the purposes of NI 51-101 is expected to anticipate these uses of the report. However, further use of the report (for example, in a securities offering document or in other news releases) would require written consent.

5.5 Disclosure of Resources

(1) Disclosure of Resources Generally - The disclosure of resources, excluding proved and probable reserves, is not mandatory under NI 51-101, except that a reporting issuer must make disclosure concerning its unproved properties and resource activities in its annual filings as described in Part 6 of Form 51-101F1. Additional disclosure beyond this is voluntary and must comply with
section 5.9 of NI 51-101 if anticipated results from the resources are voluntarily disclosed.

For prospectuses, the general securities disclosure obligation of "full, true and plain" disclosure of all material facts would require the disclosure of reserves or resources that are material to the issuer, even if the disclosure is not mandated by NI 51-101. Any such disclosure should be based on supportable analysis.

Disclosure of resources may involve the use of statistical measures that may be unfamiliar to a user. It is the responsibility of the evaluator and the reporting issuer to be familiar with these measures and for the reporting issuer to be able to explain them to investors. Information on statistical measures may be found in the COGE Handbook (section 9 of volume 1 and section 4 of volume 2) and in the extensive technical literature on the subject.

(2) Disclosure of Anticipated Results under Subsection 5.9(1) of NI 51-101 - If a reporting issuer voluntarily discloses anticipated results from resources that are not classified as reserves, it must disclose certain basic information concerning the resources, which is set out in subsection 5.9(1) of NI 51-101. Additional disclosure requirements arise if the anticipated results disclosed by the issuer include an estimate of a resource quantity or associated value, as set out below in subsection 5.5(3).

If a reporting issuer discloses anticipated results relating to numerous aggregated properties, prospects or resources, the issuer may, depending on the circumstances, satisfy the requirements of subsection 5.9(1) by providing summarized information in respect of each prescribed requirement. The reporting issuer must ensure that its disclosure is reasonable, meaningful and at a level appropriate to its size. For a reporting issuer with only few properties, it may be appropriate to make the disclosure for each property. Such disclosure may be unreasonably onerous for a reporting issuer with many properties, and it may be more appropriate to summarize the information by major areas or for major projects. However, if a reporting issuer discloses an aggregate resource estimate (or associated value) referred to in subsection 5.9(2) of NI 51-101, the issuer must ensure that any aggregation of properties occurs within the most specific category of resource classification as required by paragraph 5.9(2)(b). A reporting issuer cannot aggregate properties across different categories of resources if a resource estimate referenced in subsection 5.9(2) is disclosed.

---

In respect of the requirement to disclose the risk and level of uncertainty associated with the anticipated result under paragraph 5.9(1)(d) of NI 51-101, risk and uncertainty are related concepts. Section 9 of volume 1 of the COGE Handbook provides the following definition of risk:

“Risk refers to a likelihood of loss and … It is less appropriate to reserves evaluation because economic viability is a prerequisite for defining reserves.”

The concept of risk may have some limited relevance in disclosure related to reserves, for instance, for incremental reserves that depend on the installation of a compressor, the likelihood that the compressor will be installed. Risk is often relevant to the disclosure of resource categories other than reserves, in particular the likelihood that an exploration well will, or will not, be successful.

Section 9 of volume 1 of the COGE Handbook provides the following definition of uncertainty:

“Uncertainty is used to describe the range of possible outcomes of a reserves estimate.”

However, the concept of uncertainty is generally applicable to any estimate, including not only reserves, but also to all other categories of resource.

In satisfying the requirement of paragraph 5.9(1)(d) of NI 51-101, a reporting issuer should ensure that their disclosure includes the risks and uncertainties that are appropriate and meaningful for their activities. This may be expressed quantitatively as probabilities or qualitatively by appropriate description. If the reporting issuer chooses to express the risks and level of uncertainty qualitatively, the disclosure must be meaningful and not in the nature of a general disclaimer.

