

third quarter interim report for the nine months ended september 30, 2001

The Trust continues on track for a record year. Distributions of \$0.60 per unit for the quarter are 15 per cent greater than the third quarter last year and bring our year to date distributions to \$1.86 per unit, a 30 per cent improvement over the first nine months of 2000.

(\$CAD thousands, except per unit amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
FINANCIAL				
Revenue before royalties	116,281	77,326	412,939	209,896
Per unit ⁽¹⁾	1.12	1.21	4.14	3.46
Per boe (6:1)	30.05	29.50	35.34	28.86
Cash flow	54,479	40,362	211,238	118,012
Per unit ⁽¹⁾	0.53	0.63	2.12	1.94
Per boe (6:1)	14.08	15.40	18.08	16.23
Net income	32,474	22,702	128,243	69,120
Per unit ⁽¹⁾	0.31	0.36	1.29	1.14
Cash distributions	60,813	33,173	185,516	86,169
Per unit	0.60	0.52	1.86	1.42
Working capital	-	5,253	-	5,253
Long-term debt	338,135	189,777	338,135	189,777
Unitholders' equity	769,494	387,049	769,494	387,049
OPERATING				
Production				
Crude oil (bbl/d)	20,066	12,240	20,292	11,131
Natural gas (mmcf/d)	109.50	79.22	114.37	75.03
Natural gas liquids (bbl/d)	3,740	3,053	3,445	2,906
Total (boe/d 6:1)	42,056	28,496	42,800	26,542
Average prices				
Crude oil (\$/bbl)	33.27	34.08	33.21	35.81
Natural gas (\$/mcf)	4.45	4.22	6.31	3.72
Natural gas liquids (\$/bbl)	29.61	29.75	34.24	29.30
Oil equivalent (\$/boe 6:1)	30.05	29.56	35.34	28.86
SUPPLEMENTAL				
Trust units outstanding at end of period	102,407	63,809	102,407	63,809
Exchangeable shares outstanding at end of period	980	n/a	980	n/a
Exchange ratio at end of period	1.13925	n/a	1.13925	n/a
Trust units issuable for Exchangeable shares	1,116	n/a	1,116	n/a
Total Trust units & Exchangeable shares at end of period ⁽²⁾	103,523	n/a	103,523	n/a
Weighted average units & Exchangeable shares	103,449	63,791	99,777	60,734
Dilutive impact	568	489	647	623
Fully diluted shares	104,017	64,280	100,424	61,356

⁽¹⁾ Per unit amounts (with the exception of per unit distributions) are based on the weighted average units and Exchangeable shares.

⁽²⁾ Includes Exchangeable shares converted at the end of period exchange ratio.

Third quarter cash distributions were \$0.60 per unit which included \$0.06 per unit from surpluses accumulated during prior periods. Fourth quarter cash distributions have been set at \$0.15 per unit per month which will result in record cash distributions in 2001.

HIGHLIGHTS

- Strong financial performance continued despite declining commodity prices (especially for natural gas) through the quarter.
- Cash flow and earnings for the quarter totaled \$54.5 million and \$32.5 million, up 35 per cent and 43 per cent respectively over third quarter 2000.
- Distributions were maintained at \$0.20 per unit per month for the quarter through the utilization of the full cash flow from operations supplemented by working capital surplus from prior periods.
- A very active drilling and development program resulted in a record level of capital expenditures for the quarter.

Third quarter production and costs were on target; however, declining commodity prices (especially for natural gas) resulted in reduced cash flow and earnings relative to the prior quarter. During the first nine months of 2001, the Trust distributed \$1.86 per unit to unitholders and, in addition, funded \$31.8 million of new capital expenditures and Reclamation Fund contributions out of the 2000 working capital carryover and year to date cash flow in 2001. This represents a nine month payout of 85 per cent of the cash available for distribution.

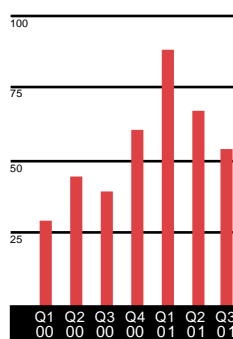
FINANCIAL AND OPERATING PERFORMANCE

Production: Production during the third quarter was 42,056 barrels of oil equivalent (6:1) per day, up from 28,496 barrels of oil equivalent per day in the same period in 2000. In the first nine months of 2001, oil production increased 82 per cent to 20,292 barrels per day, natural gas production increased 52 per cent to 114 million cubic feet per day and natural gas liquids production increased 19 per cent to 3,445 barrels per day.

