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**ULSTER  
PETROLEUMS LTD.**

**Annual  
Report  
1983**

**ULSTER**

ROSS LIBRARY  
OF MANAGEMENT  
MAY 7 1984  
MCGILL UNIVERSITY



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## **DIRECTORS**

Mr. D. C. Traxel — Calgary, Alberta\*

Mr. R. A. Hayes — Calgary, Alberta

Mr. B. A. Macdonald — Calgary, Alberta\*

Mr. D. C. Martin — Calgary, Alberta\*

Mr. A. B. Cameron — Victoria, B.C.

Dr. A. Cree — West Sedona, Arizona, U.S.A.

\*Members of Audit Committee

## **OFFICERS**

Donne C. Traxel — President

Robert A. Hayes — Vice President

Robert Woima — Controller

Anne C. Ries — Secretary

## **OPERATING MANAGEMENT**

Ray Schwardzenberger — Exploration Manager

Cedric Stapleton — Exploration Manager

John Frank — Operations Manager

Fred Tse — Chief Geophysicist

## **SHAREHOLDERS' MEETING**

The Annual General and Special Meeting of the Shareholders of Ulster Petroleum Ltd. will be held in Room 308, of the International Hotel in Calgary, Alberta on Friday, May 25th, 1984 at 10:00 A.M. (Calgary time).

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# Highlights

	1983	1982	
FINANCIAL			
Oil & Gas Production Revenue .....	\$2,456,000	\$2,061,000	
Working Capital Provided			
From Operations .....	\$1,408,000	\$1,254,000	
Per Share .....	\$ 0.10	\$ 0.10	
Net Earnings .....	\$ 361,000	\$ 316,000	
Per Share .....	\$ 0.03	\$ 0.03	
OPERATIONS			
Natural Gas Production			
mcf .....	322,000	491,000	
Daily average .....	882	1,346	
Crude Oil Production			
barrels .....	50,000	27,000	
Daily average .....	138	75	
PROVEN PLUS PROBABLE RESERVES			
Crude Oil and NGL			
barrels .....	2,870,000	2,060,000	
cubic metres .....	457,000	328,000	
Natural Gas			
bcf .....	19.9	16.3	
10 <sup>3</sup> m <sup>3</sup> .....	562,000	460,000	
NET FUTURE REVENUES			
	Undiscounted	15%	20%
	(000)	(000)	(000)
Proven			
Oil .....	\$100,037	\$23,580	\$18,257
Natural Gas .....	59,863	12,234	9,147
Probable Additional			
Oil .....	25,929	5,379	3,382
Natural Gas .....	24,280	3,921	2,677
TOTAL .....	\$210,109	\$45,114	\$33,463

After PGRT expense but including Alberta Royalty Tax Credits.



# Report to Shareholders

During the last four years Ulster has raised in excess of 25 million dollars in new equity capital and has successfully invested these funds in its exploration and development programs. As a direct result of these activities Ulster now has proven plus probable reserves of 2.8 million barrels of oil and 19.9 Bcf of natural gas, and a 26% average working interest in 364,000 gross acres of prospective mineral rights in Western Canada.

**More importantly, however, the annual net future revenues which will be generated by these reserves will be sufficient to finance the Company's forecast levels of future exploration activity. Accordingly, Ulster does not propose, nor will it need to raise any additional equity capital in the foreseeable future.**

Ulster participated in the drilling of twenty-five oil wells in 1983 and an additional 15 in the first quarter of 1984. Once these wells have been tied into permanent production facilities, the Company's daily oil production will exceed 400 barrels per day, compared to a 1983 average of 138 barrels per day and a 1982 average of 75 barrels per day. Natural gas sales on the other hand declined 35% in 1983 due to a combination of contract cutbacks and the lack of new markets. We are cautiously optimistic, however, that 1984's natural gas sales will mark the start of a modest but steadily improving trend.

This combination of rapidly increasing oil production and stable gas sales will result in a significant increase in both net production revenues and corporate cash flows for 1984.



Ulster's capital budget for 1984 has been set at \$5,000,000 with the majority of these funds allocated for the drilling of approximately 35 development wells and 15 exploratory wells in Alberta. These expenditures will be financed from existing working capital and 1984 cash flows from operations.

As at December 31, 1983 Ulster did not have any long-term debts, accordingly our available lines of credit, totalling approximately 10 million dollars, will be retained for selected production investments and short-term working capital requirements.

Much has been written and said about the geological prospects and potential of the Beaufort Sea in recent months. Since only time can prove the wisdom or folly of these statements it is important that the shareholders of Ulster are able to put these differing points of view into their proper context relative to our Company.

**Yes** — Ulster does have an interest in 1.6 million gross acres of Beaufort Sea Exploration Rights.

**Yes** — the Natiak O-44 well is located on Ulster's lands (1.25% working interest after earning). This well will be re-entered this summer and drilled to its total projected depth of 16,000 feet at no cost to Ulster.

**Yes** — Gulf proposes to spud a well on Ulster's lands (3.385% working interest) in January 1985.

**It should be noted, however, that Ulster's Beaufort Sea holdings represent less than 1% of the Company's oil and gas assets and account for less than 1% of our annual exploration budget. This should not be construed as a lack of confidence in the long-term prospects of the Beaufort Sea (since quite the contrary is true) but rather is a reflection of the dramatic growth and diversification of Ulster.**

