

PENN WEST PETROLEUM LTD.

ANNUAL REPORT 1993

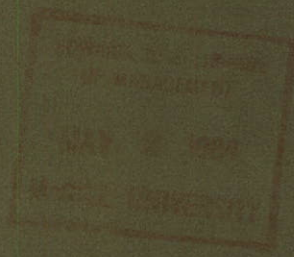


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Corporate Profile

Penn West Petroleum Ltd. is a Canadian energy company with its headquarters in Calgary, Alberta. The Company is engaged in the acquisition, exploration, development and production of oil and natural gas in Canada, the United States and Australia. Operations in the United States are carried out through a wholly owned subsidiary, Penn West Petroleum, Inc., and those in Australia through Penn West Petroleum Ltd., and Springwest-Page Petroleum N.L. The Company's shares are publicly traded on the Toronto Stock Exchange.

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held in Salons A and B of the Holiday Inn, 8th Avenue and 6th Street, S.W., Calgary, Alberta, on Wednesday, May 16, 1984, at 10:00 a.m.

Financial and Operating Highlights

Financial

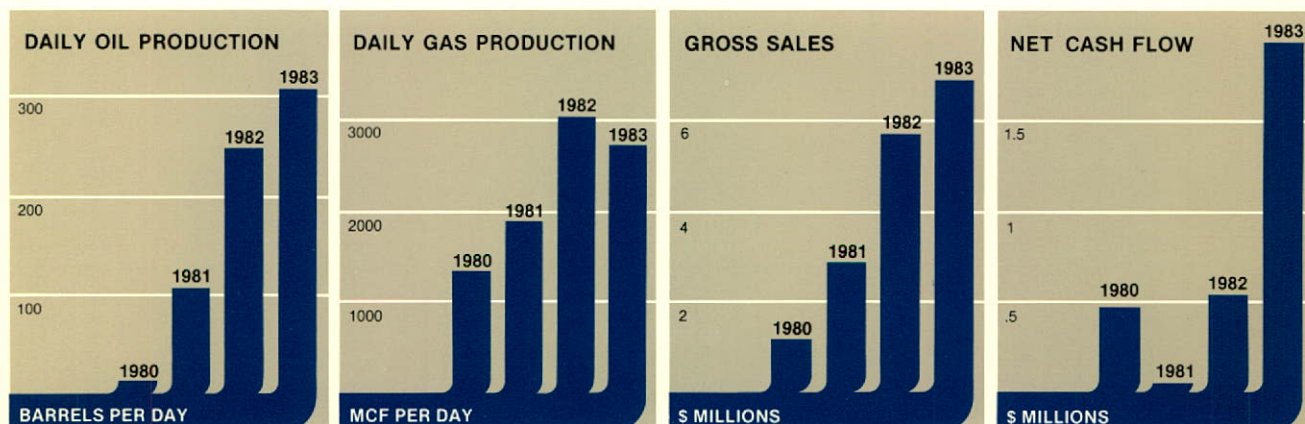
	Year Ending Dec.31,1983	Year Ending Dec.31,1982
Gross Oil & Gas Sales	\$ 6,497,088	\$ 5,720,192
Total Revenue, net of royalties	\$ 5,140,084	\$ 4,727,696
Oil & Gas Sales, net of royalties	\$ 5,089,351	\$ 4,584,123
Investment Income	\$ 50,733	\$ 143,573
Loss for the Year	\$ (2,571,065)	\$ (1,787,130)
Working Capital Generated from Operations	\$ 1,938,331	\$ 526,561
Additions to Property, Plant & Equipment	\$ 2,808,180	\$ 1,797,488
Working Capital (Deficiency)	\$ (153,350)	\$ 1,098,376
Long Term Debt	\$13,800,000	\$14,300,000
Shareholders' Equity	\$17,390,643	\$19,993,665
Total Assets	\$35,765,066	\$38,581,257
Common Shares Outstanding	8,880,796	8,880,763
Registered Common Shareholders	1,067	1,178
Class A Shares Outstanding	5,441,851	5,465,351
Registered Class A Shareholders	409	436

Operations

Production (Gross before royalties)		
Crude Oil (Barrels)	111,157	92,447
Barrels per day	305	253
Natural Gas (Mcf)	1,002,733	1,101,168
Mcf per day	2,747	3,017
Reserves (Gross Proven & Probable)		
Crude Oil (Barrels)	2,354,000	1,357,800
Natural Gas (Mmcf)	45,369	42,894
Drilling Activity		
Gross Wells Drilled	38	65
Net Wells Drilled	6.726	6.852
Net Wells Productive	6.304	6.450
Net Wells Dry	0.422	0.402

Land Holdings (Undeveloped)

Gross Acres	24,072,251	24,089,746
Net Acres	286,412	265,443
Gross Royalty and Net Profits Interest	382,027	474,164



President's Letter to The Shareholders

Penn West's strategy of spending its cash flow on low risk development programs while obtaining industry participation in return for carried interests in high risk exploration projects has carried the Company through two years of a difficult economy. This cautious approach to spending has resulted in substantial improvements in cash flow and significant exploration successes for 1983.

The exploration highlight of the year was undoubtedly our participation in a Devonian Leduc Reef oil well which is currently producing at rates in excess of 400 barrels of oil per day. An independent engineering evaluation has assigned 928,600 barrels of proven and probable oil reserves to the interest of Penn West in the Rimbey Area discovery. At a 15 percent discount rate, the reserves are valued at \$13,986,100 which equates to nearly \$1.00 per share. Production from the well which commenced in late 1983 is expected to contribute substantially to the 1984 cash flow of the Company.

During 1983 Penn West participated in the drilling of 45 wells in Canada. This resulted in 29 oil wells, 7 gas wells and 9 abandonments and the Company once again achieved a remarkably high drilling success ratio of 80 percent. By year-end your Company held working interests in 563 oil and gas wells in Canada and the United States and royalty and net profits interests in a further 86 wells.

An independent engineering analysis effective January 1, 1984, placed the Company's gross share of proven and probable reserves at 2,354,000 barrels of oil and 45 billion cubic feet of natural gas with an undiscounted value of \$349,812,000. At a discount value of 15 percent, the reserves are valued at \$70,113,000 or \$4.90 per share.

Penn West's undeveloped land holdings of 24,072,251 gross acres and 286,412 net acres have been independently valued at \$6,081,660. When combined with net profits and royalty interests valued at \$544,829, this value amounts to \$6,626,489 or 46 cents per share.

Oil production during 1983 averaged 305 barrels per day compared to 253 barrels per day last year, an increase of 21 percent. Natural gas production dropped to 2,747 thousand cubic feet compared to 3,017 thousand cubic feet reported in 1982, a 9 percent reduction. Natural gas sales reductions for 1983 reflect a low market demand which should begin to recover in 1984.

The 1983 financial statements show continued improvement for your Company. Revenues from oil and gas sales increased 11 percent to \$5,089,351 from \$4,584,123 reported for the same period last year. A write-down of oil and gas properties in the United States of \$1,542,000 coupled with a share of an affiliated company's loss of \$1,275,973 more than account for the net loss for the period of \$2,571,065. Other non-cash items of depletion, depreciation and deferred income tax amounted to \$1,691,423 for the period. Cash flow from operations of \$1,938,831 improved nearly fourfold over the \$526,561 reported a year earlier. Working capital of \$1,098,376 at the beginning of the year was reduced to a deficiency of \$153,350 at year-end. An acceleration of the Company's oil and gas drilling activity in the fourth quarter of the reporting period along with the investment in an affiliated company and a reduction in a long-term debt more than account for this change.

Subsequent to year-end a major block of 4,136,860 Penn West Common shares was sold by Pennant Resources Limited of Toronto to Bonanza Resources Ltd. We are pleased to announce the appointments of Mr. John J. Fleming and Mr. F. K. Roy Gillespie to the Board of Directors of the Company. Mr. Fleming has also been appointed Chairman of the Board of Penn West. Mr. Fleming and Mr. Gillespie are Officers and Directors of Bonanza Resources Ltd. We wish to express our sincere gratitude to retiring Directors Mr. Irwin Singer and Mr. Sidney Singer for their significant contribution in the building of Penn West from its inception to the sound junior oil and gas company it now is.