Prices: Third quarter prices for West Texas Intermediate crude oil averaged \$26.76 US per barrel, five per cent lower than the \$28.28 US per barrel realized during the first half of 2001. With an average exchange rate of \$0.647 US per \$CAD, the Edmonton light sweet oil reference price de-

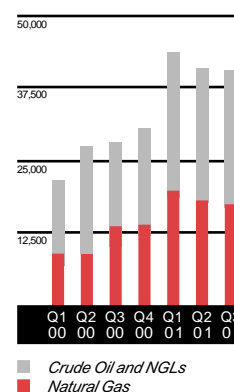
CASH FLOW

(\$ millions)



PRODUCTION

(mboe/d 6:1)



creased from \$42.67 to \$40.40 per barrel. Relative to the first half, natural gas prices decreased sharply during the third quarter with the NYMEX Henry Hub price down 48 per cent to \$2.79 US per mmbtu and the AECO price down 51 per cent to \$3.93 CAD per mcf.

A comparison of third quarter 2001 and nine month commodity prices versus the comparable periods in 2000 and the current forward strip price for the balance of 2001 is presented below:

	9 mos	Q3	9 mos	Q3	Remaining
	2000	2000	2001	2001	2001⁽¹⁾
W.T.I. (\$US/bbl)	29.84	31.65	27.78	26.76	20.25
Edmonton Light (\$CAD/bbl) ⁽²⁾	43.30	46.55	41.92	40.40	31.44
NYMEX (\$US/mmbtu)	3.64	4.49	4.49	2.79	3.06
AECO (\$CAD/mcf)	4.47	5.38	6.66	3.93	3.80

⁽¹⁾ Forward strip for balance of 2001 as of November 7, 2001

⁽²⁾ Assuming a \$1.00 CAD difference in price between WTI and Edmonton

The Manager has implemented a series of short-term oil and gas price hedges to partially protect unitholder distributions from potential price weakness. Approximately 67 per cent of the Trust's total third quarter 2001 crude oil and natural gas liquids production was hedged at an average price of \$25.45 US per barrel compared to the average market price of \$26.76 US per barrel. Approximately 41 per cent of third quarter 2001 natural gas production was hedged at an average AECO price of \$4.43 per mcf com-

pared to an average market price of \$3.93 per mcf (see also Note 4 to the Financial Statements – Financial Instruments).

Relative to the first half of 2001, third quarter oil prices realized by the Trust increased slightly to \$33.27 per barrel from \$33.17 per barrel in the first half and natural gas liquids (“NGL”) prices decreased 20 per cent to \$29.61 per barrel. Natural gas prices decreased sharply during the quarter to \$4.45 per thousand cubic feet, 38 per cent lower than the first half of 2001.

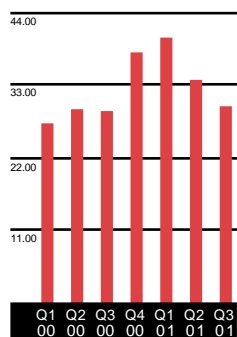
Revenue and Cash Flow: Revenues for the three months ending September 30, 2001 totaled \$116.3 million for an overall average selling price of \$30.05 per barrel of oil equivalent, a 21 per cent decrease from the \$37.96 per barrel received in the first half.

Royalties of \$6.67 and operating costs of \$5.54 per barrel of oil equivalent resulted in an average netback of \$17.85 per barrel of oil equivalent for the third quarter of 2001 compared to a netback of \$24.02 per barrel of oil equivalent in the first half. Cash flow and earnings for the quarter totaled \$54.5 million (\$0.53 per unit) and \$32.5 million (\$0.31 per unit), respectively.

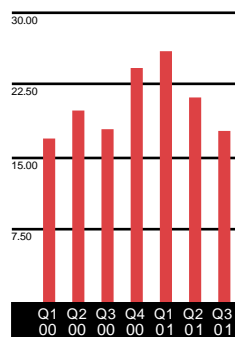
General and Administrative and Other Expenses: General and administrative expenses for the quarter were \$0.75 per barrel of oil equivalent, while management fees were \$0.51 per barrel of oil equivalent. This total of \$1.26 per barrel of oil equivalent was five per cent lower than the level of \$1.33 per barrel of oil equivalent recorded for the comparable period in 2000.