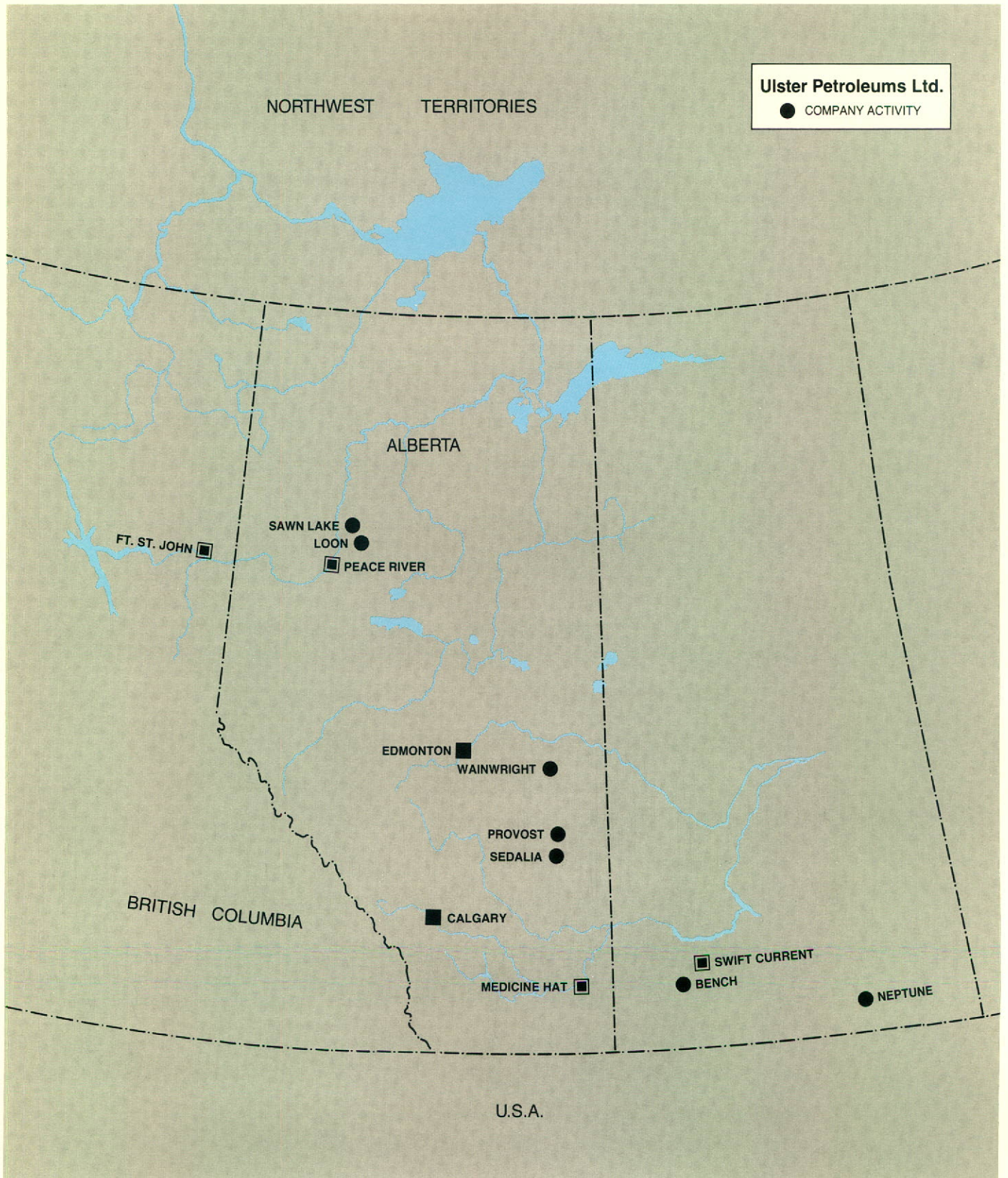
In closing, I would like to thank our staff for their dedication and confidence in the future of our Company. This support has enabled us to deal effectively with the challenges of today and prepare for the prospects of tomorrow.

ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in dark ink, appearing to read "O. Traxel".

Donne C. Traxel  
President







# Exploration and Development Activity

Although Ulster only participated in the drilling of one well (an oil discovery in the Sawn Lake area of Alberta) during the first quarter of 1983, drilling activity accelerated quickly during the following months with the result that Ulster concluded the year having participated in the drilling of a total of 41 wells (the second highest number in the Company's history). This momentum has carried through to 1984 as evidenced by the drilling of 20 wells during the first quarter of the year.

## Summary of Wells Drilled

	1983	1982
<b>EXPLORATORY</b>		
Oil .....	6	4
Gas .....	2	2
Dry .....	9	3
Total .....	17	9
<b>Average Working</b>		
Interest .....	(27.8%)	(35.8%)
<b>DEVELOPMENT</b>		
Oil .....	19	6
Gas .....	1	—
Service .....	4	1
Dry .....	—	2
Total .....	24	9
<b>Average Working</b>		
Interest .....	(10.5%)	(14.1%)

Ulster's exploration expenditures for the year ended December 31, 1983 totalled \$5,568,000, net of incentives recovered. These funds were allocated as follows:

- 30% increasing Ulster's working interest in certain of its producing properties (Loon, Wainwright and Sedalia);
- 15% purchasing for future exploration an average 25.8% working interest in 18,283 gross acres of prospective mineral rights at Alberta and Saskatchewan Crown land sales.
- 8% shooting approximately 200 kms of new seismic data.
- 5% on geological and geophysical overhead expenses capitalized.
- 42% on the Company's drilling activities.

The Company's major exploration and development activities are summarized below.