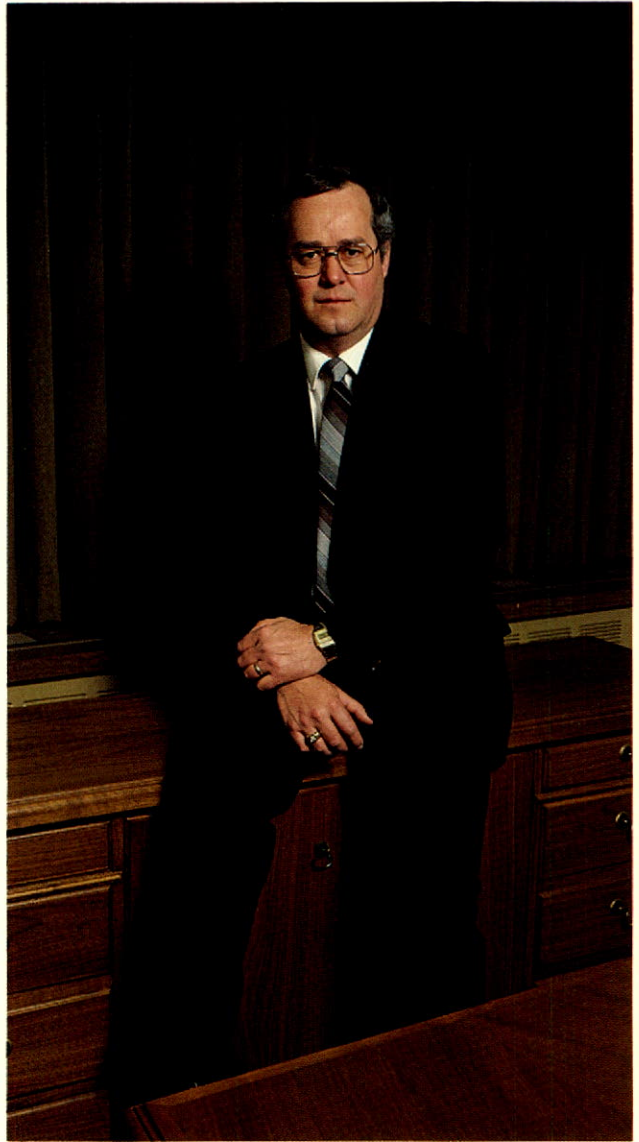
Penn West's success during 1983 can be best determined by analysing the amount of oil equivalent reserves found during the year and the cost of finding the reserves. Penn West was successful in more than replacing its 1983 oil and gas production. On an oil equivalent basis, this resulted in 6 barrels of oil being discovered for each barrel produced. The majority of the reserves were placed on production late in the year and will be reflected significantly in the 1984 cash flow. Considering the capital expenditures for land, seismic, drilling, completions and production facilities, the new oil and gas reserves were discovered at a cost to the Company of \$1.59 per oil equivalent barrel. This cost is substantially below the industry average and reflects Penn West's continued success in its exploration and development programs.

1983 has been a year of significant success for Penn West. This success reflects the outstanding contribution of the Company's management and support staff whose dedication and loyalty are very much appreciated.

Submitted on behalf of the Board,



Dale F. Duprey,
President,
Calgary, Alberta,
March 30, 1984



Oil & Gas Reserves

Penn West has proven reserves and probable additional reserves in Saskatchewan, Alberta, British Columbia, North Dakota, Kansas and Texas.

The following table provides a summary of the Company's oil and gas reserves at January 1, 1984, determined by the independent petroleum consulting firm, Martin Petroleum Consulting Ltd., together with comparative volumes for 1982:

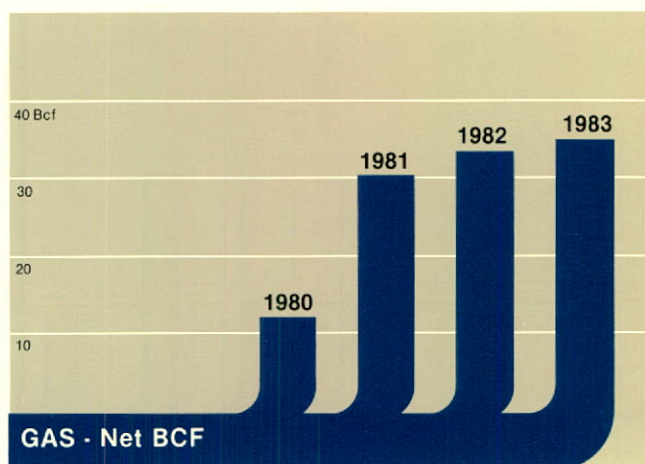
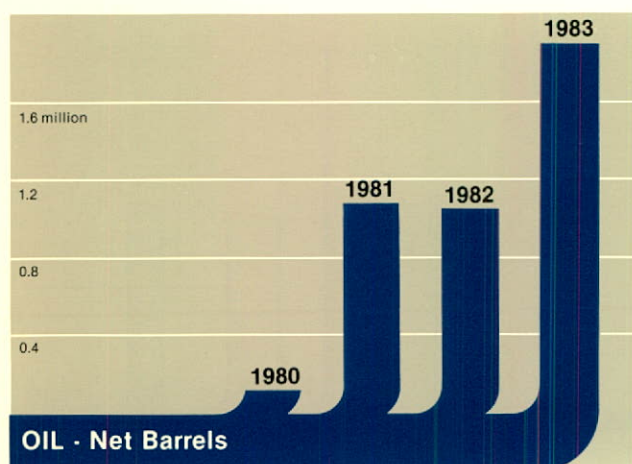
Reserves

	1983		1982	
	Gross	Net	Gross	Net
Crude Oil (Bbls)				
Proven	1,678,000	1,365,000	906,400	720,400
Proven & Probable	2,354,000	1,901,000	1,357,800	1,064,700
Natural Gas (Mmcf)				
Proven	40,736	31,808	36,205	28,509
Proven & Probable	45,369	35,475	42,894	33,830

In addition to the above reserves, the net oil and gas equivalent of the value of the Alberta Royalty Credit has been estimated by Martin Petroleum Consulting Ltd., providing the following combined total 1983 net reserve summary:

	Net Reserves Before Alberta Royalty Credit	Net Reserves Attributable to the Alberta Royalty Credit		Total Net Reserves
Crude Oil (Bbls)				
Proven	1,365,000		37,000	1,402,000
Proven & Probable	1,901,000		47,000	1,948,000
Natural Gas (Mmcf)				
Proven	31,808		3,084	34,892
Proven & Probable	35,475		3,444	38,919

Reserves—Proven and Probable



Drilling Activity

Crude Oil & Natural Gas Discounted Future Net Cash Flow, Before Income Tax

	Undiscounted	10%	15%	20%
1982 Proven	\$239,570,500	\$ 73,654,100	\$52,006,900	\$39,811,200
Proven & Probable	\$301,640,400	\$ 89,021,800	\$60,934,600	\$45,724,700
1983 Proven	\$278,821,000	\$ 86,574,000	\$60,179,000	\$45,555,000
Proven & Probable	\$349,812,000	\$102,565,000	\$70,113,000	\$52,613,000

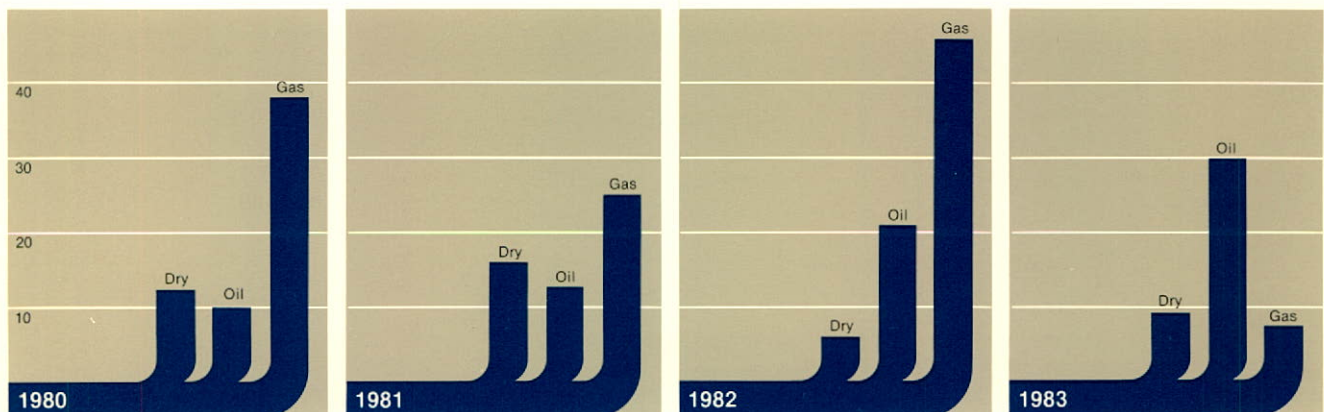
During 1983 the Company participated in the drilling of 38 wells in Western Canada. In addition, the Company holds an interest in 7 wells drilled at no cost to Penn West. The results of our 1983 drilling activities are shown in the following table:

1983 Drilling Results

Status	Gross Working Interest Wells			
	Alberta	Sask.	B.C.	Total
Gas	6	—	—	6
Oil	21	3	1	25
Dry	5	1	1	7
Sub Total	32	4	2	38

Status	Royalty and Net Profit Wells			
	Alberta	Sask.	B.C.	Total
Gas	1	—	—	1
Oil	4	—	—	4
Dry	2	—	—	2
Sub Total	7	—	—	7
Total	39	4	2	45

Drilling Activity



Land Holdings

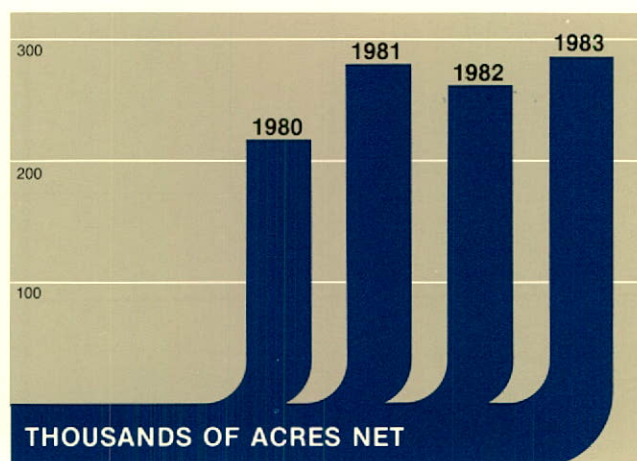
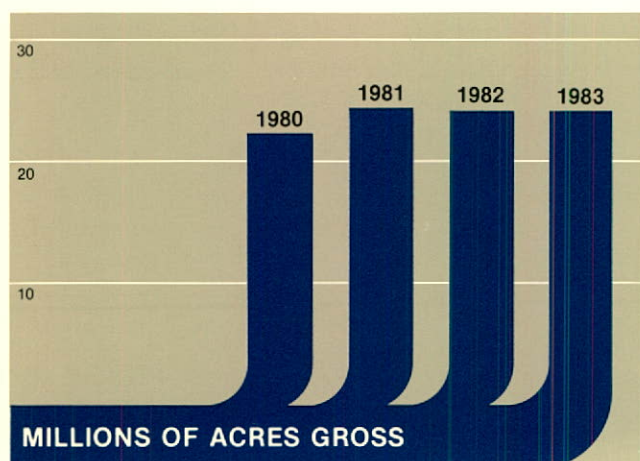
A report by Supplementary Land Services Ltd. has determined that the fair market value of the Company's net acreage in undeveloped lands was \$6,081,660 on December 31, 1983, while royalty and net profit interests in undeveloped lands was \$544,829.

The following table is a comparative summary of the undeveloped land holdings:

Undeveloped Petroleum and Natural Gas Rights

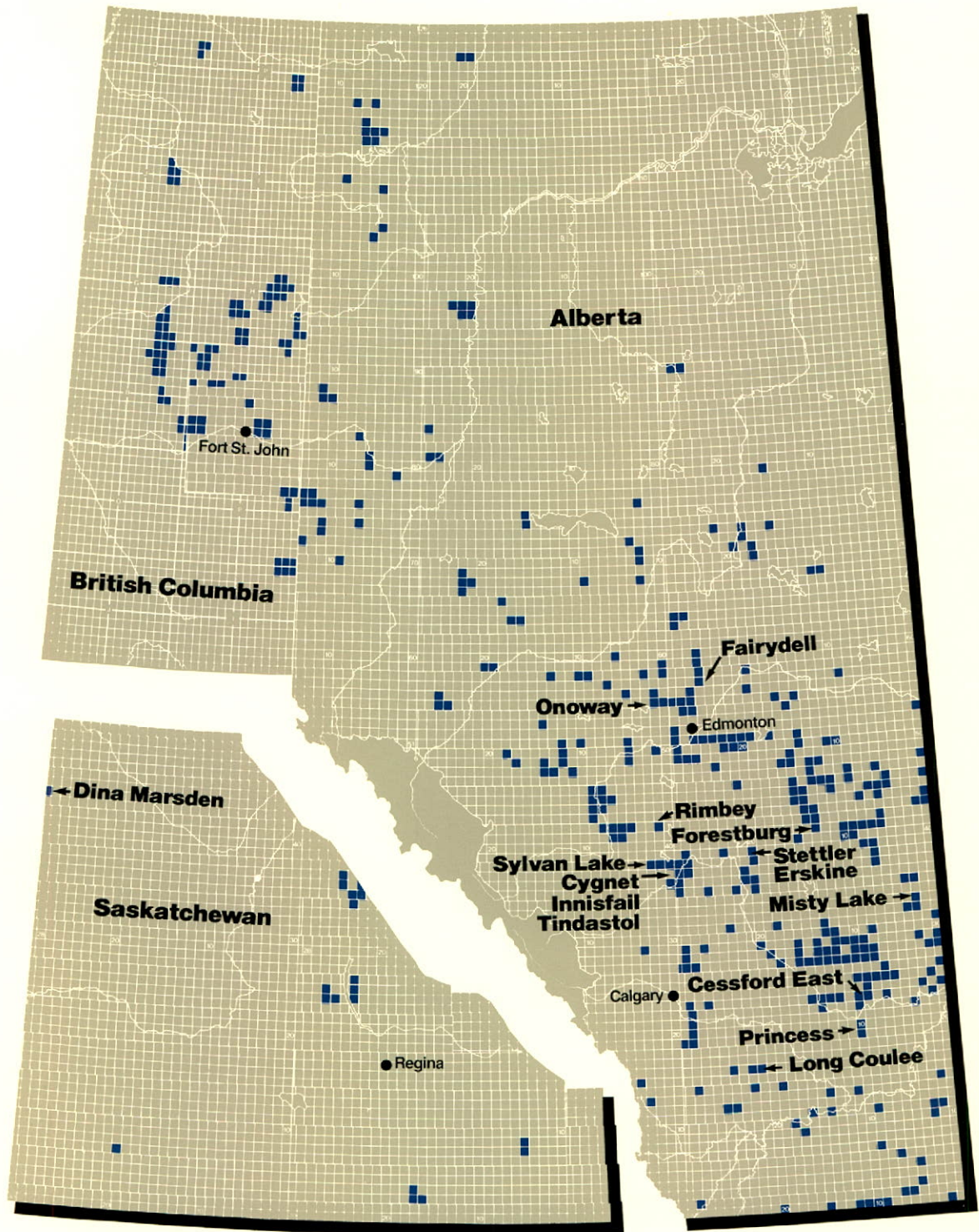
Working Interests	Total 1983		Total 1982	
	Gross Acres	Net Acres	Gross Acres	Net Acres
Alberta	491,157	61,828	426,093	42,189
British Columbia	44,358	2,420	30,602	2,208
Saskatchewan	23,447	13,148	16,155	11,230
Montana	111,980	10,302	123,450	11,102
Texas	2,239	200	2,239	200
Kansas	14,156	14,156	14,156	14,156
North Dakota	3,640	364	3,640	364
Queensland, Australia	22,999,247	183,994	22,999,247	183,994
Sub Total	23,690,224	286,412	23,615,582	265,443
Royalty and Net Profit Interests				
Alberta		58,453		55,601
British Columbia		323,254		418,563
Saskatchewan		320		
Sub Total		382,027		474,164
Total		24,072,251		286,412