Interest expense was \$4.4 million in the third quarter of 2001 which was comparable to the level experienced in the second quarter. Year to date interest expense of \$13.5 million is higher than the comparable period last year due to the assumption of debt from the Startech acquisition.

AVERAGE SELLING PRICE
(\$CAD/boe)



NETBACK
(\$CAD/boe)



Third quarter depletion, depreciation and amortization ("DD&A") of \$40.1 million was comparable to second quarter DD&A of \$39.4 million. DD&A expense is higher in 2001 than 2000 due to the increase in production and asset size of the Trust with the inclusion of the Startech assets.

DEVELOPMENT ACTIVITY

A very active drilling and development program resulted in a record level of capital expenditures for the quarter. In south-east Saskatchewan, successful oil wells were drilled in Glen Ewen, Benson, Nottingham, Queensdale, and Lougheed. Significant optimization and remedial activities were conducted in Oungre, Storthoaks and Alida resulting in enhanced production from these areas. Construction also commenced on a new sour gas conservation facility in the Lougheed area. Completion of the project in the fourth quarter of this year will enhance revenues and significantly reduce gas emissions in the area.

Drilling and optimization activities continued in southeast Alberta, including two more successful oil wells drilled at Grassy Lake. Facility consolidation activities were completed at the Brooks compressor station which eliminated third party processing of company owned volumes. In addition, a 36 well drilling program was undertaken in the Jenner area with well completions and pipelining activities to be completed in the fourth quarter.

At Pembina, five oil wells were drilled, completed, and brought on production at Lindale during the third quarter. Based on a successful seven well program earlier in the year, a second phase of drilling has commenced in the Ante Creek field in our Northern Alberta and BC core area. Three wells of the seven well program were drilled during the third quarter with the remaining wells to be drilled in the fourth quarter. All of the new wells are expected to be placed on production during the fourth quarter.

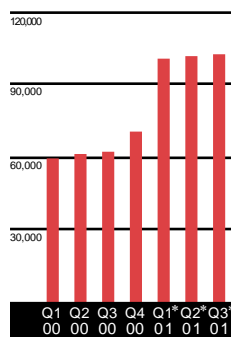
CASH DISTRIBUTIONS

Cash distributions to unitholders during the third quarter were \$60.8 million (\$0.60 per unit). The Trust's distribution policy, which withholds up to 20 per cent of cash available for distribution to fund a portion of capital expenditures, provides flexibility to maintain distributions in a falling commodity price environment such as that experienced in the third quarter. As a result, the Trust paid out 100 per cent of cash flow during the quarter which totaled \$54.5 million (\$0.53 per unit) and also paid out \$6.3 million of working capital surplus generated in prior periods.

Distributions for the first nine months of 2001 were made after the deduction of \$27.5 million (\$0.28 per unit) to partially fund 2001 capital expenditures and \$4.3 million (\$0.04 per unit) to fund the entire 2001 Reclamation Fund contribution. Total distributions during the first nine months represent 85 per cent of the cash available for distribution.

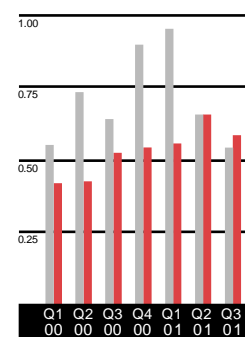
As a result of continued weak natural gas prices and weakening oil prices, on October 10, 2001, the Trust announced that the November cash distribution would be \$0.15 per unit. Based upon the current outlook for commodity prices, it is expected that this level of distribution can be maintained through to the January 15, 2002 distribution. This revised distribution level is consistent with the Trust's policy of withholding up to 20 per cent of cash available for distribution to partially fund capital expenditures. Based upon fourth quarter distributions of \$0.15 per unit per month, total

UNITS OUTSTANDING
(millions)



*Includes Exchangeable shares converted at the period end exchange ratio

CASH DISTRIBUTIONS AND CASH FLOW
(\$CAD/unit)



■ Cash flow
■ Distributions

distributions for 2001 would be a record \$2.31 per unit. With the record level of distributions, the taxable portion of distributions in 2001 is estimated to be between 65 and 70 per cent.