## GOLDEN/RED EARTH

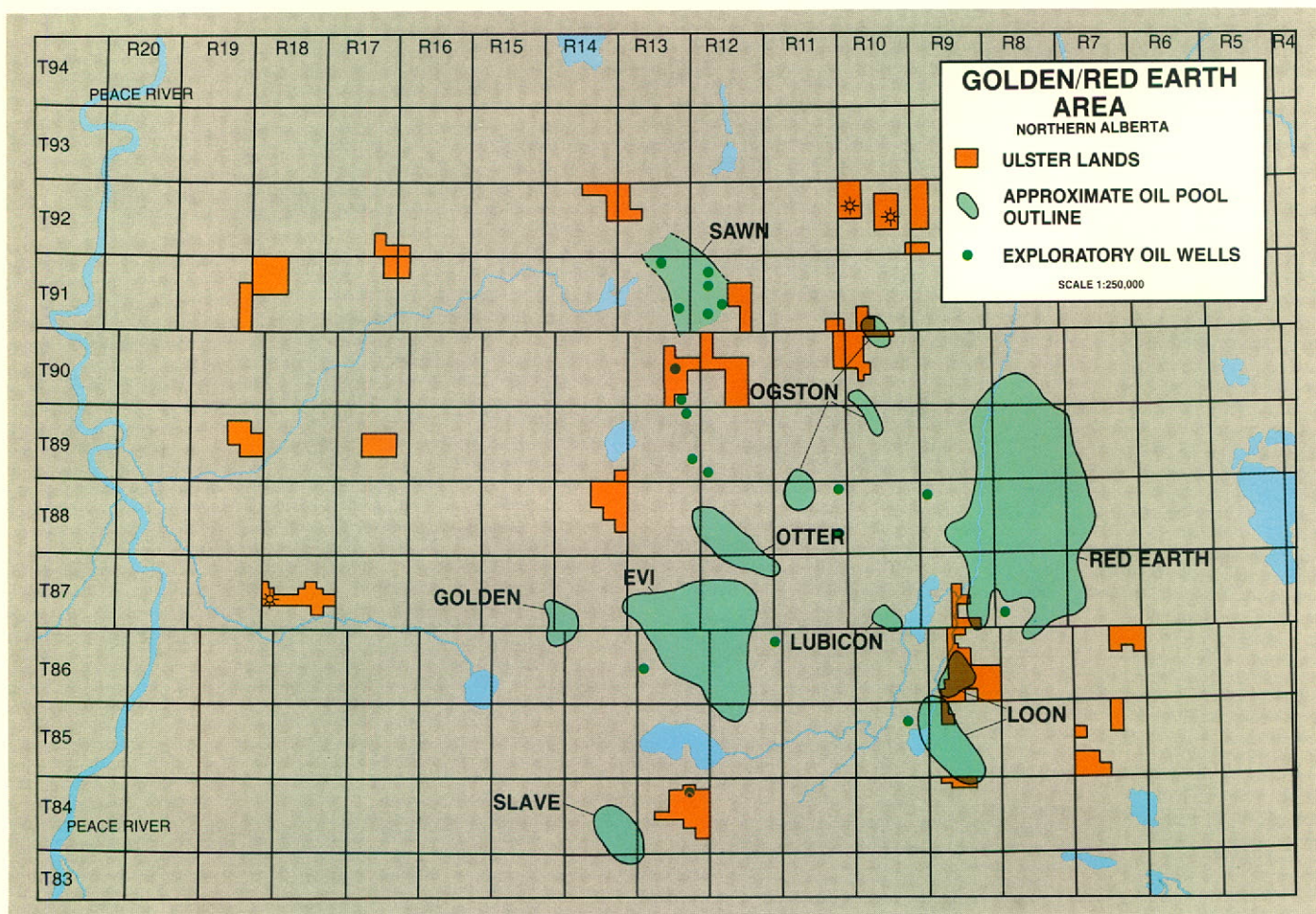
The Golden/Red Earth area continues to be one of the most active and exciting areas of exploration activity in Alberta with the recently announced oil discoveries at Sawn and the successful drilling activity in both the Otter and Slave Pools being the most widely reported.

As one of the major land holders (104,690 gross and 27,067 net acres) in this play, Ulster is in the enviable position of being able to not only capitalize on its own drilling successes (Loon, Nancy, Ogston) but also those of a large number of other companies who have drilled or have plans to drill on offsetting acreage. Since the majority of Ulster's land holdings have expiry dates in the late 1980's and since the majority of this area is only accessible during the short winter drilling season, Ulster is pursuing an exploration strategy which will provide for a balance between our long-term exploration and our short-term development goals. Simply stated, it is sometimes more prudent to follow in the footsteps of others rather than blaze a new trail by yourself — fortunately Ulster is already well represented in this area and as such has time on its side.

During the 1983-4 winter drilling season Ulster participated in the drilling of nine wells and the shooting of approximately 200 km of new seismic data in the Golden/Red Earth area. The results of these activities are detailed below.

Ulster concentrated its drilling efforts in the LOON AREA in 1983 due to the encouraging drilling results obtained in prior years and the year round accessibility of our lands. Ulster successfully completed three additional oil wells on this block to increase our total number of producing wells to six (53.6% average working interest) and our average daily oil production to 120 barrels per day.





Ulster and its partners plan to drill a minimum of three additional offset locations on these lands after spring break-up in 1984.

Ulster has 17.5% average working interest in 23,040 gross acres in the immediate area of the recently announced SAWN LAKE discoveries and drilling activities. Ulster is, however, cautiously proceeding with its own exploration activities until more information can be obtained on recent third party discoveries and this general area becomes more readily accessible.

During the 1983-4 winter drilling season Ulster did have an interest in two exploratory wells (one of which was drilled at no cost to the Company) and the shooting of over 90 km of new

seismic data in the SAWN LAKE AREA. Although neither of these wells was successful, they did provide additional geological data on this sparsely explored area and will allow us to hold our lands for an additional five year term.