Land Holdings



Canadian Operations

Townships Within Which Penn West Holds Interests

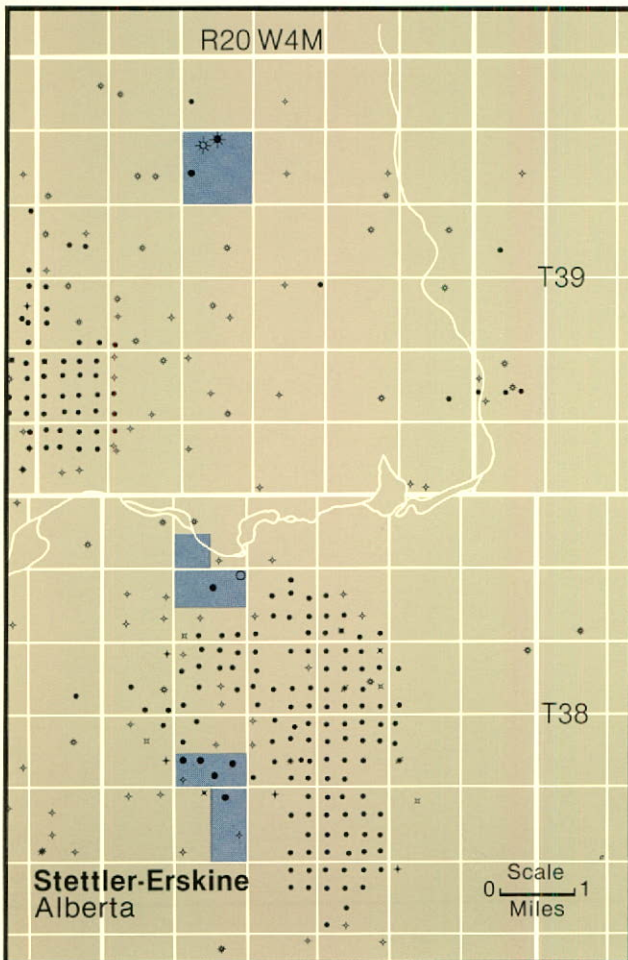


Penn West Petroleum Ltd.

Stettler Area, Alberta

Penn West participated as to a 12.5 percent working interest in a Devonian Leduc oil discovery, drilled at 10-29-38-20 W4M during 1983. The well is currently producing at a restricted rate of 50 barrels of oil per day which would increase to 90 barrels of oil per day pending approval of an application to the Energy Resources Conservation Board to increase the well's allowable. A second well at 16-29-38-20 W4M was recently drilled and is currently being evaluated.

Penn West participated in an extensive seismic program in this area during 1983 and additional development drilling is contemplated in 1984.



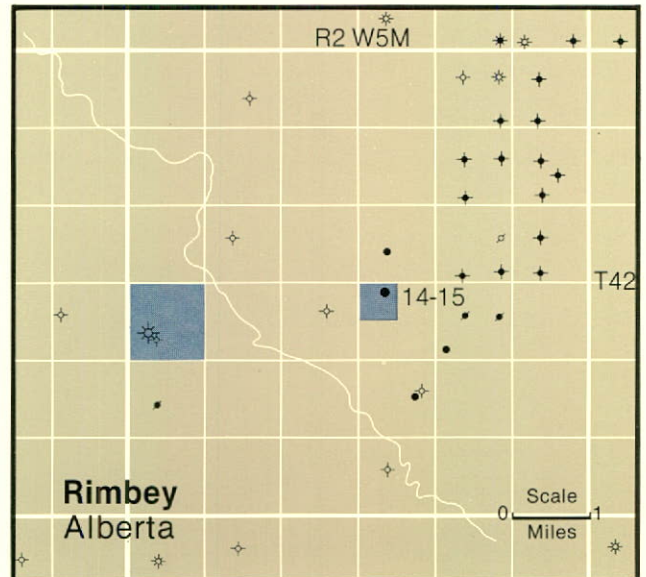
Rimbey Area, Alberta

A significant well was drilled on Penn West's acreage in the Rimbey area at 14-15-42-2 W5M during 1983. The well was drilled at no cost to the Company and we presently have a gross overriding royalty interest which, at payout of the well costs, will convert to a 50 percent working interest. At present production rates the Company will be in a working interest position by the summer of 1984.

The well tested oil from both the Devonian Nisku and Leduc formations and upon completion and installation of a gas lift facility is currently producing at an average rate in excess of 400 barrels of oil per day. A well allowable has not yet been established by the Energy Resources Conservation Board.

A gas conservation system is presently under study for the well and, if installed, would assist in establishing a well production allowable significantly higher than that currently expected.

It is anticipated that this well will contribute significant reserves and production revenues to the Company.

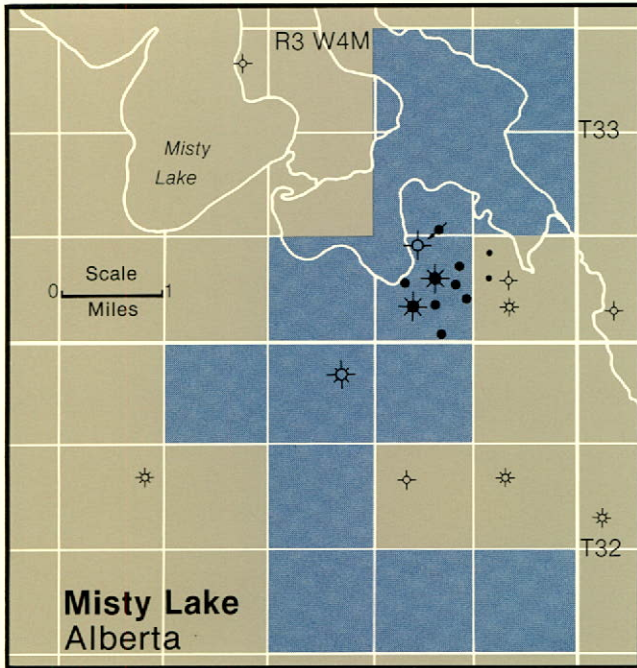


Misty Lake Area, Alberta

Penn West holds a 34.62 percent working interest in 8,320 acres in this area. Two new wells were drilled at 2-2-33-3 W4M and 9-2-33-3 W4M and placed on-stream during 1983 at production rates of 15 and 45 barrels of oil per day respectively. The Company now holds an interest in 8 wells in this Colony oil pool, producing at a combined rate of 160 barrels of oil per day.

Battery facilities were consolidated during 1983 and a salt water disposal system was tied-in. This facility upgrading is expected to result in a considerable reduction in operating costs.

A geophysical program is currently being conducted on the Company's undeveloped lands which is expected to define several prospective locations which would be drilled in 1984.

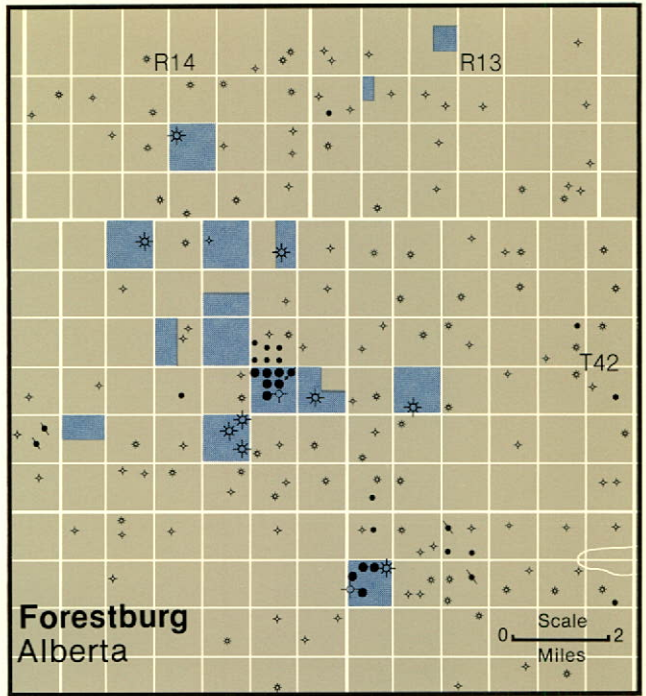


Forestburg Area, Alberta

With working interests varying between 2.5 and 8 percent in 7,120 acres in this area, Penn West participated in the drilling of 9 wells during 1983. This drilling resulted in 7 oil wells and 1 gas well being completed for production.