If the reporting issuer discloses the estimated value of an unproved property other than a value attributable to an estimated resource quantity, then the issuer must disclose the basis of the calculation of the value, in accordance with paragraph 5.9(1)(e). This type of value is typically based on petroleum land management practices that consider activities and land prices in nearby areas. If done independently, it would be done by a valuator with petroleum land management expertise who would generally be a member of a professional organization such as the Canadian Association of Petroleum Landmen. This is distinguishable from the determination of a value attributable to an estimated resource quantity, as contemplated in subsection 5.9(2). This latter type of value estimate must be prepared by a qualified reserves evaluator or auditor.

The calculation of an estimated value described in paragraph 5.9(1)(e) may be based on one or more of the following factors:
the acquisition cost of the *unproved property* to the *reporting issuer*, provided there have been no material changes in the *unproved property*, the surrounding *properties*, or the general oil and gas economic climate since acquisition;

- recent sales by others of interests in the same *unproved property*;

- terms and conditions, expressed in monetary terms, of recent farm-in agreements related to the *unproved property*;

- terms and conditions, expressed in monetary terms, of recent work commitments related to the *unproved property*;

- recent sales of similar *properties* in the same general area;

- recent exploration and discovery activity in the general area;

- the remaining term of the *unproved property*; or

- burdens (such as overriding royalties) that impact on the value of the *property*.

The *reporting issuer* must disclose the basis of the calculation of the value of the *unproved property*, which may include one or more of the above-noted factors.

The *reporting issuer* must also disclose whether the value was prepared by an *independent* party. In circumstances in which paragraph 5.9(1)(e) applies and where the value is prepared by an *independent* party, in order to ensure that the *reporting issuer* is not making public disclosure of misleading information, the *CSA* expect the *reporting issuer* to provide all relevant information to the valuator to enable the valuator to prepare the estimate.

(3) **Disclosure of an Estimate of Quantity or Associated Value of a Resource under Subsection 5.9(2) of NI 51-101**

(a) **Overview of Subsection 5.9(2) of NI 51-101**

Pursuant to subsection 5.9(2) of NI 51-101, if a *reporting issuer* discloses an estimate of a *resource* quantity or an associated value, the estimate must have been prepared by a *qualified reserves evaluator or auditor*. If a *reporting issuer* obtains or carries out an evaluation of *resources* and wishes to file or disseminate a report in a format comparable to that prescribed in *Form 51-101F2*, it may do so. However, the title of such a form must not contain the term “*Form 51-101 F2*” as this form is specific to the evaluation of *reserves data*. *Reporting issuers* must modify the report on *resources* to reflect that *reserves data* is not being reported. A heading such as “Report on *Resource Estimate by Independent Qualified Reserves Evaluator or Auditor*” may be appropriate. Although such an evaluation is required to be carried out by a *qualified reserves evaluator or*
auditor, there is no requirement that it be independent. If an independent party does not prepare the report, reporting issuers should consider amending the title or content of the report to make it clear that the report has not been prepared by an independent party and the resource estimate is not an independent resource estimate.

The COGE Handbook recommends the use of probabilistic evaluation methods for making resource estimates, and although it does not provide detailed guidance there is a considerable amount of technical literature on the subject.

In addition, pursuant to section 5.3 and paragraph 5.9(2)(b) of NI 51-101, the reporting issuer must ensure that the estimated resource relates to the most specific category of resources in which the resource can be classified. As discussed above in subsection 5.5(2) of this Companion Policy, if a reporting issuer wishes to disclose an aggregate resource estimate which involves the aggregation of numerous properties, prospects or resources, it must ensure that the disclosure does not result in a contravention of the requirement in paragraph 5.9(2)(b) of NI 51-101.

Subsection 5.9(2) requires the reporting issuer to disclose certain information in addition to that prescribed in subsection 5.9(1) of NI 51-101 to assist recipients of the disclosure in understanding the nature of risks associated with the estimate. This information includes a definition of the resource category used for the estimate, disclosure of factors relevant to the estimate and cautionary language.

(b) Definitions of Resource Categories

For the purpose of complying with the requirement of defining the resource category, the reporting issuer must ensure that disclosure of the definition is consistent with the resource categories and terminology set out in the COGE Handbook, pursuant to section 5.3 of NI 51-101. Section 5 of volume 1 of the COGE Handbook and the NI 51-101 Glossary identify and define the various resource categories.