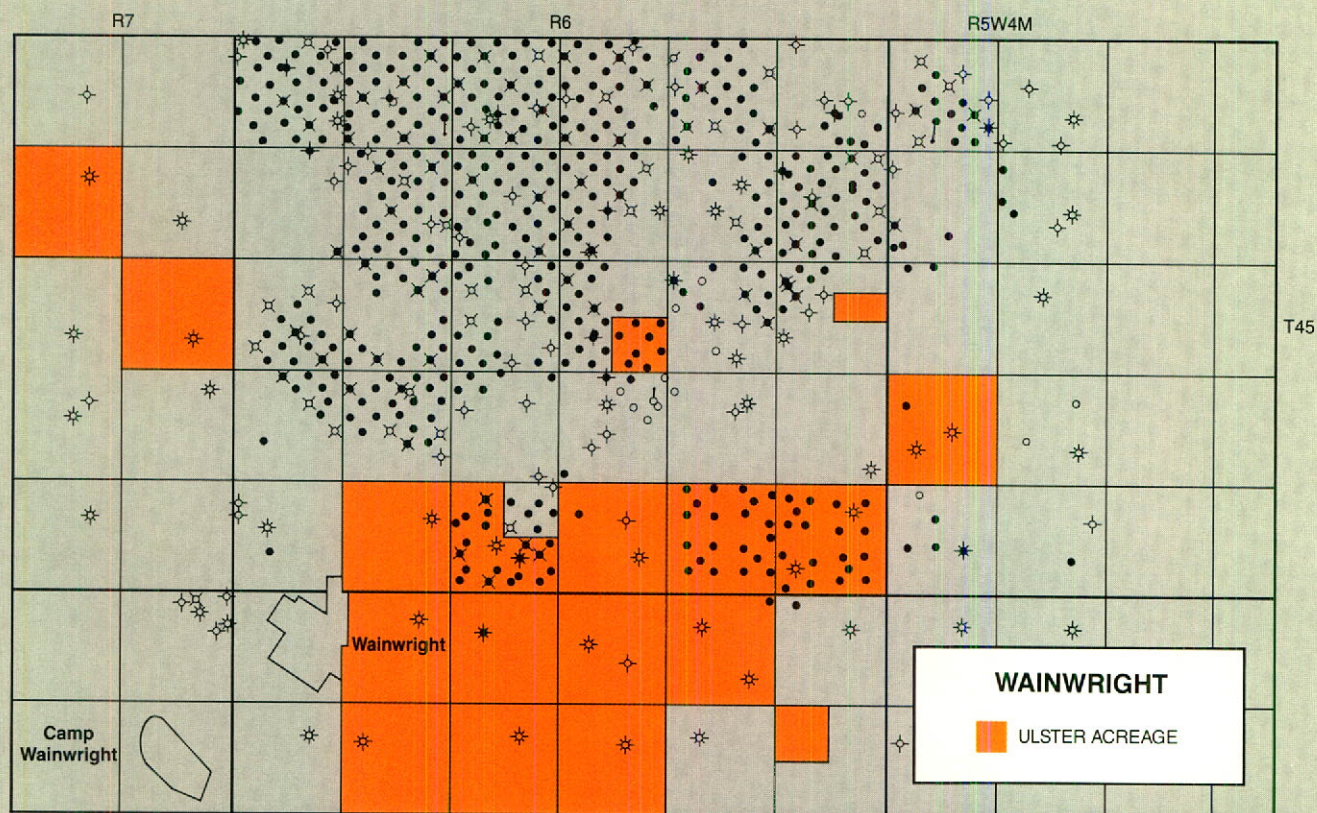
An extended production test on our Nancy 6-30-90-13 W5M discovery well was conducted during the first quarter of 1984 and yielded encouraging results. Accordingly, Ulster and its partners propose to drill the first of a number of potential offsets on this prospect during the 1984-5 winter drilling season.

Ulster participated in the drilling of two exploratory wells in the SLAVE AREA to earn a 10% working interest in 5,120 acre block of leases. One of these wells

has been completed in the Slave Point formation and is currently on production test while the second well was dry and abandoned. Additional drilling will be undertaken this summer if the foregoing test results are favourable.

An all weather road is being constructed by a third party through a portion of Ulster's land holdings in the OGSTON AREA. Upon completion of this road, Ulster expects to follow-up on the indicated development potential of its offsetting lands.





## WAINWRIGHT

The WAINWRIGHT AREA in east central Alberta continues to be one of the Company's major centers for both oil and gas production revenues as well as developmental drilling activity. During 1983, twenty-one additional oil and injection wells were drilled on Ulster's lands. These wells, together with an additional twelve wells drilled in the first quarter of 1984, are now being completed and tied into permanent production facilities. Once this work has been completed Ulster's share of oil production from this area should exceed 175 barrels per day.

Further developmental drilling activity is scheduled on the offsetting acreage controlled by Ulster and its partners once the current phase of development has been completed and the production results fully evaluated.

## OTHER EXPLORATION ACTIVITY

Ulster participated (25% working interest) in the drilling of two exploratory wells in the PROVOST AREA of Alberta in November of 1983. One of these wells was cased as a potential gas well and the second well was completed as a 50 barrel/day oil well in the Cummings Formation early in 1984. Two immediate offset locations are scheduled for drilling after break-up.

In southern Saskatchewan, Ulster participated (23% average working interest) in the drilling of four successful oil wells in the NEPTUNE AREA.

These wells are currently on production at an average daily production rate of 25 barrels of oil per well. Additional follow-up drilling is planned on the Company's lands after spring break-up.

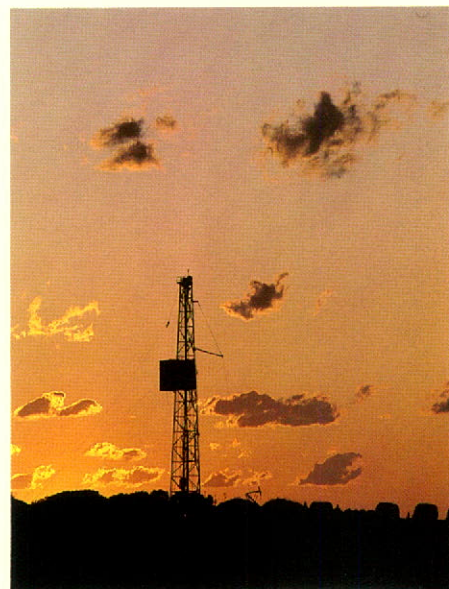
During 1983 Ulster acquired a 32% average working interest in 1,600 acres offsetting the BENCH FIELD in Southwestern Saskatchewan. One well has already been drilled on these lands and an additional three have been scheduled for drilling later this year.