The Company now has interests in 10 oil wells and 8 gas wells in this area which are producing at a combined rate of one million cubic feet of gas per day and 230 barrels of oil per day from the Viking and Glauconitic formations.

An application has been submitted to the Energy Resources Conservation Board for an increased production allowable from the Glauconitic "S" pool which will improve the economics for additional drilling which is planned for 1984.

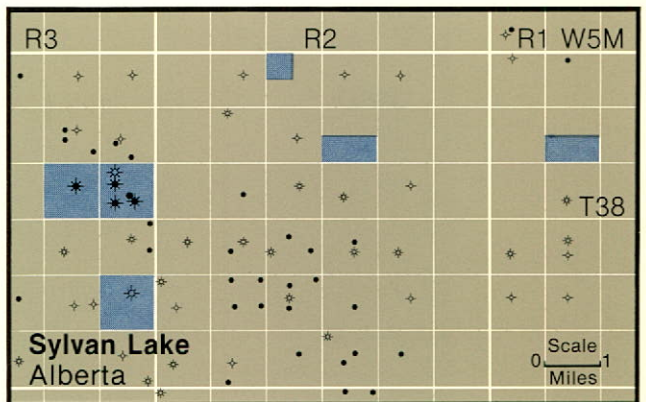


Sylvan Lake Area, Alberta

Penn West holds working interests ranging from 5 to 100 percent in 2,720 acres in this area.

A previously shut-in gas well at 10-23-38-3 W5M was completed in the Viking formation during the year. The well initially produced at a rate of 80 barrels of oil per day with a high rate of gas production and has temporarily been shut-in, awaiting tie-in of the gas to a compressor facility.

The Viking pool in this area is currently the subject of a reservoir study to determine the feasibility of a secondary waterflood program which would be preceded by the lands being unitized. Additional drilling is planned for 1984.

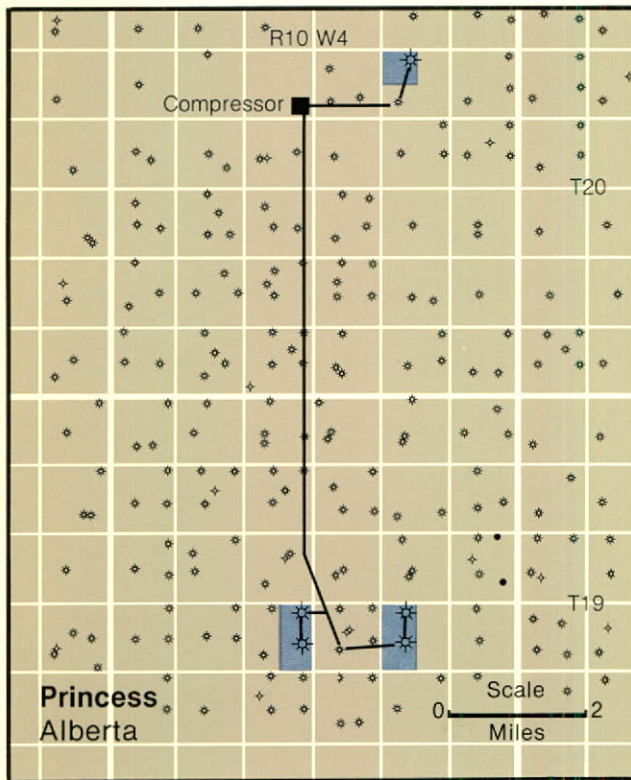


Princess Area, Alberta

The Company acquired a 33-1/3 percent interest in 640 acres in the Princess area during 1983, in which we have a deliverability gas contract with TransCanada PipeLines in an area covering a 2.5 township block.

Four gas wells were drilled on this acreage in 1983 and have been tied into compression facilities along with a fifth well which was previously drilled. The wells are presently producing at a combined rate of 1.5 million cubic feet per day.

The five wells produce from the Milk River and Medicine Hat formations while two wells also produce from the Second White Specks formation.

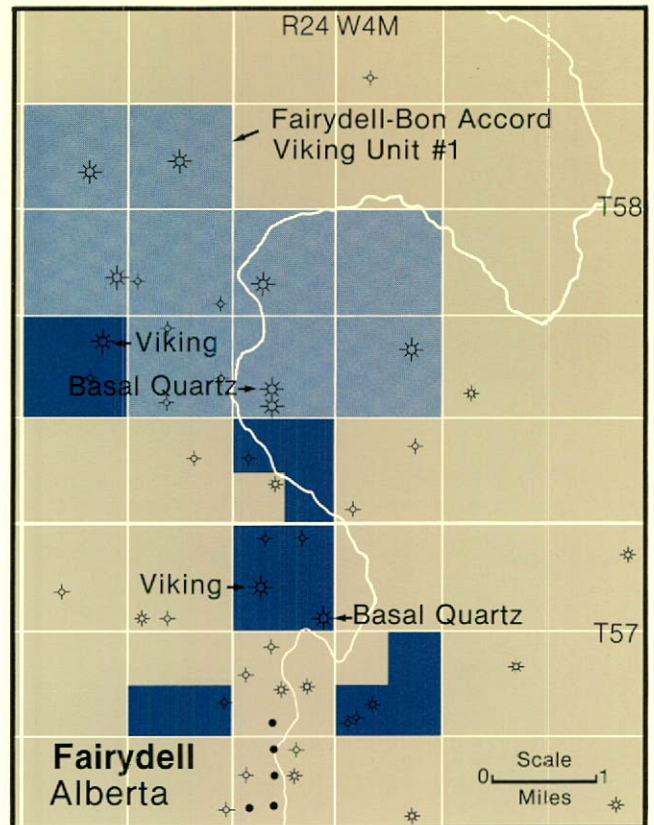


Fairydell Area, Alberta

Penn West holds working interests of 18.75 to 100 percent in 3,680 acres in this area and a 3.44 percent working interest in the 5,760 acre Fairydell-Bon Accord Viking Unit #1.

Two previously drilled Basal Quartz wells were tied into production facilities, and commenced production in the fourth quarter of the reporting period under a new gas purchase agreement. The wells in which Penn West has an 18.75 and 25 percent working interest are producing at individual rates of 500 thousand cubic feet per day.

The Company has concluded a 27 mile seismic program on the lands and additional drilling is anticipated following completion of an analysis of the seismic data.

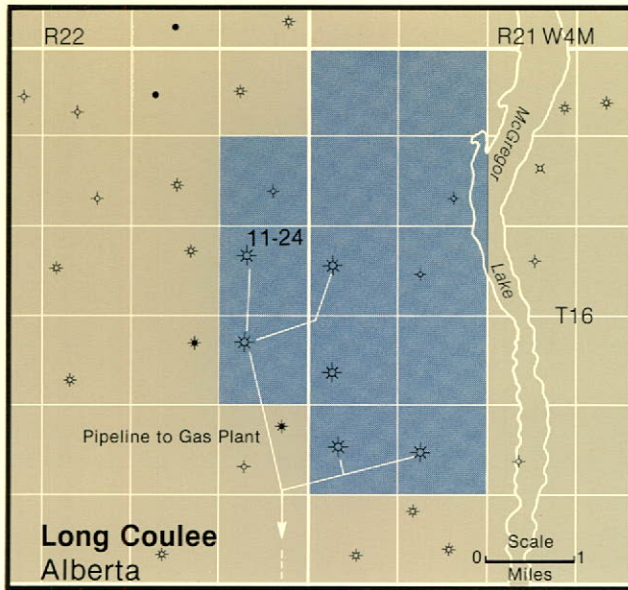


Long Coulee Area, Alberta

Penn West holds working interests varying between 10 and 16 percent in 8,320 acres in this area. The well 11-24-16-22 W4M was tied into compression facilities during the reporting period and the Company now has six Basal Quartz and Glauconite gas wells on production.

Penn West's share of the gross production from this area during the reporting period averaged in excess of 900 thousand cubic feet per day which accounted for one third of the Company's total gas production for the year. The wells are capable of very high production rates and when the market for natural gas improves, production from the Long Coulee area will contribute substantially to the Company's revenues.