A reporting issuer may wish to report reserves or resources of oil or gas as “in-place volumes”. By definition, reserves of any type, contingent resources and prospective resources are estimates of volumes that are recoverable or potentially recoverable and, as such, cannot be described as being “in-place”. Terms such as “potential reserves”, “undiscovered reserves”, “reserves in place”, “in-place reserves” or similar terms must not be used because they are incorrect and misleading. The disclosure of reserves or resources must be consistent with the reserves and resources terminology and categories set out in the COGE Handbook, pursuant to section 5.3 of NI 51-101.

The reporting issuer can report other categories of resources, such as discovered and undiscovered resources, as in-place volumes. However, the issuer should caution the reader that this does not represent recoverable volumes.
(c) **Application of Subsection 5.9(2) of NI 51-101**

If the *reporting issuer* discloses an estimate of a *resource* quantity or associated value, the *reporting issuer* must additionally disclose the following:

1. a definition of the *resource* category used for the estimate;
2. the *effective date* of the estimate;
3. significant positive and negative factors relevant to the estimate;
4. the contingencies which prevent the classification of a contingent *resource* as a *reserve*; and
5. cautionary language as prescribed by subparagraph 5.9(2)(c)(v) of *NI 51-101*.

The *resource* estimate may be disclosed as a single quantity such as a median or mean, representing the best estimate. Frequently, however, the estimate consists of three values that reflect a range of reasonable likelihoods (the low value reflecting a conservative estimate, the middle value being the best estimate, and the high value being an optimistic estimate).

Guidance concerning defining the *resource* category is provided above in section 5.3 and paragraph 5.5(3)(b) of this Companion Policy.

*Reporting issuers* are required to disclose significant positive and negative factors relevant to the estimate pursuant to subparagraph 5.9(2)(c)(iii). For example, if there is no infrastructure in the region to transport the resource, this may constitute a significant negative factor relevant to the estimate. Other examples would include a significant lease expiry or any legal, capital, political, technological, business or other factor that is highly relevant to the estimate. To the extent that the *reporting issuer* discloses an estimate for numerous properties that are aggregated, it may disclose significant positive and negative factors relevant to the aggregate estimate, unless discussion of a particular material *resource* or *property* is warranted in order to provide adequate disclosure to investors.

The cautionary language in subparagraph 5.9(2)(c)(v) includes a prescribed disclosure that there is no certainty that it will be commercially viable to produce any portion of the resources. The concept of commercial viability would incorporate the meaning of the word “commercial” provided in the NI 51-101 Glossary.

The general disclosure requirements of paragraph 5.9(2)(c) of *NI 51-101* may be illustrated by an example. If a *reporting issuer* discloses, for example, an estimate of a volume of its *bitumen* which is a *contingent resource* to the issuer, the disclosure would include information of the following nature:
The reporting issuer holds a [●] interest in [provide description and location of interest]. As of [●] date, it estimates that, in respect of this interest, it has [●] bbls of bitumen, which would be classified as a contingent resource. A contingent resource is defined as [cite current definition in the COGE Handbook]. There is no certainty that it will be commercially viable to produce any portion of the resource. The contingencies which currently prevent the classification of the resource as a reserve are [state specific capital costs required to render production economic, applicable regulatory considerations, pricing, specific supply costs, technological considerations, and/or other relevant factors]. A significant factor relevant to the estimate is [e.g.] an existing legal dispute concerning title to the interest.

To the extent that this information is provided in a previously filed document, and it relates to the same interest in resources, the issuer can omit disclosure of significant positive and negative factors relevant to the estimate and the contingencies which prevent the classification of the resource as a reserve. However, the issuer must make reference in the current disclosure to the title and date of the previously filed document.

5.6 Analogous Information

A reporting issuer may wish to base an estimate on, or include comparative analogous information for their area of interest, such as reserves, resources, and production, from fields or wells, in nearby or geologically similar areas. Particular care must be taken in using and presenting this type of information. Using only the best wells or fields in an area, or ignoring dry holes, for instance, may be particularly misleading. It is important to present a factual and balanced view of the information being provided.