EQUITY OFFERING

On October 18, 2001, the Trust entered into an agreement to sell 5.0 million trust units at \$11.00 per unit with an option granted to the underwriters to purchase an additional 3.05 million trust units at the same price. The total offering of 8.05 million trust units was taken up by the underwriting syndicate and the financing closed on November 5th resulting in \$88.6 million of gross proceeds (\$84.1 million net to the Trust). The net proceeds of the financing were initially used to repay debt and secondly to finance a portion of the Trust's 2001 fourth quarter and 2002 projected capital expenditure programs which total approximately \$100 million. Taking into effect this offering, the Trust's September 30 debt balance would be \$254 million, resulting in a debt to cash flow ratio of 0.9 based upon expected 2001 cash flow.

OUTLOOK

The tragic events which took place on September 11th combined with the ongoing anti-terrorist activities underway in Afghanistan have created significant uncertainty regarding near-term North American and world economic activity. As a result, the outlook for crude oil and natural gas prices is

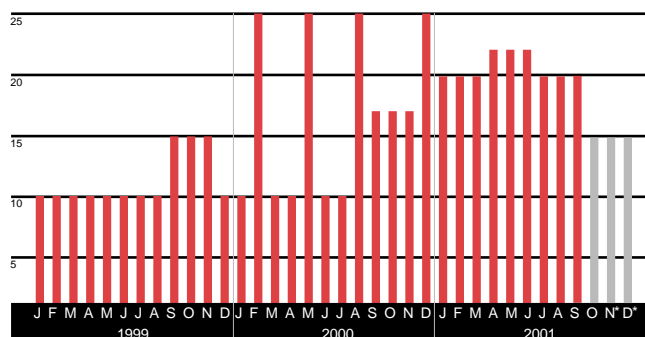
highly uncertain. Crude oil prices have declined to under \$21.00 US per barrel at the time of writing this report and substantial concern exists regarding OPEC's ability to maintain prices within its target range of \$22.00 to \$28.00 US per barrel. While natural gas prices have recovered slightly as we head into the winter heating season, they remain significantly below last year's level. The Trust's active risk management program has resulted in up to 56 per cent of estimated 2002 crude oil production and 36 per cent of estimated 2002 natural gas production being hedged at prices materially above current forward market values. While these contracts will mitigate the impact of the reduced commodity prices, prices must recover in order for the Trust to maintain the current level of distributions beyond the fourth quarter.

The Trust's distribution policy is designed to provide flexibility in managing distributions and maintaining a strong balance sheet. It is in periods of commodity price uncertainty such as we are now experiencing that this policy will be of greatest value to unitholders. Declining price environments usually result in new acquisition opportunities becoming available to those entities with strong balance sheets. The recently completed new equity issue has further strengthened the Trust's balance sheet such that we are exceptionally well positioned to take advantage of these opportunities as they develop. We believe the Trust's risk management program, conservative distribution policy and strong balance sheet will produce more stable distributions than our peer group and allow us to pursue value-adding acquisitions for the benefit of unitholders.

Respectfully submitted on behalf of the Board of Directors.

MONTHLY CASH DISTRIBUTIONS

(CAD cents / trust unit)



* Estimate based on current market outlook and subject to change based on actual market conditions.

Mac H. Van Wielingen
Director and Vice-Chairman

John P. Dielwart
Director, President and Chief Executive Officer

CONSOLIDATED BALANCE SHEET

(\$CAD thousands) (unaudited)	As at September 30, 2001	As at December 31, 2000
ASSETS		
Current assets		
Cash	\$ -	\$ 3,331
Accounts receivable	58,604	48,813
	58,604	52,144
Deferred foreign exchange translation loss	1,698	-
Reclamation Fund	13,877	9,897
Property, plant and equipment	1,317,364	600,813
Total assets	\$ 1,391,543	\$ 662,854
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 37,445	\$ 26,951
Cash distributions payable	20,482	18,131
Payable to the Manager	677	723
	58,604	45,805
Long-term debt	338,135	115,068
Deferred foreign exchange translation gain	-	1,106
Site reclamation and abandonment	29,572	18,620
Deferred hedging losses (Note 4)	15,872	-
Future income taxes (Note 2)	179,866	-
Total liabilities	622,049	180,599
UNITHOLDERS' EQUITY		
Unitholders' capital (Note 5)	944,027	610,645
Exchangeable shares (Note 5)	11,129	-
Accumulated earnings	271,131	142,887
Accumulated cash distributions	(456,793)	(271,277)
Total unitholders' equity	769,494	482,255
Total liabilities and unitholders' equity	\$ 1,391,543	\$ 662,854