A number of undrilled spacing units remain on Company lands and additional drilling is planned for 1984 to maintain leases.



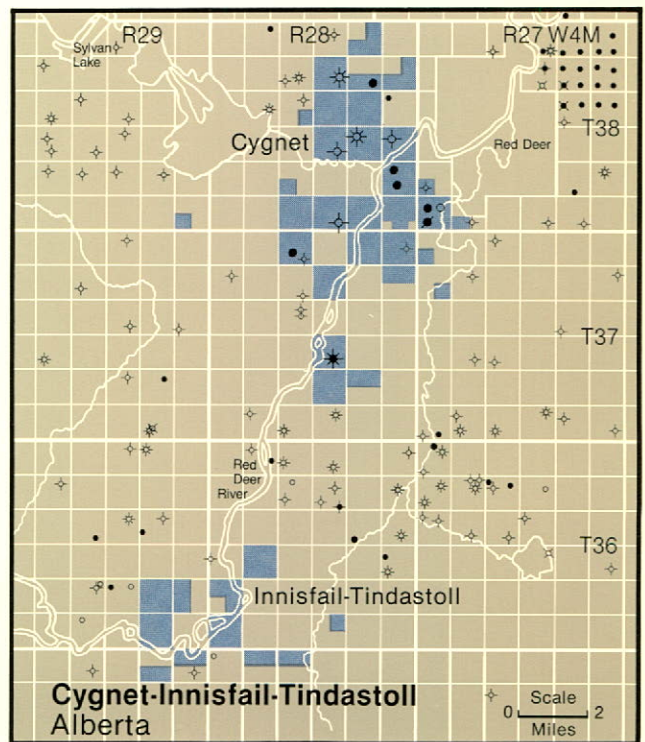
Cygnets Area, Alberta

Penn West continued an active and successful drilling program during 1983 in this prospective area located near Red Deer in Central Alberta.

The Company expanded its acreage position to 20,760 acres in which it holds working interests ranging from 10 to 20 percent. Four wells were drilled on Company lands during the reporting period. Two wells are producing at a combined rate of 70 barrels of oil per day, one well was dry and abandoned and the fourth well is awaiting completion.

The discovery success ratio in this area has been very high and the recent regulation changes which provide for an increase in the minimum production allowable from 30 to 50 barrels of oil per day add significantly to the cash flow and drilling economics.

Additional drilling has commenced in 1984 and a number of wells are expected to be drilled during the year.

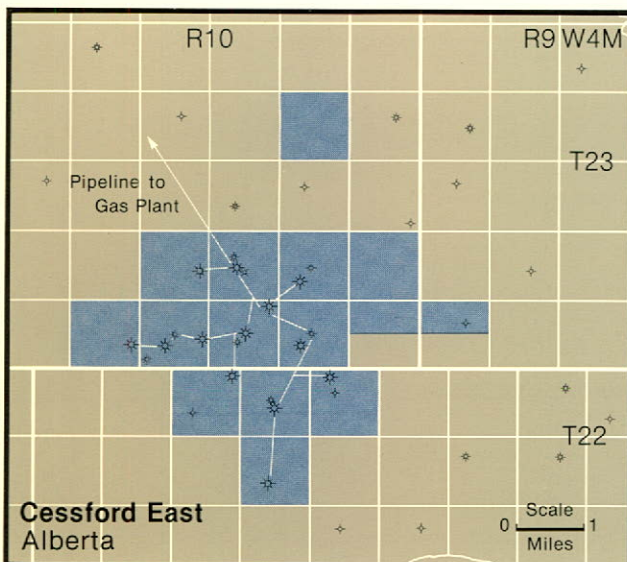


Cessford East Area, Alberta

During 1983, 13 gas wells were tied into compressor facilities and have recently commenced production at a rate of 1.5 million cubic feet per day. The wells all produce from the Upper Cretaceous Milk River and Medicine Hat formations and two of the wells also produce from the Belly River formation.

The wells are being produced under a reserve based gas purchase contract and are capable of production rates in excess of contract demand.

The Company holds working interests varying between 30 and 40 percent in 8,960 acres. Approved 160 acre gas spacing units will allow for 31 additional infill development wells to be drilled to meet contract rates when gas marketing conditions improve.

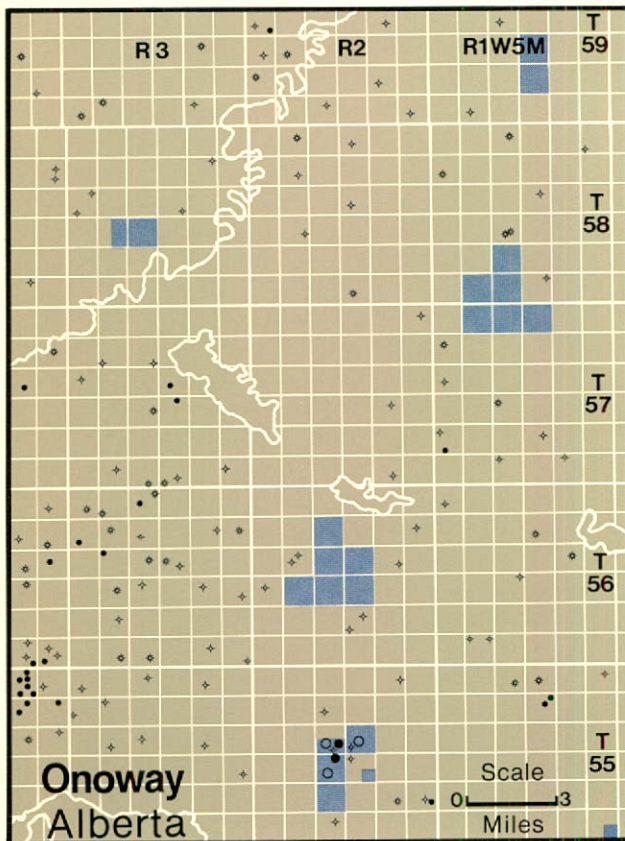


Onoway Area, Alberta

The Company has working interests ranging from 4 percent to 100 percent in some 12,480 acres in this area.

During 1983, two Devonian Wabamun formation oil wells, at 16-16-55-2 W5M and 8-21-55-2 W5M were drilled and completed. These wells are currently producing at rates of 60 and 100 barrels of oil per day respectively. Subsequent to the reporting period, a well was drilled at 6-16-55-2 W5M and is currently being evaluated. Two additional drilling locations have been approved for this immediate area.

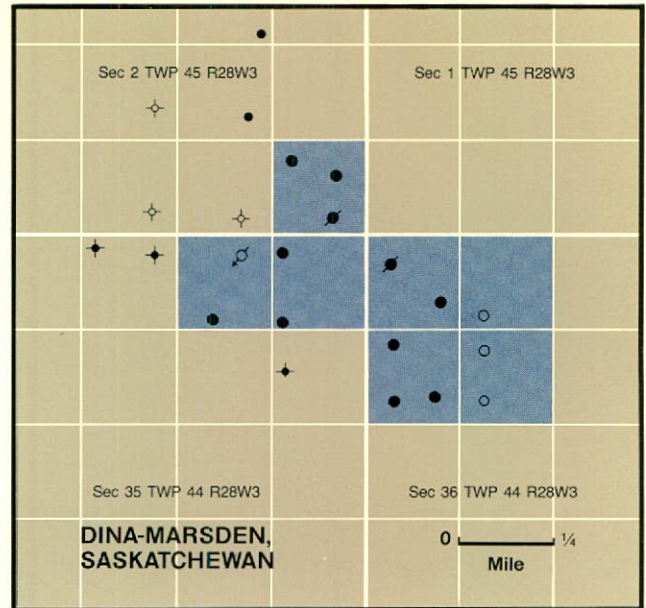
Penn West acquired a significant portion of its land position in this area during 1983. A review is being conducted of seismic coverage across the acreage and exploratory drilling is being considered for 1984.



Dina-Marsden Area, Saskatchewan

Three development oil wells were drilled in 1983 bringing the total number of producing oil wells to 9 and adding 38 barrels of oil per day to the production rate. The three recently drilled wells have the benefit of a royalty free holiday for a period of one year which significantly improves the development economics.

