1992 Annual Report

Prairie
Oil Royalties Company, Ltd.

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Corporate Profile Prairie Oil Royalties Company, Ltd. was incorporated July 13, 1951, under the laws of the Province of Saskatchewan in Canada. At December 31, 1992, there were 7,846,076 common shares issued and outstanding. Norcen Energy Resources Limited of Calgary, Alberta, Canada, owns 74.4 per cent of the common shares. The Company produces and sells crude oil, gas liquids and natural gas in Canada and is engaged in oil and gas exploration and development in Western Canada.

Contents

Annual Meeting The Annual Meeting of Shareholders will be held on Tuesday, May 4, 1993, at 9:30 a.m., local time, in the boardroom of Norcen Energy Resources Limited, 32nd Floor, 715 Fifth Avenue Southwest, Calgary, Alberta, Canada.

PRAIRIE OIL ROYALTIES COMPANY, LTD.

715 Fifth Avenue Southwest
CALGARY, ALBERTA, CANADA T2P 2X7

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the "Meeting") of Prairie Oil Royalties Company, Ltd. (the "Company") will be held in the Boardroom of Norcen Energy Resources Limited, 32nd Floor, 715 Fifth Avenue Southwest, Calgary, Alberta, Canada, on

Tuesday, May 4, 1993

at 9:30 o'clock in the forenoon, local time, for the following purposes:

1. to receive the annual report including the financial statements for the year ended December 31, 1992 and the auditors' report thereon;

2. to elect directors;

3. to appoint auditors and authorize the Board of Directors to fix their remuneration; and

4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Shareholders who do not expect to attend the Meeting in person are requested to complete, date and sign the form of proxy enclosed with this notice and forward it, in the envelope provided, to the Secretary of the Company, c/o Montreal Trust Company of Canada, 411 Eighth Avenue Southwest, Calgary, Alberta, Canada, T2P 1E7.

DATED at Calgary, Alberta, Canada this 19th day of March, 1993.

BY ORDER OF THE BOARD OF DIRECTORS

G.B. SINGER
Vice-President, Comptroller

PRAIRIE OIL ROYALTIES COMPANY, LTD.

715 Fifth Avenue Southwest
CALGARY, ALBERTA, CANADA T2P 2X7

Management Proxy Circular

March 19, 1993

Solicitation of Proxies

This Management Proxy Circular is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Prairie Oil Royalties Company, Ltd. (the "Company") for use at the Annual Meeting of Shareholders (the "Meeting") of the Company called for May 4, 1993 at the time and place and for the purposes set forth in the accompanying notice of Meeting. The solicitation will be primarily by mail but proxies may also be solicited personally by the directors and officers of the Company. The cost of this solicitation will be borne by the Company. The Company will pay persons holding shares in their names or in those of their nominees for their reasonable expenses in sending solicitation material to their principals. This Management Proxy Circular and a form of proxy will be mailed to the shareholders on or about March 26, 1993.

All dollar amounts herein are stated in Canadian dollars.

Appointment, Revocation and Delivery of Proxies

The persons named in the attached form of proxy to represent shareholders at the Meeting are directors of the Company. Shareholders desiring to appoint some other person to represent them at the Meeting may do so either by inserting such other person's name in the blank space provided in the enclosed form of proxy or by completing another form of proxy. A person appointed as a proxyholder need not be a shareholder of the Company.

To be voted at the Meeting, a proxy must be received by the Secretary of the Company or by the Chairman of the Meeting prior to or at the Meeting. A shareholder who has given a proxy may revoke it by depositing another form of proxy bearing a later date or a form of revocation of proxy, signed by the shareholder or by the shareholder's attorney authorized in writing, at the office of the Company at the address shown above, or at the Company's registered office, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof. Alternatively, the shareholder may revoke the proxy and may vote in person, as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy, by depositing such form of revocation with the Chairman of the Meeting at the Meeting or any adjournment thereof, or may revoke the proxy in any other manner permitted by law.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote all shares in respect of which they are appointed to act on any ballot that may be called for and they will vote or withhold from voting such shares in accordance with any directions given therein. In the absence of any directions to the contrary, the shares represented by the proxies will be voted for the change of governing jurisdiction, for the election of directors and for the appointment of auditors, as stated under those headings in this Management Proxy Circular.

The attached form of proxy confers discretionary authority upon the persons appointed with respect to amendments to matters identified in the notice of Meeting and with respect to any other matters which may properly come before the Meeting. The directors of the Company know of no matters to come before the Meeting other than the matters referred to in the notice of Meeting. If any matters which are not now known should properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgement.