The reporting issuer must comply with the disclosure requirements of section 5.10 of NI 51-101, when it discloses analogous information, as that term is broadly defined in NI 51-101, for an area which includes an area of the reporting issuer’s area of interest. Pursuant to subsection 5.10(2) of NI 51-101, if the issuer discloses an estimate of its own reserves or resources based on an extrapolation from the analogous information, or if the analogous information itself is an estimate of its own reserves or resources, the issuer must ensure the estimate is prepared in accordance with the COGE Handbook and disclosed in accordance with NI 51-101 generally. For example, in respect of a reserves estimate, the estimate must be classified and prepared in accordance with the COGE Handbook by a qualified reserves evaluator or auditor and must otherwise comply with the requirements of section 5.2 of NI 51-101.

5.7 Consistent Use of Units of Measurement

Reporting issuers should be consistent in their use of units of measurement within and between disclosure documents, to facilitate understanding and comparison of the disclosure. For example, reporting issuers should not, without compelling reason, switch between imperial units of measure (such as barrels) and Système International (SI) units.
of measurement (such as tonnes) within or between disclosure documents. Issuers should refer to Appendices B and C of volume 1 of the COGE Handbook for the proper reporting of units of measurement.

In all cases, in accordance with subparagraph 5.2(a)(iii) and section 5.3 of NI 51-101, reporting issuers should apply the relevant terminology and unit prefixes set out in the COGE Handbook.

5.8 BOEs and McfGEs

Section 5.14 of NI 51-101 sets out requirements that apply if a reporting issuer chooses to make disclosure using units of equivalency such as BOEs or McfGEs. The requirements include prescribed methods of calculation and cautionary disclosure as to the possible limitations of those calculations. Section 13 of the COGE Handbook, under the heading "Barrels of Oil Equivalent", provides additional guidance.

5.9 Finding and Development costs

Section 5.15 of NI 51-101 sets out requirements that apply if a reporting issuer chooses to make disclosure of finding and development costs.

Because the prescribed methods of calculation under section 5.15 involve the use of BOEs, section 5.14 of NI 51-101 necessarily applies to disclosure of finding and development costs under section 5.15. As such, the finding and development cost calculations must apply a conversion ratio as specified in section 5.14 and the cautionary disclosure prescribed in section 5.14 will also be required.

BOEs are based on imperial units of measurement. If the reporting issuer uses other units of measurements (such as SI or "metric" measures), any corresponding departure from the requirements of section 5.15 should reflect the use of units other than BOEs.

5.10 Prospectus Disclosure

In addition to the general disclosure requirements in NI 51-101 which apply to prospectuses, the following commentary provides additional guidance on topics of frequent enquiry.

(1) Significant Acquisitions - To the extent that an issuer engaged in oil and gas activities discloses a significant acquisition in its prospectus, it must disclose sufficient information for a reader to determine how the acquisition affected the reserves data and other information previously disclosed in the issuer’s Form 51-101F1. This requirement stems from Part 6 of NI 51-101 with respect to material changes. This is in addition to specific prospectus requirements for financial information satisfying significant acquisitions.

(2) Disclosure of Resources - The disclosure of resources, excluding proved and probable reserves, is generally not mandatory under NI 51-101, except for certain disclosure concerning the issuer’s unproved properties and resource activities as
described in Part 6 of *Form 51-101F1*, which information would be incorporated into the prospectus. Additional disclosure beyond this is voluntary and must comply with sections 5.9 and 5.10 of *NI 51-101*, as applicable. However, the general securities disclosure obligation of “full, true, and plain” disclosure of all material facts in a prospectus would require the disclosure of resources that are material to the issuer, even if the disclosure is not mandated by *NI 51-101*. Any such disclosure should be based on supportable analysis.

(3) **Proved or Probable Undeveloped reserves** - Further to the guidance provided in subsection 5.2(4) of this Companion Policy, proved or probable undeveloped reserves must be reported in the year in which they are recognized. If the reporting issuer does not disclose the proved or probable undeveloped reserves just because it has not yet spent the capital to develop these reserves, it may be omitting material information, thereby causing the reserves disclosure to be misleading. If the issuer has a prospectus, the prospectus might not contain full, true and plain disclosure of all material facts if it does not contain information about these proved undeveloped reserves.