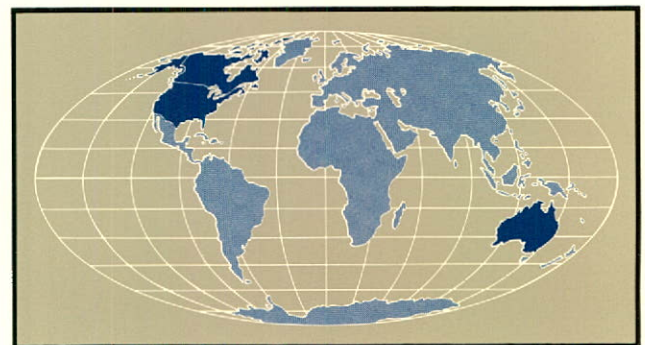
Penn West has a 72.68 percent working interest in this Lower Cretaceous Sparky oil pool. The drilling of three additional development wells are planned for 1984 which will also qualify for the royalty free holiday.



International Operations

Penn West's activities in Australia and the United States have been restricted to management of existing operations. No increase in our involvement in these countries is projected as the Company's efforts continue to focus on Western Canada.

Springwest-Page Petroleum N.L., an affiliate of Penn West, is now limiting its Australian involvement to management and operation of this company's drilling rig. The drilling rig is currently working in Australia under a one year contract and the exploration and development activity in this area should provide a continued demand for this service.



Auditors' Report

To the Shareholders of Penn West Petroleum Ltd.

We have examined the consolidated balance sheet of Penn West Petroleum Ltd. as at December 31, 1983 and the consolidated 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 consolidated 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
March 12, 1984



Chartered Accountants

Financial Statements

Consolidated Balance Sheet as at December 31, 1983

Assets	1983	1982
Current Assets		
Accounts receivable	\$ 2,746,353	\$ 4,302,361
Prepaid expenses and other	69,142	161,027
	2,815,495	4,463,388
Investment in Affiliated Company (note 2)	1	1,009,056
Fixed Assets (note 3)	32,949,570	33,108,813
	\$35,765,066	\$38,581,257
Liabilities		
Current Liabilities		
Bank indebtedness	\$ 6,031	\$ 231,868
Accounts payable	2,862,814	3,033,144
Current maturities of long-term debt	100,000	100,000
	2,968,845	3,365,012
Long-Term Debt (note 5)	13,800,000	14,300,000
Gas Production Prepayments	1,339,578	922,580
Deferred Income Taxes	266,000	—
Contingent Liability (note 8)		
Shareholders' Equity		
Capital Stock (note 6)		
8,880,796 (1982 - 8,880,763) Common shares	9,449,795	9,449,663
5,441,851 (1982 - 5,465,351) Class A shares	12,163,925	12,216,447
Contributed Surplus (note 6)	667,635	647,202
Deficit	(4,890,712)	(2,319,647)
	17,390,643	19,993,665
	\$35,765,066	\$38,581,257

Approved by the Board



Director



Director

Financial Statements

Consolidated Statement of Earnings and Deficit Year Ended December 31, 1983

	1983	1982
Revenue		
Oil and gas sales	\$ 5,089,351	\$ 4,584,123
Interest and other income	50,733	143,573
	5,140,084	4,727,696
Expenses		
Production	930,676	1,025,868
General and administrative	705,660	897,421
Interest	1,565,417	2,277,846
	3,201,753	4,201,135
Funds Generated from Operations	1,938,331	526,561
Charges not Requiring Funds		
Depletion and depreciation	1,425,423	1,558,710
Write-down of U.S. oil and gas properties	1,542,000	300,000
Deferred income taxes (reduction)	266,000	(352,000)
Allowance for losses of affiliated company (note 2)	1,275,973	806,981
	4,509,396	2,313,691
Loss for the Year	(2,571,065)	(1,787,130)
Deficit at beginning of year	(2,319,647)	(532,517)
Deficit at End of Year	\$(4,890,712)	\$(2,319,647)
Per Share , based on weighted average number of Common and Class A shares outstanding		
Funds generated from operations	\$.14	\$.04
Loss for the year	\$(.18)	\$(.12)

Consolidated Statement of Changes in Financial Position Year Ended December 31, 1983

	1983	1982
Working Capital Derived from		
Operations	\$ 1,938,331	\$ 526,561
Gas production prepayments	416,998	476,024
Issue of capital stock	132	260,374
Long-term debt	—	800,000
	2,355,461	2,062,959
Working Capital Applied to		
Investment in affiliated company	266,918	909,422
Fixed asset additions	2,808,180	1,797,488
Long-term debt reduction	500,000	—
Purchase of shares of the Company (note 6)	32,089	592,390
Conversion of note payable	—	260,374
	3,607,187	3,559,674
Decrease in Working Capital Position	(1,251,726)	(1,496,715)
Working capital at beginning of year	1,098,376	2,595,091
Working Capital (Deficiency) at End of Year	\$ (153,350)	\$ 1,098,376

Notes to Financial Statements

Notes to Consolidated Financial Statements Year Ended December 31, 1983

1. Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of Penn West Petroleum Ltd. (the "Company") and its wholly-owned subsidiary, Penn West Petroleum, Inc.

(b) Oil and Gas Operations

The Company follows the "full cost" method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas reserves are capitalized. Such costs, including the costs of production equipment, are accumulated in centres established on a country-by-country basis and depleted using the unit-of-production method based upon estimated recoverable oil and gas reserves in each cost centre, or charged to earnings if exploration in any centre is determined to be unsuccessful.

The Company's exploration and development activities related to oil and gas are conducted jointly with others. The accounts reflect only the Company's proportionate interest in such activities.

(c) Foreign Currency Translation

Amounts in United States currency have been translated to Canadian dollars on the following basis:

(i) Current assets and current liabilities, at the rate of exchange in effect as at the balance sheet date;

(ii) Fixed assets, at the rate of exchange in effect at the transaction date;

(iii) Revenue and expenses (excluding depreciation and depletion which are translated at the same rates as the related assets), at the average rate of exchange for the year.

(d) Oil and Gas Sales

Revenue from oil and gas sales is stated net of all royalties and Petroleum and Gas Revenue Tax and includes the Alberta Royalty Tax Credit.

(e) Comparative Accounts

Certain 1982 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1983.

2. Investment in Affiliated Company (see note 8)

	1983	1982
Springwest-Page Petroleums N.L.		
Investment in shares, at cost (representing 26.3% interest)	\$1,741,849	\$1,741,849
Advances, non-interest bearing with no specific terms of repayment	355,918	89,000
Allowance for losses	(2,097,766)	(821,793)
	\$ 1	\$1,009,056

3. Fixed Assets

	1983		1982	
	Cost	Accumulated Depletion and Depreciation	Net	Net
Oil and gas properties				
Canada	\$36,535,437	\$3,953,161	\$32,582,276	\$31,359,689
United States	616,888	366,888	250,000	1,617,524
Other equipment	235,065	117,771	117,294	131,600
	\$37,387,390	\$4,437,820	\$32,949,570	\$33,108,813

Oil and gas properties include the costs of property acquisitions, together with exploration, development and equipment thereon.

Notes to Financial Statements

4. Income Taxes

Oil and gas properties include unamortized costs of approximately \$9,400,000 at December 31, 1983 which are not deductible for income tax purposes by the Company.

5. Long-Term Debt

	1983	1982
Bank production loan, bearing interest at $\frac{1}{4}\%$ above bank's prime lending rate	\$13,700,000	\$14,100,000
Note payable in annual instalments of \$100,000	200,000	300,000
	13,900,000	14,400,000
Current maturities	100,000	100,000
	\$13,800,000	\$14,300,000

The bank production loan has been advanced to the Company under an operating credit facility totalling \$16,000,000. The loan is evidenced by demand promissory notes and is secured by the Company's oil and gas properties.

The amount of the loan facility is based upon the value of the Company's oil and gas properties and is to be reviewed annually. The facility can be extended each year provided the borrowing base is in excess of the principal amount of the loan outstanding at the time or may be converted to a term loan of up to six and one-half years payable in monthly instalments out of the Company's net production revenues.