In November 1983, Ulster put two of its wells (50% working interest until payout) in the SEDALIA AREA of southern Alberta onto production at a daily rate of 1,250,000 mcf per day. Ulster has an average 30% working interest in 7,680 acres of offsetting lands which can also be developed as natural gas markets improve.

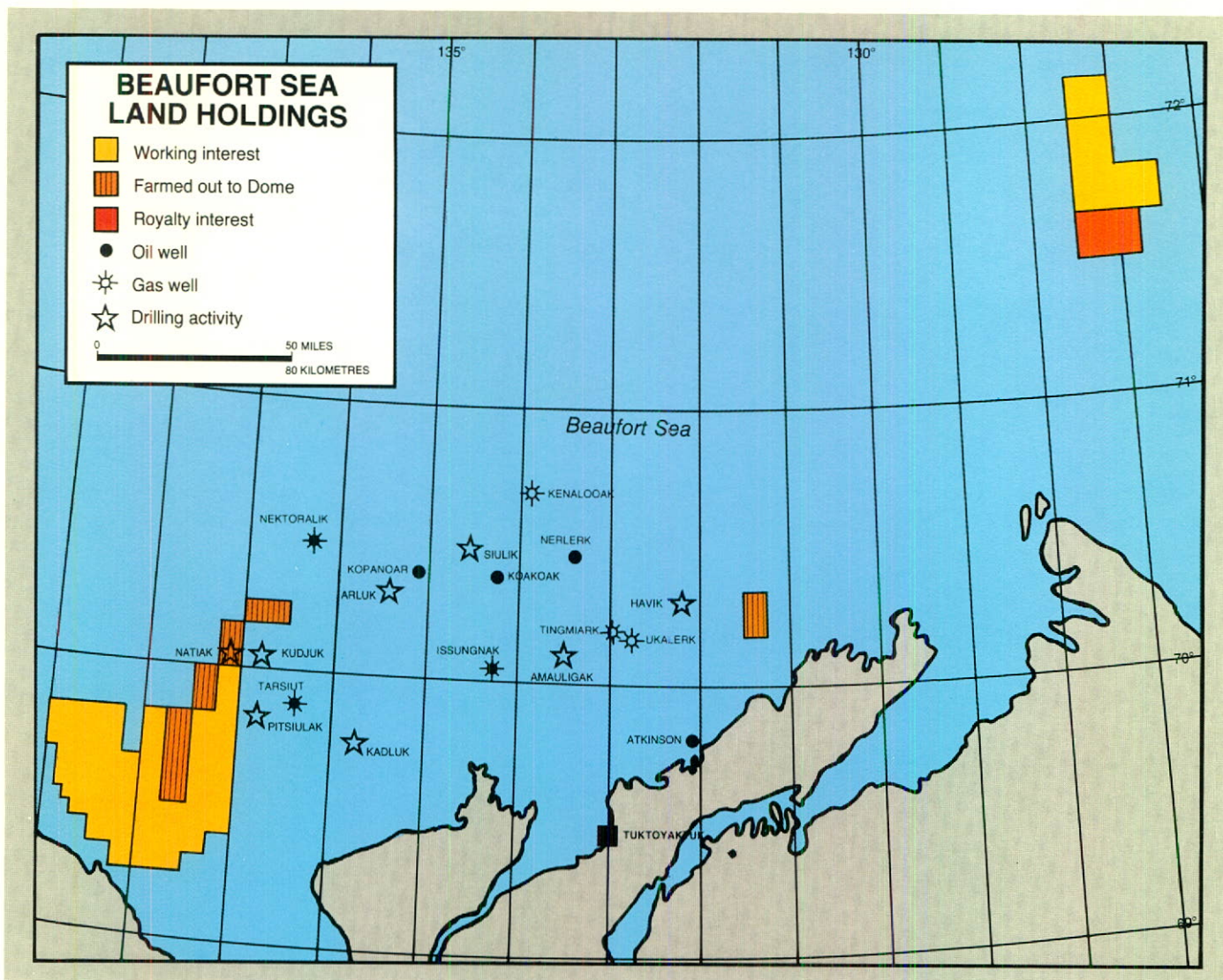


## LAND HOLDINGS

Geographical Area	Gross Acres	Net Acres
Akuinu .....	1,280	1,120
Bentz .....	8,960	209
Bergen .....	17,440	1,952
Berland River .....	51,135	3,156
Big Bend .....	12,800	928
Brazeau River .....	1,760	320
Caroline .....	480	336
Clive .....	160	160
Crimson Lake .....	9,760	1,472
Crossfield .....	1,940	1,040
Drumheller .....	10,560	2,048
Edson .....	10,240	1,644
Golden/Red Earth .....	104,690	27,067
Grand Forks .....	4,000	1,439
Huxley .....	4,160	440
Innisfail .....	640	320
Lait .....	960	240
Lalby .....	320	320
Little Bow .....	1,280	307
Medicine Hat .....	39,520	37,440
Mitsue .....	800	384
Muskwa-Utikuma .....	1,120	224
Princess .....	640	640
Provost .....	1,440	360
Retlaw .....	2,720	398
Rumsey .....	5,120	260
Sedalia .....	7,680	2,304
Steen .....	160	101
Turner Valley .....	11,320	558
Virginia Hills .....	960	960
Wainwright .....	10,880	2,422
Willesden Green .....	1,280	400
Winnifred .....	3,840	896
Wrentham .....	1,120	373
Other interests .....	8,266	466
Alberta totals	339,431	92,704
Saskatchewan .....	12,127	3,078
British Columbia	12,788	665
	364,346	96,447
Beaufort Sea .....	1,568,013	144,278
Total .....	1,932,359	240,725







## BEAUFORT SEA

As indicated on the above map, Ulster has an interest in approximately 1,600,000 gross acres (144,000 net acres) of exploration rights in the Beaufort Sea. These lands have all been included in Federal Exploration Agreements and as such will be subject to varying degrees of exploration activity during the next five years.