(4) **Reserves Reconciliation in an Initial Public Offering** - In an initial public offering, if the issuer does not have a reserves report as at its prior year-end, or if this report does not provide the information required to carry out a reserves reconciliation pursuant to item 4.1 of *Form 51-101F1*, the CSA may consider granting relief from the requirement to provide the reserves reconciliation. A condition of the relief may include a description in the prospectus of relevant changes in any of the categories of the reserves reconciliation.

(5) **Relief to Provide More Recent Form 51-101F1 Information in a Prospectus** - If an issuer is filing a preliminary prospectus and wishes to disclose reserves data and other oil and gas information as at a more recent date than its applicable year-end date, the CSA may consider relieving the issuer of the requirement to disclose the reserves data and other information as at year-end.

An issuer may determine that its obligation to provide full, true and plain disclosure obliges it to include in its prospectus reserves data and other oil and gas information as at a date more recent than specified in the prospectus requirements. The prospectus requirements state that the information must be as at the issuer’s most recent financial year-end in respect of which the prospectus includes financial statements. The prospectus requirements, while certainly not presenting an obstacle to such more current disclosure, would nonetheless require that the corresponding information also be provided as at that financial year-end.

We would consider granting relief on a case-by-case basis to permit an issuer in these circumstances to include in its prospectus the oil and gas information prepared with an effective date more recent than the financial year-end date, without also including the corresponding information effective as at the year-end date. A consideration for granting this relief may include disclosure of *Form 51-
101F1 information with an effective date that coincides with the date of interim financial statements. The issuer should request such relief in the covering letter accompanying its preliminary prospectus. The grant of the relief would be evidenced by the prospectus receipt.

PART 6 MATERIAL CHANGE DISCLOSURE

6.1 Changes from Filed Information

Part 6 of NI 51-101 requires the inclusion of specified information in disclosure of certain material changes.

The information to be filed each year under Part 2 of NI 51-101 is prepared as at, or for a period ended on, the reporting issuer’s most recent financial year-end. That date is the effective date referred to in subsection 6.1(1) of NI 51-101. When a material change occurs after that date, the filed information may no longer, as a result of the material change, convey meaningful information, or the original information may have become misleading in the absence of updated information.

Part 6 of NI 51-101 requires that the disclosure of the material change include a discussion of the reporting issuer’s reasonable expectation of how the material change has affected the issuer’s reserves data and other information contained in its filed disclosure. This would not necessarily require that an evaluation be carried out. However, the reporting issuer should ensure it complies with the general disclosure requirements set out in Part 5, as applicable. For example, if the material change report discloses an updated reserves estimate, this should be prepared in accordance with the COGE Handbook and by a qualified reserves evaluator or auditor.

This material change disclosure can reduce the likelihood of investors being misled, and maintain the usefulness of the original filed oil and gas information when the two are read together.
APPENDIX 1
to
COMPANION POLICY 51-101CP
STANDARDS OF DISCLOSURE
FOR OIL AND GAS ACTIVITIES

SAMPLE RESERVES DATA DISCLOSURE

Format of Disclosure
*NI 51-101* and *Form 51-101F1* do not mandate the format of the disclosure of *reserves data* and related information by *reporting issuers*. However, the CSA encourages *reporting issuers* to use the format presented in this Appendix.

Whatever format and level of detail a *reporting issuer* chooses to use in satisfying the requirements of *NI 51-101*, the objective should be to enable reasonable investors to understand and assess the information, and compare it to corresponding information presented by the *reporting issuer* for other reporting periods or to similar information presented by other *reporting issuers*, in order to be in a position to make informed investment decisions concerning securities of the *reporting issuer*.

A logical and legible layout of information, use of descriptive headings, and consistency in terminology and presentation from document to document and from period to period, are all likely to further that objective.

*Reporting issuers* and their advisers are reminded of the *materiality* standard under section 1.4 of *NI 51-101*, and of the instructions in *Form 51-101F1*.

See also sections 1.4, 2.2 and 2.3 and subsections 2.7(8) and 2.7(9) of Companion Policy 51-101CP.

Sample Tables
The following sample tables provide an example of how certain of the *reserves data* might be presented in a manner consistent with *NI 51-101*.