CONSOLIDATED STATEMENT OF CASH FLOWS

(\$CAD thousands) (unaudited)	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Cash flow from operating activities				
Net income	\$ 32,474	22,702	\$ 128,243	\$ 69,120
Add items not involving cash:				
Future income tax recovery	(13,500)	-	(21,180)	-
Depletion, depreciation and amortization	40,124	17,660	119,342	48,892
Amortization of deferred hedging loss	(4,639)	-	(15,199)	-
Amortization of deferred foreign exchange loss	20	-	32	-
	54,479	40,362	211,238	118,012
Change in non-cash working capital accounts	7,850	5,329	10,349	(5,386)
	62,329	45,691	221,587	112,626
Cash flow from financing activities				
Borrowing / (Repayments) of long-term debt, net	41,774	(158)	53,924	48,777
Issue of Trust units	953	1,027	3,739	83,182
Trust unit issue costs	(5)	(81)	(113)	(3,094)
Cash distributions	(62,372)	(28,694)	(183,166)	(80,682)
	(19,650)	(27,906)	(125,616)	48,183
Cash from investing activities				
Acquisition of Startech, net of cash received (Note 2)	-	-	(7,707)	-
Acquisition of properties	(24,531)	(10,393)	(30,389)	(149,772)
Proceeds on disposition of properties	8,176	(286)	15,205	7,785
Purchase of capital assets	(26,133)	(7,341)	(72,078)	(24,377)
Reclamation fund contributions and actual costs incurred	(191)	(200)	(4,333)	(2,856)
	(42,679)	(18,220)	(99,302)	(169,220)
Increase (decrease) in cash	-	(435)	(3,331)	(8,411)
Cash, beginning of period	-	1,264	3,331	9,240
Cash, end of period	\$ -	\$ 829	\$ -	\$ 829
Cash flow from operations per unit (Note 6)				
Basic	\$ 0.53	\$ 0.63	\$ 2.12	\$ 1.94
Diluted	0.52	0.63	2.10	1.92

CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED EARNINGS

(\$CAD thousands) (unaudited)	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Revenue				
Oil, natural gas, natural gas liquids and sulphur sales	\$ 116,281	\$ 77,326	\$ 412,939	\$ 209,896
Royalties	(25,791)	(17,712)	(93,359)	(41,550)
	90,490	59,614	319,580	168,346
Expenses				
Operating	21,442	12,677	62,832	33,419
General and administrative	2,909	2,064	8,779	4,901
Management fee	1,986	1,433	6,980	4,121
Interest on long-term debt	4,418	2,962	13,525	7,618
Depletion, depreciation and amortization	40,124	17,660	119,342	48,892
Capital taxes	637	116	1,059	275
	71,516	36,912	212,517	99,226
Income before provision for income taxes	18,974	22,702	107,063	69,120
Future income tax recovery	13,500	-	21,180	-
Net income	32,474	22,702	128,243	69,120
Accumulated earnings, beginning of period	238,657	78,433	142,888	32,015
Accumulated earnings, end of period	\$ 271,131	\$ 101,135	\$ 271,131	\$ 101,135
Net income per unit (Note 6)				
Basic	\$ 0.31	\$ 0.36	\$ 1.29	\$ 1.14
Diluted	0.31	0.35	1.28	1.13