Dome spudded the NATIAK O-44 well on a portion of Ulster's acreage in the summer of 1983 and drilled to a depth of 12,000 feet before ice conditions forced suspension of the well. Although the shallow objectives in this well did not

yield any positive results, Dome is committed to re-enter this well in 1984 and will test its primary geological objective before reaching an estimated total depth of 16,000 feet.

A 1983 seismic program conducted by Gulf Canada has identified three highly prospective structures on Ulster's interest (3.385% working interest) located immediately south and west of the Natiak well. A detailed follow-up seismic program will be shot over these structures during the summer of 1984 to select a drilling location which will tentatively be spudded in January 1985.

The foregoing activities, and for that

matter Ulster's entire interests in the Beaufort, have been conducted at little or no cost to your Company. This approach was not adopted because of a lack of faith in the future potential and promise of this area. Quite the contrary is true! A Company the size of Ulster cannot, however, afford to put all of its funds into such a long-term play no matter how attractive it may seem. We must allocate the majority of our resources to those areas which offer great short-term potential, so that when and if production commences on our Beaufort holdings it will augment a financially sound and stable company, rather than being needed as its savior.



# Financial Review and Analysis

The Company's financial statements for the year ended December 31, 1983 are highlighted as follows:

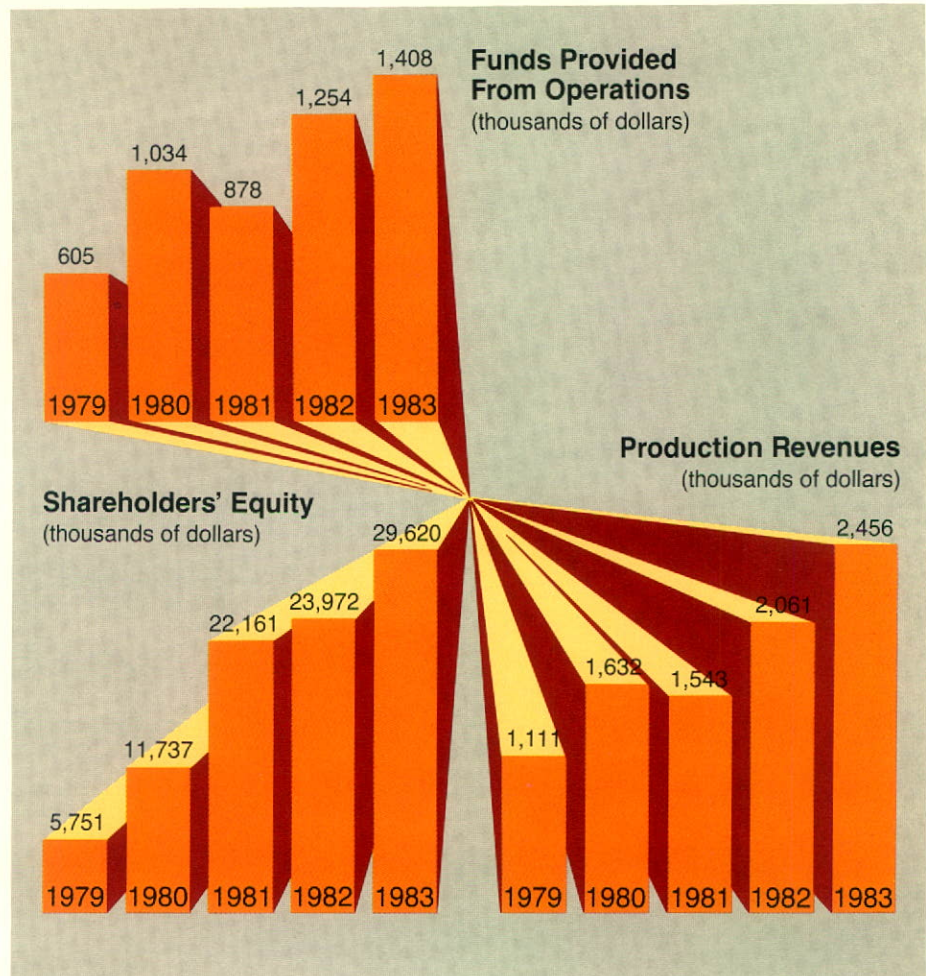
- Net earnings increased to \$361,000 (\$0.03 per common share) compared to \$316,000 in 1982;
- Cash flows from operations increased 12% to \$1,408,000 (\$0.10 per common share); and
- Production revenues increased 19% to \$2,456,000.

Although each of these amounts represents a new corporate high, it is important to note that these results were achieved in spite of a 35% decline in the Company's natural gas sales in 1983.

The Company's oil production increased to 138 barrels per day from 75 barrels per day in 1982 with the result that approximately 70% of our annual production revenue is now derived from oil sales, compared to less than 20% in 1981. A similar increase in oil sales is forecast for 1984 while natural gas sales appear to have bottomed out for the Company.

Geological and geophysical overhead expenses totalling \$307,000 (1982 — \$345,000) were capitalized and included in additions to oil and gas properties for the year. These amounts represent overhead expenses directly related to the Company's exploration activities after deducting related recoveries.

The Company's 1983 exploration expenditures of \$5,568,000 were financed from a combination of cash flows from operations, a successful rights offering of 3,298,515 common shares at \$1.65 each to the Company's



shareholders, and a private placement of 1,000,000 flow-through common shares at \$2.50 each. These capital injections enabled Ulster to end 1983 without any long-term debt and a working capital balance of \$1,335,000. As noted elsewhere, this working capital balance, when combined with projected production revenues for 1984 will make Ulster financially self-sufficient for the first time in its corporate history.