These sample tables do not reflect all of the information required by *Form 51-101F1*, and they have been simplified to reflect *reserves* in one country only. For the purpose of illustration, the sample tables also incorporate information not mandated by *NI 51-101* but which *reporting issuers* might wish to include in their disclosure; shading indicates this non-mandatory information.
SUMMARY OF OIL AND GAS RESERVES
as of December 31, 2006
CONSTANT PRICES AND COSTS [OPTIONAL SUPPLEMENTAL DISCLOSURE]

<table>
<thead>
<tr>
<th>RESERVES CATEGORY</th>
<th>LIGHT AND MEDIUM OIL</th>
<th>HEAVY OIL</th>
<th>NATURAL GAS(2)</th>
<th>NATURAL GAS LIQUIDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross (Mbbl)</td>
<td>Net (Mbbl)</td>
<td>Gross (Mbbl)</td>
<td>Net (Mbbl)</td>
</tr>
<tr>
<td>PROVED</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Developed Producing</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Developed Non-Producing</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Undeveloped</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>TOTAL PROVED</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>PROBABLE</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>TOTAL PROVED PLUS PROBABLE</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

(1) Other product types must be added if material.
(2) Estimates of reserves of natural gas may be reported separately for (i) associated and non-associated gas (combined), (ii) solution gas and (iii) coal bed methane.
# SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE

as of December 31, 2006

CONSTANT PRICES AND COSTS [OPTIONAL SUPPLEMENTAL DISCLOSURE]

<table>
<thead>
<tr>
<th>RESERVES CATEGORY</th>
<th>NET PRESENT VALUES OF FUTURE NET REVENUE</th>
<th>UNIT VALUE BEFORE INCOME TAX DISCOUNTED AT 10%/year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BEFORE INCOME TAXES</td>
<td>AFTER INCOME TAXES</td>
</tr>
<tr>
<td></td>
<td>DISCOUNTED AT (%/year)</td>
<td>DISCOUNTED AT (%/year)</td>
</tr>
<tr>
<td></td>
<td>0 (MMS$)</td>
<td>5 (MMS$)</td>
</tr>
<tr>
<td>PROVED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed Producing</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Developed Non-Producing</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Undeveloped</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>TOTAL PROVED</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>PROBABLE</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>TOTAL PROVED PLUS PROBABLE</td>
<td>xxxxx</td>
<td>xxxxx</td>
</tr>
</tbody>
</table>

Reference: Item 2.2 of Form 51-101F1
TOTAL FUTURE NET REVENUE  
(UNDISCOUNTED)  
as of December 31, 2006  
CONSEGNT PRICES AND COSTS [OPTIONAL SUPPLEMENTAL DISCLOSURE]

<table>
<thead>
<tr>
<th>RESERVES CATEGORY</th>
<th>REVENUE (M$)</th>
<th>ROYALTIES (M$)</th>
<th>OPERATING COSTS (M$)</th>
<th>DEVELOPMENT COSTS (M$)</th>
<th>ABANDONMENT AND RECLAMATION COSTS (M$)</th>
<th>FUTURE NET REVENUE BEFORE INCOME TAXES (M$)</th>
<th>INCOME TAXES (M$)</th>
<th>FUTURE NET REVENUE AFTER INCOME TAXES (M$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proved Reserves</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Proved Plus Probable Reserves</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

Reference: Item 2.2 of Form 51-101F1
### FUTURE NET REVENUE BY PRODUCTION GROUP

as of December 31, 2006

**CONSTANT PRICES AND COSTS [OPTIONAL SUPPLEMENTAL DISCLOSURE]**

<table>
<thead>
<tr>
<th>RESERVES CATEGORY</th>
<th>PRODUCTION GROUP</th>
<th>FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(M$)</td>
</tr>
<tr>
<td>Proved Reserves</td>
<td>Light and Medium Crude Oil (including solution gas and other by-products)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Heavy Oil (including solution gas and other by-products)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Natural Gas (including by-products but excluding solution gas from oil wells)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Non-Conventional Oil and Gas Activities</td>
<td>xxx</td>
</tr>
<tr>
<td>Proved Plus Probable Reserves</td>
<td>Light and Medium Crude Oil (including solution gas and other by-products)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Heavy Oil (including solution gas and other by-products)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Natural Gas (including by-products but excluding solution gas from oil wells)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Non-Conventional Oil and Gas Activities</td>
<td>xxx</td>
</tr>
</tbody>
</table>