CONSOLIDATED STATEMENT OF CASH DISTRIBUTIONS AND ACCUMULATED CASH DISTRIBUTIONS

(\$CAD thousands) (unaudited)	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Net Income	\$ 32,474	\$ 22,702	\$ 128,243	\$ 69,120
Future income tax recovery	(13,500)	-	(21,180)	-
Depletion, depreciation and amortization	40,124	17,660	119,342	48,892
Amortization of deferred hedging losses	(4,639)	-	(15,199)	-
Amortization of deferred foreign exchange gain	20	-	32	-
Cash from operations	54,479	40,362	211,238	118,012
Cash from operations (99 per cent)	53,934	39,958	209,126	116,832
Add (deduct):				
General and administrative reimbursement (residual one percent)	545	404	2,112	1,180
Capital expenditures	(66)	(3,642)	(27,537)	(11,141)
Proceeds from disposition of royalty interests	8,176	(286)	15,205	7,785
Discretionary debt repayment	(8,176)	(6,094)	(15,205)	(31,638)
Reclamation fund contributions and actual reclamation costs incurred	(191)	(274)	(4,333)	(2,876)
Current period accruals	6,591	3,107	6,148	6,027
Cash distributions	60,813	33,173	185,516	86,169
Accumulated cash distributions, beginning of period	395,980	195,315	271,277	142,319
Accumulated cash distributions, end of period	456,793	228,488	456,793	228,488
Cash distributions per unit	\$ 0.60	\$ 0.52	\$ 1.86	\$ 1.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2001

(all tabular amounts in thousands, except per unit amounts)

(unaudited)

1 ACCOUNTING POLICIES

These interim financial statements follow the same accounting policies as the most recent annual financial statements. The note disclosure requirements for annual financial statements provide additional disclosure to that required for interim financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements included in the Trust's 2000 annual report.

2 ACQUISITION OF STARTECH ENERGY INC.

Effective January 31, 2001, the Trust acquired all of the issued and outstanding shares of Startech Energy Inc. ("Startech").

The transaction has been accounted for using the purchase method of accounting with the allocation of the purchase price and consideration paid as follows:

Net assets acquired:

Cash	12,319
Working capital	9,705
Property, plant and equipment	741,212
Site reclamation liability	(5,130)
Deferred hedging losses	(33,149)
Future income taxes	(201,383)
Total net assets acquired	523,574

Financed by:

Cash	20,026
Trust units issued	256,051
Exchangeable shares issued	84,497
Debt assumed	163,000
Total purchase price	523,574

An acquisition fee of \$7.3 million was paid to the Manager upon closing of this transaction and has been charged to property, plant and equipment. The acquisition fee was based on the total consideration paid to Startech shareholders of \$482 million, consisting of \$341 million of new equity, the assumption of \$163 million of debt and working capital of \$22 million.

3 LONG-TERM DEBT

On January 31, 2001, a new revolving credit facility was put in place in addition to the existing facilities. The revolving period was extended for an additional 364 days to April 30, 2002. In the event that the revolving period is not extended in the future, the loan balance becomes repayable over a two year term period in seven equal quarterly repayments of 5 per cent of the loan balance and a lump sum repayment of 65 per cent of the loan balance at the end of the term period. The total borrowing base for all credit facilities increased to \$400 million from \$275 million.

4 FINANCIAL INSTRUMENTS

The following contracts were outstanding as at September 30, 2001. Settlement of these contracts, which have no book value, would have resulted in a net receipt by the Trust of \$22.7 million as at September 30, 2001.

	Daily Quantity	Average Contract Prices (CAD\$) ⁽¹⁾	Price Index	Term
Crude oil fixed price contracts	1,844 bbls	42.63	WTI	October 2001 - December 2001
Crude oil collared contracts	3,500 bbls	37.02 - 48.02	WTI	October 2001 - December 2001
Crude oil put options	756 bbls	42.63	WTI	October 2001 - December 2001
Crude oil fixed price contracts (embedded put option) ⁽²⁾	4,000 bbls	42.18 (34.50)	WTI	January 2002 - March 2002
	3,000 bbls	41.67 (32.99)	WTI	April 2002 - December 2002
Crude oil fixed price contracts (embedded "cancel level") ⁽³⁾	2,000 bbls	46.08 (34.74)	WTI	October 2001 - December 2001
	5,000 bbls	42.63 (31.58)	WTI	January 2002 - December 2002
Natural gas fixed price contract	10,000 GJ	3.21	AECO	October 2001 - October 2001
	12,500 GJ	3.66	AECO	November 2001 - March 2002
	10,000 GJ	3.62	AECO	April 2002 - October 2002
Natural gas fixed differential contracts	3,000 GJ	AECO - \$0.82	AECO	October 2001 - October 2001
Natural gas collared contracts	5,000 GJ	4.40 - 7.81	AECO	October 2001 - October 2001

The Trust entered into a contract to fix the price of electricity on 5 megawatts per hour ("MW/h") for the period April 17, 2001 through December 31, 2010 at a price of \$63.00/MW/h. Settlement of this contract would have required a net payment by the Trust of \$4.6 million as at September 30, 2001.