Voting Shares

The Board of Directors has fixed the close of business on March 23, 1993 as the record date for determination of the shareholders entitled to receive the notice of Meeting. Only persons who are holders of record of common shares at the close of business on March 23, 1993 or who subsequently become holders of record of such shares and make a request to vote to the Secretary of the Company in accordance with the provisions of The Business Corporations Act of Saskatchewan, by the close of business on April 26, 1993, will be entitled to vote at the Meeting. On a ballot at the Meeting each common shareholder will be entitled to one vote for each share held. There are 7,846,076 common shares outstanding, all of which are entitled to be voted at the Meeting.

A quorum at the Meeting will consist of at least two persons holding or representing by proxy not less than 25% of the outstanding shares of the Company.

Principal Shareholders and Ownership

To the knowledge of the directors and officers of the Company, the following table shows the share ownership in the Company of each person or company beneficially owning, or exercising control or direction over, more than 10% of the outstanding shares of the Company.

Name and address of beneficial owner	Class of shares	Number of shares beneficially owned	Percent of class owned
Norcen Energy Resources Limited ("Norcen") 715 Fifth Avenue Southwest Calgary, Alberta	Common	5,837,236	74.4

To the knowledge of the directors and officers of the Company, the following table shows the beneficial ownership of, or control or direction over, the Company's shares and those of Norcen, by the Company's directors, nominees for director and officers as a group.

Company	Class of shares	Number of shares beneficially owned	Percent of class owned
Prairie Oil Royalties Company, Ltd.	Common	28,600	0.365
Norcen Energy Resources Limited	Multiple Voting Ordinary	2,330	0.006
	Subordinate Voting Ordinary	299,454	0.914

No director or officer of the Company beneficially owns, or exercises control or direction over, more than 1% of the outstanding shares of the Company or more than 1% of any class of the outstanding shares of Norcen.

Election of Directors

Under the Articles and By-Law No. 1 of the Company, the Board of Directors consists of a minimum of three members and a maximum of fifteen members and the number of directors within such range is to be determined by the Board of Directors from time to time. At present there are eight directors in office and the Board of Directors has fixed by resolution that there shall be eight directors elected at the Meeting. A director need not be a shareholder of the Company.

The following table sets forth the names and ages of the eight persons nominated for election as directors of the Company, all of whom are current Company directors and are eligible for election, together with (i) all other positions and offices with the Company now held by them (if any), (ii) their present principal occupations or employments, (iii) directorships held, if any, (iv) the year in which each nominee became a director of the Company, and (v) the number of shares of the Company and Norcen beneficially owned or controlled, directly or indirectly, by each nominee as at March 19, 1993 except that holdings of Norcen Multiple Voting Ordinary Shares and Subordinate Voting Ordinary Shares under Norcen's Employee Savings and Investment Plan are included as at December 31, 1992. The persons named in the enclosed form of proxy intend to vote for the election of the eight nominees whose names are set forth below save where there is a direction to withhold voting. Each of the proposed nominees has consented to serve as a director, if elected, but should any nominee become unable to do so for any reason prior to the Meeting, the persons named in the attached form of proxy reserve the right to vote for another nominee in their discretion. Each director elected at the Meeting will hold office until the next annual meeting of shareholders or until his successor is elected or appointed.

Name, position with the Company, and present principal occupation or employment	Age	Served as a Director since	Shareholdings (1) Company Shares	Norcen Ordinary Shares Multiple Voting	Norcen Ordinary Shares Subordinate Voting
COCHRANE, Barry D. Chairman of the Board since Aug. 1988 and President of the Company from Sept. 1986 to Nov. 1989. Senior Vice-President, Exploration and Production from Sept. 1986 to Oct. 1989, Executive Vice-President and Chief Operating Officer from Oct. 1989 to Dec. 1990 and President and Chief Executive Officer since Jan. 1991, all with Norcen. Mr. Cochrane is a director of Norcen and a majority of its subsidiaries.	57	1986	–	–	75,008
FROST, Norman E. President and director, CanStates Gas Marketing since Oct. 1988 and GasTrade Incorporated since Jan. 1988 (both natural gas marketing companies). He is a director of ResoQuest Resources Ltd. (oil and gas exploration and development company) and a director of a number of private companies.	59	1989	1,400	–	–
GALVIN, Edward A. President of Medpath Oil & Gas Ltd. since Feb. 1992. Prior to Feb. 1992, Chairman and director of Poco Petroleums Ltd. ("Poco"), (oil and gas exploration and development company). Mr. Galvin continues as a director of Poco and is on the Boards of CMP Resources Inc. (oil and gas exploration and development company) and Domequity Resource Fund Inc. (mutual fund company).	80	1966	23,200	–	–
KENDA, George V. President of the Company since May 1992. Director of Corporate Planning from Dec. 1986 to Oct. 1989 and Vice-President, Corporate Development and Marketing since Oct. 1989, with Norcen. Mr. Kenda is President and Director of certain Norcen subsidiary companies.	43	1992	–	–	34,335
LAKE, David C. President and director of Scotian Resources Inc. (privately-owned financial consulting firm) since 1991. Mr. Lake was Vice-President and director of RBC Dominion Securities Inc. (investment brokerage company) from 1981 to Dec. 31, 1990.	60	1991	–	–	–