Reference: Item 2.2 of Form 51-101 F1
### SUMMARY OF OIL AND GAS RESERVES
as of December 31, 2006

#### FORECAST PRICES AND COSTS

<table>
<thead>
<tr>
<th>RESERVES CATEGORY</th>
<th>LIGHT AND MEDIUM OIL</th>
<th>HEAVY OIL</th>
<th>NATURAL GAS (2)</th>
<th>NATURAL GAS LIQUIDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross (Mbbl)</td>
<td>Net (Mbbl)</td>
<td>Gross (MMcf)</td>
<td>Net (Mbbl)</td>
</tr>
<tr>
<td>PROVED</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed Producing</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Developed Non-Producing</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Undeveloped</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>TOTAL PROVED</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>PROBABLE</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>TOTAL PROVED PLUS PROBABLE</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

(1) Other product types must be added if material.
(2) Estimates of reserves of natural gas may be reported separately for (i) associated and non-associated gas (combined), (ii) solution gas and (iii) coal bed methane.
### SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE
as of December 31, 2006

FORECAST PRICES AND COSTS

<table>
<thead>
<tr>
<th>RESERVES CATEGORY</th>
<th>BEFORE INCOME TAXES DISCOUNTED AT (%/year)</th>
<th>AFTER INCOME TAXES DISCOUNTED AT (%/year)</th>
<th>UNIT VALUE BEFORE INCOME TAX DISCOUNTED AT 10%/year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0 (MMS)</td>
<td>5 (MMS)</td>
<td>10 (MMS)</td>
</tr>
<tr>
<td>PROVED</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed Producing</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Developed Non-Producing</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Undeveloped</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>TOTAL PROVED</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>PROBABLE</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>TOTAL PROVED PLUS</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>PROBABLE</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

(1) A reporting issuer may wish to satisfy its requirement to disclose these unit values by inserting this disclosure for each category of proved reserves and for probable reserves, by production group, in the chart for item 2.1(3)(c) of Form 51-101F1 (see sample chart below entitled Future Net Revenue by Production Group).

(2) The unit values are based on net reserve volumes.

Reference: Item 2.1(1) and (2) of Form 51-101F1
TOTAL FUTURE NET REVENUE (UNDISCOUNTED) as of December 31, 2006

FORECAST PRICES AND COSTS

<table>
<thead>
<tr>
<th>RESERVES CATEGORY</th>
<th>REVENUE (MS)</th>
<th>ROYALTIES (MS)</th>
<th>OPERATING COSTS (MS)</th>
<th>DEVELOPMENT COSTS (MS)</th>
<th>ABANDONMENT AND RECLAMATION COSTS (MS)</th>
<th>FUTURE NET REVENUE BEFORE INCOME TAXES (MS)</th>
<th>INCOME TAXES (MS)</th>
<th>FUTURE NET REVENUE AFTER INCOME TAXES (MS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proved Reserves</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Proved Plus Probable Reserves</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

Reference: Item 2.1(3)(b) of Form 51-101F1
### FUTURE NET REVENUE
BY PRODUCTION GROUP
as of December 31, 2006

**FORECAST PRICES AND COSTS**

<table>
<thead>
<tr>
<th>RESERVES CATEGORY</th>
<th>PRODUCTION GROUP</th>
<th>FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M$)</th>
<th>UNIT VALUE ($/Mcf) ($/bbl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proved Reserves</td>
<td>Light and Medium Crude Oil (including solution gas and other by-products)</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Heavy Oil (including solution gas and other by-products)</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Natural Gas (including by-products but excluding solution gas and by-products from oil wells)</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Non-Conventional Oil and Gas Activities</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>xxx</td>
<td></td>
</tr>
<tr>
<td>Proved Plus Probable Reserves</td>
<td>Light and Medium Crude Oil (including solution gas and other by-products)</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Heavy Oil (including solution gas and other by-products)</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Natural Gas (including by-products but excluding solution gas from oil wells)</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Non-Conventional Oil and Gas Activities</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>xxx</td>
<td></td>
</tr>
</tbody>
</table>