ULSTER PETROLEUMS LTD.

**Balance Sheet**

December 31, 1983

**Assets**

	1983	1982
Current assets:		
Cash and term deposits .....	\$ 825,000	\$ 1,453,000
Accounts receivable .....	1,399,000	1,195,000
Notes due under private placement (Note 4) .....	1,850,000	450,000
Total current assets .....	4,074,000	3,098,000
Note due from shareholder (Note 2) .....	249,000	249,000
Oil and gas properties and equipment (Note 3) .....	29,666,000	25,018,000
Deferred income taxes .....	644,000	499,000
Other assets, at cost .....	28,000	27,000
	<u>\$34,661,000</u>	<u>\$28,891,000</u>

**Liabilities and Shareholders' Equity**

Current liabilities:		
Accounts payable and accrued liabilities .....	\$ 2,739,000	\$ 2,833,000
Bank advances .....	—	1,800,000
Deferred revenue .....	266,000	186,000
Advances under private placement (Note 4) .....	2,036,000	100,000
Shareholders' equity:		
Share capital (Note 4) .....	34,083,000	28,796,000
Deficit .....	4,463,000	4,824,000
	<u>29,620,000</u>	<u>23,972,000</u>
	<u>\$34,661,000</u>	<u>\$28,891,000</u>

On behalf of the Board:

O. Draxel, Director

R. L. Hay, Director

See accompanying notes.



ULSTER PETROLEUMS LTD.

# Statement of Earnings and Deficit

Year ended December 31, 1983

	1983	1982
Revenue:		
Production .....	\$2,456,000	\$2,061,000
Other .....	190,000	179,000
	<u>2,646,000</u>	<u>2,240,000</u>
Expenses:		
Production .....	757,000	581,000
General and administrative .....	326,000	344,000
Interest .....	155,000	61,000
Depletion .....	770,000	654,000
Depreciation and amortization .....	150,000	117,000
	<u>2,158,000</u>	<u>1,757,000</u>
Earnings before deferred income taxes .....	488,000	483,000
Deferred income taxes (Note 5) .....	<u>127,000</u>	<u>167,000</u>
Net earnings .....	361,000	316,000
Deficit, beginning of year .....	<u>4,824,000</u>	<u>5,140,000</u>
Deficit, end of year .....	<u>\$4,463,000</u>	<u>\$4,824,000</u>
Net earnings per share .....	<u>\$ 0.03</u>	<u>\$ 0.03</u>

# Statement of Changes in Financial Position

Year ended December 31, 1983

	1983	1982
Funds provided from:		
Operations .....	\$1,408,000	\$1,254,000
Issue of shares .....	5,077,000	1,474,000
Advances under private placement .....	1,874,000	100,000
Deferred revenue .....	80,000	22,000
Bank advances .....	—	1,800,000
	<u>8,439,000</u>	<u>4,650,000</u>
Funds applied to:		
Additions to oil and gas properties and equipment .....	5,568,000	4,401,000
Repayment of bank advances .....	1,800,000	—
Note due from shareholder .....	—	249,000
Other assets .....	1,000	1,000
	<u>7,369,000</u>	<u>4,651,000</u>
Increase (decrease) in working capital .....	1,070,000	(1,000)
Working capital, beginning of year .....	<u>265,000</u>	<u>266,000</u>
Working capital, end of year .....	<u>\$1,335,000</u>	<u>\$ 265,000</u>

See accompanying notes.



## Notes to Financial Statements

December 31, 1983

### 1. Significant accounting policies:

#### a) Oil and gas properties:

The Company follows the full cost method of accounting for exploration and development expenditures, wherein all costs related to the exploration for and development of oil and gas reserves are capitalized. These costs include land acquisition costs, geological and geophysical expenditures, lease rentals, costs of drilling productive and non-productive wells, and overhead expenses directly related to exploration activities after deducting related government grants receivable by the Company. A separate cost centre is maintained for each country in which the Company is engaged in exploration and production activities.

The Company follows the revenue method of depletion whereby all capitalized costs, excluding the cost of wells in progress on significant undeveloped properties, are allocated to individual periods in the same proportion as current revenue is to the total estimated revenue from proven reserves of oil and gas as determined by independent engineers.

Proceeds of minor property sales are credited to the net book value of oil and gas properties and equipment without recognizing any gain or loss on disposition. Gains or losses on major property sales are recognized in the statement of earnings.

Renewals or replacements which improve or extend the life of existing properties are capitalized. Those of a routine nature as well as maintenance and repairs are charged to income.

#### b) Production and other equipment:

Depreciation and amortization is provided using the following rates and methods.

Production equipment	— 5 - 10% declining balance
Other equipment	— 5 - 20% declining balance
Leasehold improvements	— over the term of the lease

#### c) Deferred revenue:

Deferred revenue represents amounts received in respect of "take-or-pay" natural gas contracts. These revenues have been deferred pending ultimate natural gas delivery. All operating costs related to these shut-in periods, however, are expensed as incurred.

#### d) Joint interest operations:

Substantially all of the Company's petroleum and natural gas exploration and production activities are conducted jointly with others and accordingly these financial statements reflect only the Company's proportionate interest in such activities.

#### e) Earnings per share:

Earnings per share is calculated using the weighted monthly average number of shares outstanding during the year. Assuming the exercise of the share warrants and stock options at the beginning of 1983, there would be no dilution in earnings per share.

### 2. Note due from shareholder:

An interest free loan of \$249,000 to the President to acquire common shares of the Company is secured by a promissory note and a pledge of the common shares so purchased, and is payable in three equal annual instalments commencing on April 1, 1985.