6. Capital Stock

(a) The authorized capital stock of the Company is comprised of:

- 50,000,000 Preferred shares without par value
- 50,000,000 Common shares without par value
- 50,000,000 Class A shares, non-voting, without par value

(b) During the year, the Company issued 33 Common shares for \$132 cash on the exercise of share purchase warrants.

(c) During the year, the Company purchased in the open market 23,500 Class A shares for \$32,089 cash. These shares have been restored to the authorized but unissued share capital of the Company. The difference (\$20,433) between the stated value of the shares and the purchase price has been credited to contributed surplus.

(d) As of December 31, 1983, common shares of the Company were reserved as follows:

- 75,000 shares for issue under an option agreement, exercisable on or before September 30, 1984 at a price of \$1.13 per share.
- 400,000 shares under an employee stock option plan, of which options to purchase 290,000 are outstanding, exercisable in five equal annual instalments commencing April 25, 1984 at a price of \$1.00 per share.

(e) On December 28, 1983, the Company entered into an agreement to issue 400,000 Common shares at a price of \$2.50 per share to a company controlled by a director of the Company in consideration of the share subscriber incurring expenditures in the Company's oil and gas exploration program.

(f) In the event an offer is made to purchase all the outstanding common shares of the Company, each Class A share is convertible, at the option of the holder, into one common share.

7. Related Party Transactions

In 1983, a director and officer and certain key employees of the Company were granted gross overriding royalty interests totalling 3% in all non-producing oil and gas prospects acquired by the Company during the year.

8. Contingent Liability

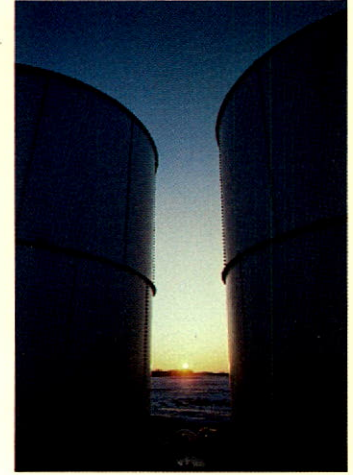
The Company has jointly and severally guaranteed loans of its affiliate, Springwest-Page Petroleums N.L., approximating \$2,200,000 at December 31, 1983.

Management and Personnel

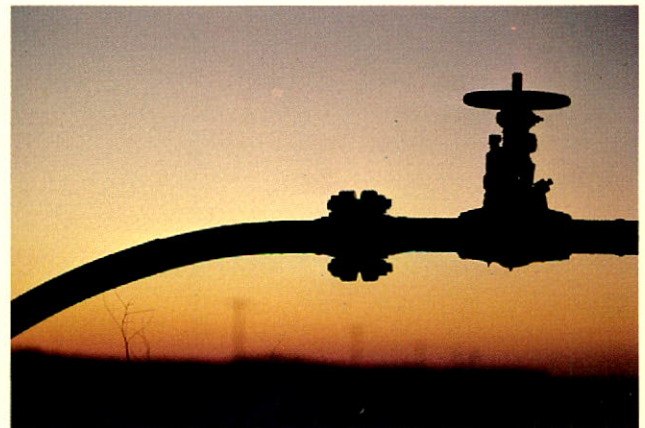
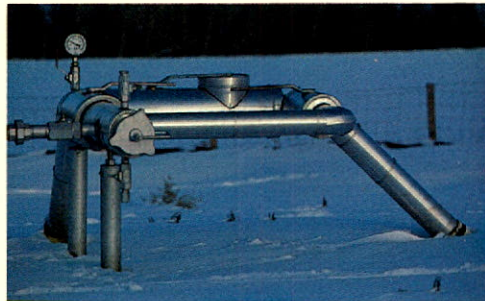


Above: Left to Right
Dale F. Duprey
W. Andrew Hogg
Ron G. Sparrow
Floyd N. Krukoff
Terry R. Carter
Left:
W. Andrew Hogg
Terry R. Carter
Right:
Bob A. Fuller
Dale F. Duprey





Above: Accounting Department, Left to Right
Ron Sparrow, Carol Marasco, Susan Campbell
Below Left: Receptionist, Fiona Hickley
Centre: Operations Department, Left to Right
Brian Brausen, Linda Coroniuk, Floyd Krukoff
Right: Land Department, Left to Right
Cori Sabados, Lori Petrie



Board of Directors



Seated Left to Right: Orval K. Horn, F.K. Roy Gillespie, Dale F. Duprey,
Standing Left to Right: Denis L. Russell, James Duncan McNeill, Dr. Gilbert J. McMurtry,
John J. Fleming

Corporate Information

Head Office:

1250 Elveden House,
717-7th Avenue S.W.
Calgary, Alberta T2P 0Z3

Directors:

- John J. Fleming, Chairman of the Board
Calgary, Alberta
- * Dale F. Duprey, President and Treasurer
Calgary, Alberta
- Denis L. Russell, Vice President and Secretary
Vancouver, British Columbia
- F. K. Roy Gillespie
Calgary, Alberta
- * Dr. Gilbert J. McMurtry
Calgary, Alberta
- * James Duncan McNeill
Calgary, Alberta
- * Orval K. Horn
Calgary, Alberta

Stock Exchange Listings:

Toronto Stock Exchange, Symbol—PWT

* Audit Committee

Bankers:

Bank of Montreal,
705-7th Avenue S.W.,
Calgary, Alberta

Washington County State Bank,
200 West Vulcan,
Brenham, Texas, U.S.A.

Auditors:

Thorne Riddell & Co.,
Suite 1200, Bow Valley Square 2,
205-5th Avenue S.W.,
Calgary, Alberta

Transfer Agent:

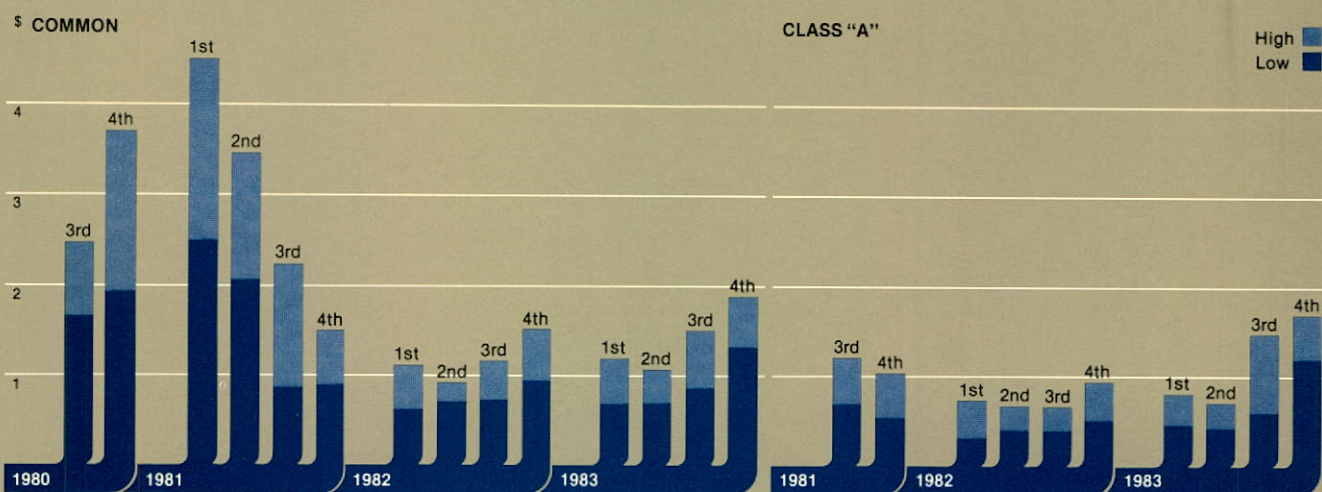
National Trust Company Limited,
150 Toronto Dominion Square,
Calgary, Alberta T2P 2Y9

Solicitors:

Bennett Jones,
3200 Shell Centre,
400-4th Avenue S.W.,
Calgary, Alberta

Mason, McLeod, Lyle, Smith
2200 Bow Valley Square Four
250 Sixth Avenue S.W.,
Calgary, Alberta, T2P 3H7

Range of Market Prices of Shares





PENN WEST PETROLEUM LTD.
1983 ANNUAL REPORT