Reference: Item 2.1(3)(c) of Form 51-101F1
SUMMARY OF PRICING ASSUMPTIONS
as of December 31, 2006

CONSTANT PRICES AND COSTS\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>OIL(^{(2)})</th>
<th>NATURAL GAS(^{(2)})</th>
<th>NATURAL GAS LIQUIDS FOB Field Gate ($Cdn/bbl)</th>
<th>EXCHANGE RATE(^{(3)}) ($US/$Cdn)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>WTI Cushing Oklahoma ($US/bbl)</td>
<td>AECO Gas Price ($Cdn/MMBtu)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Edmonton Par Price 40(^{0}) API ($Cdn/bbl)</td>
<td>Hardisty Heavy 12(^{0}) API ($Cdn/bbl)</td>
<td>Cromer Medium 29.3(^{0}) API ($Cdn/bbl)</td>
<td></td>
</tr>
<tr>
<td>Historical (Year End)</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2003</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2004</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2005</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2006 (Year End)</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
</tbody>
</table>

\(^{(1)}\) This disclosure is triggered by optional supplemental disclosure of item 2.2 of Form 51-101F1.

\(^{(2)}\) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.

\(^{(3)}\) The exchange rate used to generate the benchmark reference prices in this table.

Reference: Item 3.1 of Form 51-101 F1
### SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS

#### as of December 31, 2006

#### FORECAST PRICES AND COSTS

<table>
<thead>
<tr>
<th>Year</th>
<th>WTI Cushing Oklahoma $US/bbl</th>
<th>Edmonton Par Price 40° API $Cdn/bbl</th>
<th>Hardisty Heavy 12° API $Cdn/bbl</th>
<th>Cromer Medium 29.3° API $Cdn/bbl</th>
<th>Natural Gas (1) AECO Gas Price (Cdn/MMBtu)</th>
<th>Natural Gas Liquids FOB Field Gate (Cdn/bbl)</th>
<th>Inflation Rates (2) %/Year</th>
<th>Exchange Rate (3) $US/$Cdn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical (4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2004</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2005</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2006</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Forecast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2008</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2009</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2010</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>2011</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Thereafter</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
</tbody>
</table>

(1) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.

(2) Inflation rates for forecasting prices and costs.

(3) Exchange rates used to generate the benchmark reference prices in this table

(4) Item 3.2 (1)(b) of Form 51-101F1 also requires disclosure of the reporting issuer’s weighted average historical prices for the most recent financial year (2006, in this example).

Reference: Item 3.2 of Form 51-101 F1
## RECONCILIATION OF COMPANY GROSS RESERVES BY PRODUCT TYPE\(^{(1)}\)

**FORECAST PRICES AND COSTS**

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>LIGHT AND MEDIUM OIL</th>
<th>HEAVY OIL</th>
<th>ASSOCIATED AND NON-ASSOCIATED GAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2005</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Extensions &amp; Improved Recovery</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Technical Revisions</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Discoveries</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Dispositions</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Economic Factors</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Production</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
</tbody>
</table>

Decembe 31, 2006

| Extensions & Improved Recovery       | xx | xx | xx | xx | xx | xx | xx | xx | xx |
| Technical Revisions                 | xx | xx | xx | xx | xx | xx | xx | xx | xx |
| Discoveries                         | xx | xx | xx | xx | xx | xx | xx | xx | xx |
| Acquisitions                         | xx | xx | xx | xx | xx | xx | xx | xx | xx |
| Dispositions                         | xx | xx | xx | xx | xx | xx | xx | xx | xx |
| Economic Factors                     | xx | xx | xx | xx | xx | xx | xx | xx | xx |
| Production                           | xx | xx | xx | xx | xx | xx | xx | xx | xx |

\(^{(1)}\) The reserves reconciliation must include other product types, including synthetic oil, bitumen, coal bed methane, hydrates, shale oil and shale gas, if material for the reporting issuer.

Reference: Item 4.1 of Form 51-101F1