### 3. Oil and gas properties and equipment:

	1983			1982
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Oil and gas properties .....	\$32,530,000	\$4,407,000	\$28,123,000	\$23,700,000
Production equipment .....	2,208,000	1,083,000	1,125,000	1,177,000
Other equipment .....	608,000	190,000	418,000	141,000
	<u>\$35,346,000</u>	<u>\$5,680,000</u>	<u>\$29,666,000</u>	<u>\$25,018,000</u>

Grants under the Petroleum Incentive Program, aggregating \$733,000 (1982 — \$1,181,000), were treated as a reduction in the cost of the related exploration and development expenditures made.

### 4. Share capital:

	1983	1982
Authorized: Common shares without nominal or par value .....	50,000,000	50,000,000
Convertible first preferred shares .....	5,000,000	5,000,000
Issued: 16,492,575 common shares (1982 — 13,144,060) .....	<u>\$34,083,000</u>	<u>\$28,796,000</u>

#### a) Private placements:

In September 1983, the Company issued 25 units at a price of \$100,000 each. Each unit consisted of the right to earn 40,000 common shares of the Company. At December 31, 1983, \$1,145,000 had been expended on petroleum and natural gas properties. The remaining proceeds of \$1,355,000 will be spent in 1984. Under the terms of the agreement, no shares are issuable until all of the funds have been expended. Net issue expenses of \$64,000, after deducting a deferred income tax benefit of \$62,000, have been recorded as a reduction of the advances under private placement.

Under the terms of the agreement to purchase the units, \$650,000 in cash was received during 1983 and the balance of \$1,850,000 is evidenced by promissory notes due in 1984.

The net consideration for one unit under a private placement in 1982 aggregating \$65,000 after deducting Petroleum Incentive Program grants of \$35,000 were expended during 1983 and resulted in the issue of 50,000 common shares.

#### b) Rights issue:

In July, 1983, the Company successfully completed a rights offering to its shareholders on the basis of one common share for every four common shares held at a subscription price of \$1.65 per share. The offer was fully subscribed and resulted in the issue of an additional 3,298,515 common shares for a net consideration of \$5,222,000 after deducting share issue expenses of \$430,000 and including a deferred income tax benefit of \$210,000.

#### c) Stock options:

The Company has reserved 500,000 common shares for granting under option to full time employees. Options on 342,500 common shares have been granted and are exercisable, at prices ranging from \$0.94 to \$1.15 per share, to a maximum of



20% per annum on a cumulative basis commencing on January 1, 1981. All options terminate on December 31, 1989 and none were exercised during the year.

d) Warrants:

In connection with the private placement of common shares in 1981 and 1980, the Company issued the following common shares purchase warrants:

	<u>Number Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1980 Warrants .....	450,000	\$4.57/share	June 30, 1985
1981 Warrants .....	645,000	\$4.81/share	June 30, 1986

Pursuant to the anti-dilution provisions of the 1980 warrants, each warrant outstanding now entitles the holder to purchase 1.2 common shares of the Company at the price indicated. The expiry dates of the outstanding warrants were extended by two years at the last annual meeting.

5. Income taxes:

The provision for income taxes differs from the result which would have been obtained by applying the combined Federal and Provincial income tax rate to the Company's earnings before income taxes. This difference results from the following items:

	<u>1983</u>	<u>1982</u>
Computed "expected" income tax expense .....	<b>\$ 234,000</b>	\$236,000
Increase (decrease) in taxes resulting from:		
Royalties and other payments to Provincial Government .....	<b>112,000</b>	109,000
Non-deductible depreciation and depletion .....	<b>132,000</b>	112,000
Petroleum and natural gas revenue tax (recovery) .....	<b>(33,000)</b>	22,000
Resource allowance .....	<b>(208,000)</b>	(172,000)
Depletion allowance .....	<b>(29,000)</b>	(50,000)
Alberta royalty tax credit .....	<b>(69,000)</b>	(76,000)
Provincial rebates .....	<b>(12,000)</b>	(14,000)
	<u><b>\$ 127,000</b></u>	<u>\$ 167,000</u>

Certain petroleum and natural gas properties of the Company have tax values in excess of their net book value in the amount of \$2,200,000. The future income tax benefits related to these amounts have not been recognized in the accounts.

Petroleum and natural gas properties with a net book value of \$10,225,000 have no cost for income tax purposes. This amount relates primarily to the private placement of common shares by the Company whereby all wells drilled and production obtained accrue to the Company and the related exploration and development income tax deductions and grants accrue to the investors.



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**6. Segment information:**

The Company operates as an oil and gas exploration and development Company in Canada and the United States. The operations in the United States are not significant.

**7. Remuneration of directors and officers:**

The aggregate remuneration paid by the Company to directors and five senior officers during the year amounted to \$511,000 (1982 — \$420,000).

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## **Auditors' Report to the Shareholders**

We have examined the balance sheet of Ulster Petroleums Ltd. as at December 31, 1983 and the statements of earnings and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Canada  
April 12, 1984

Peat, Marwick, Mitchell & Co.  
Chartered Accountants







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# Corporate Information

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## INCORPORATION

Formed by statutory amalgamation on  
January 12, 1970 in the Province of Alberta

## HEAD OFFICE

Suite 500, 700 - 4th Avenue, S.W.  
Calgary, Alberta T2P 3J4  
Phone (403) 269-6911

## LEGAL COUNSEL

Moore Martin  
665, 800 - 6th Avenue S.W.  
Calgary, Alberta

## AUDITORS

Peat, Marwick, Mitchell & Co.  
2500, 700 - 2nd Street S.W.  
Calgary, Alberta

## REGISTRAR AND TRANSFER AGENT

Canada Trust Company  
505 - 3rd Street S.W.  
Calgary, Alberta

110 Young Street  
Toronto, Ontario

4 Bentall Centre  
Vancouver, B.C.

## STOCK EXCHANGE LISTING:

Toronto Stock Exchange  
Share Symbol: ULP