The following contracts, with a liability book value of \$15.9 million, were outstanding as at September 30, 2001. These contracts were acquired in conjunction with the Startech acquisition effective January 31, 2001 at which time the market value of the contracts was a liability of \$33.1 million. Settlement of these contracts would have resulted in a net receipt by the Trust of \$8.6 million as at September 30, 2001.

Commodity contracts	Daily Quantity	Average Contract Prices (CAD\$) ⁽¹⁾	Price Index	Term
Crude oil fixed price contracts	5,200 bbls	39.06	WTI	October 2001 - December 2001
	5,000 bbls	37.53	WTI	January 2002 - December 2002
Crude oil put options	2,000 bbls	31.58	WTI	October 2001 - December 2001
Natural gas fixed price contracts	17,750 GJ	5.27	AECO	October 2001 - October 2001
	20,750 GJ	4.92	AECO	November 2001 - October 2002
	4,000 GJ	2.71	AECO	November 2002 - October 2004
	750 GJ	3.46	San Juan	October 2001 - October 2002
	1,500 GJ	3.76	Ventura	October 2001 - October 2002
Natural gas collared contracts	2,000 GJ	2.30 - 3.10	AECO	October 2001 - October 2002
Natural gas put options	5,000 GJ	3.05	AECO	October 2001 - October 2001

Foreign currency contracts	Monthly Contract Amount (USD \$000)	Average Contract Rate	Term
Fixed rate foreign exchange	2,550	1.4444	October 2001 - December 2001
	2,000	1.4335	January 2002 - December 2002
	1,500	1.4106	January 2003 - December 2003

⁽¹⁾ Commodity contracts denominated in USD\$ have been converted to CAD\$ at the period end exchange rate.

⁽²⁾ Counter-party may exercise a put option if index falls below the specified price on a monthly settlement basis.

⁽³⁾ Contract is neutral if index falls below the "cancel level" price on a monthly settlement basis.

5 UNITHOLDERS' CAPITAL AND EXCHANGEABLE SHARES

On January 31, 2001, the Trust issued 22.5 million trust units and 7.4 million Exchangeable shares at \$11.36 per unit for a total of \$341 million as consideration for the Startech acquisition.

The Exchangeable shares may be converted (at the option of the holder) into trust units at any time on or after January 31, 2001. The number of trust units issuable upon conversion is based upon the exchange ratio in effect at the conversion date. The exchange ratio is calculated monthly based on the trust unit distribution divided by the 10 day weighted average unit price preceding the record date. The Exchangeable shares are not eligible for distributions and, in the event that they are not converted, any outstanding shares are redeemable by the Trust on or after February 1, 2004 until February 1, 2010.

During the quarter, 1,843,917 Exchangeable shares were converted to trust units at an average exchange ratio of 1.12920 trust units for each exchangeable share. At September 30, 2001, the exchange ratio was 1.13925 to 1.

TRUST UNITS	Number of units	\$
Balance, beginning of period	72,524	610,645
Issued on acquisition of Startech	22,540	256,051
Issued on exercise of employee rights	552	4,076
Issued on conversion of exchangeable shares	6,791	73,368
Trust unit issue costs	-	(113)
Balance, end of period	102,407	944,027

EXCHANGEABLE SHARES	Number of shares	\$
Balance, beginning of period	-	-
Issued on acquisition of Startech	7,438	84,497
Exchanged for Trust units	(6,458)	(73,368)
Balance, end of period	980	11,129
Exchange ratio, end of period	1.13925	-
Trust units issuable upon conversion	1,116	11,129
Trust unitholders' capital as at September 30, 2001	103,523	955,156

During the quarter, the Trust granted rights to employees and long-term consultants to purchase trust units at exercise prices ranging from \$10.49 to \$11.98 per trust unit. At September 30, 2001, there were 2,472,599 rights outstanding, of which 231,708 were exercisable.

RIGHTS	Number of rights	\$
Balance, beginning of period	1,722	7.48
Granted	1,355	11.78
Exercised	(552)	7.38
Cancelled	(52)	10.60
Balance before reduction of exercise price	2,473	9.79
Reduction of exercise price	-	(0.73)
Balance, end of period	2,473	9.06

6 NET INCOME AND CASH FLOW FROM OPERATIONS PER TRUST UNIT

Basic per unit amounts have been computed on the basis that the outstanding exchangeable shares have been converted at the average exchange ratio during the period.

Basic per unit calculations for the nine month period ended September 30, 2001 were based on weighted average trust units outstanding of 99,777,416 (60,733,739 in 2000). Diluted per unit calculations for the nine month period ended September 30, 2001 include 646,898 additional trust units for the dilutive impact of employee rights (622,700 in 2000 for the dilutive impact of employee rights and warrants).

7 SUBSEQUENT EVENT

On November 5, 2001, the Trust issued 8,050,000 Trust units at \$11.00 per trust unit for net proceeds of \$84,122,500 (net of issue costs of \$4,427,500) pursuant to a public offering prospectus dated October 29, 2001. The proceeds of the offering will initially be used to repay a portion of outstanding indebtedness and to finance a portion of future capital expenditures.

DIRECTORS

Walter DeBonj ⁽¹⁾⁽²⁾⁽³⁾
 Chairman

John M. Beddome ⁽¹⁾⁽²⁾⁽³⁾

John P. Dielwart
 President and Chief Executive Officer

Frederic C. Coles ⁽¹⁾⁽²⁾⁽³⁾

Michael M. Kanovsky ⁽¹⁾⁽²⁾

John M. Stewart

Mac H. Van Wielingen
 Vice-Chairman

OFFICERS

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Mac H. Van Wielingen
 Vice-Chairman

Doug J. Bonner
 Vice-President, Engineering

David P. Carey
 Vice-President, Business Development

Susan D. Healy
 Vice-President, Land

Steven W. Sinclair
 Vice-President, Finance and
 Chief Financial Officer

Myron M. Stadnyk
 Vice-President, Operations

Allan R. Twa
 Secretary

(1) Member of Audit Committee
 (2) Member of Reserve Audit Committee
 (3) Member of Compensation Committee

TRUSTEE AND TRANSFER AGENT

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The Toronto Stock Exchange
 Trading Symbols: AET.UN
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**DISTRIBUTION REINVESTMENT
 AND OPTIONAL CASH PAYMENT
 PROGRAM**

ARC Energy Trust offers unitholders a Dis-
 tribution Reinvestment Program (DRIP) un-
 der which a unitholder can elect to rein-
 vest cash distributions into additional ARC
 Energy Trust units. Under the DRIP plan
 as distributions are reinvested, a unitholder
 may elect to make optional cash payments
 to acquire up to \$3,000 of additional trust
 units per distribution date. All units pur-
 chased under the DRIP program are made
 at prevailing market prices without any ad-
 ditional fees or commissions. For further
 details on the DRIP program contact
 Computershare Trust Company.

KEY DATES

January 11, 2002 Announcement of 2002
 Q1 Monthly Distributions

February 14, 2002 Release 2001
 Financial Results

KEY TERMS

boe: barrels of oil equivalent
 bbl: barrel
 mcf: thousand cubic feet

Ex-Distribution Date	Record Date	Distribution Payment Date	Total Distribution
December 27, 2000	December 31, 2000	January 15, 2001	\$0.25
January 29, 2001	January 31, 2001	February 15, 2001	\$0.20
February 26, 2001	February 28, 2001	March 15, 2001	\$0.20
March 28, 2001	March 31, 2001	April 16, 2001	\$0.20
April 26, 2001	April 30, 2001	May 15, 2001	\$0.22
May 29, 2001	May 31, 2001	June 15, 2001	\$0.22
June 27, 2001	June 30, 2001	July 16, 2001	\$0.22
July 27, 2001	July 31, 2001	August 15, 2001	\$0.20
August 29, 2001	August 31, 2001	September 17, 2001	\$0.20
September 26, 2001	September 30, 2001	October 15, 2001	\$0.20
October 29, 2001	October 31, 2001	November 15, 2001	\$0.15
November 28, 2001	November 30, 2001	December 17, 2001	\$0.15*

* Estimate based on current market outlook and subject to change based on actual market conditions.