Name, position with the Company, and present principal occupation or employment	Age	Served as a Director since	Shareholdings (1) Company Shares	Norcen Ordinary Shares Multiple Voting	Subordinate Voting
NEWHOUSE, Wayne M. President of the Company from Nov. 1989 to May 1992. Vice-President, Production from July 1983 to Oct. 1989, Senior Vice-President, Production from Oct. 1989 to Feb. 1992 and Senior Vice-President, Exploration and International Development since Feb. 1992, all with Norcen. Mr. Newhouse is a director of Progas Limited (natural gas marketing firm) and several Norcen subsidiaries.	53	1988	–	–	48,935
RAE, Clifford A., Q.C. Barrister and Solicitor. Administrator of a private foundation and Counsel to the law firm of Macleod Dixon. Prior to Feb. 1986, he was a partner with that firm. Mr. Rae serves as a director of Norcen.	55	1966	–	–	–
TYERMAN, David M., Q.C. Secretary of the Company since May, 1966, Barrister and Solicitor. Counsel to the law firm of MacPherson, Leslie & Tyerman.	86	1963	4,000	–	–

(1) The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by each nominee. It does not include shares beneficially owned by members of the immediate families of nominees as follows: Mr. E. A. Galvin, 3,500 Norcen Multiple Voting Ordinary Shares and 8,628 Norcen Subordinate Voting Ordinary Shares and Mr. D. C. Lake, 256 Norcen Subordinate Voting Ordinary Shares, to which they disclaim beneficial ownership.

Meetings of the Board and Audit Committee

During the last full fiscal year there were five meetings of the Board of Directors. The only committee of the Board of Directors is the Audit Committee (the "Committee"), composed of four directors, three of whom are neither officers nor employees of the Company or Norcen. The Committee reviews all financial statements and auditors' reports and reports to the Board of Directors thereon. At the Board's request the Committee reviews the scope of the examination to be performed by the auditors, the Company's internal financial controls and the appointment and remuneration of the Company's auditors. In the course of performing these functions the Committee meets with the Company's auditors and financial officers. The present members of the Committee are Messrs. Frost (Chairman), Cochrane, Galvin and Lake. The Committee held one meeting during 1992.

Management

The following table presents information with respect to certain officers of the Company. For information concerning Mr. B. D. Cochrane, Chairman of the Board, Mr. G. V. Kenda, President, and Mr. D. M. Tyerman, Secretary, reference is made to "Election of Directors."

Name and Principal Occupation (1)	Age	Position with Company (2)	Date Appointed to Present Company Position
D. K. Bruce Fenwick Senior Vice-President, Production	47	Senior Vice-President, Production	May 12, 1992
Arthur J. Mitchell Manager, Exploration	47	Vice-President, Exploration	May 12, 1992
Douglas W. Palmer Vice-President, Development	37	Vice-President	September 15, 1992
J. Gerhard Schopp Vice-President, Operations	55	Vice-President, Operations	November 1, 1989
Gordon B. Singer Vice-President and Comptroller	52	Vice-President, Comptroller	December 2, 1982
D. Stephen Muir Treasurer	41	Treasurer	December 10, 1986
Robert J. Breen Assistant Treasurer	49	Assistant Treasurer	December 10, 1986
Craig D. Allen Senior Corporate Counsel and Secretary	37	Assistant Secretary	December 12, 1991
Linda G. Swan Administrator, Corporate Services	46	Assistant Secretary	September 10, 1986

(1) All principal occupations are with Norcen and, with the exception of Craig D. Allen, the above-named officers have been engaged for more than five years in their present occupation or in other executive, management, or administrative capacities with Norcen. Prior to joining Norcen in 1988, Mr. Allen was employed as a Solicitor with Chevron Canada Resources Limited.

(2) Officers hold their positions for an indefinite term at the discretion of the Board of Directors.

Compensation of Directors and Officers (Year ended December 31, 1992)

Directors of the Company, excluding those who are officers of the Company and employees of Norcen, receive an annual fee of $5,000 plus an attendance fee of $500 for each board meeting attended. Chairmen and members of committees receive fees of $600 and $500, respectively, for each meeting attended. Directors' fees paid for the year 1992 totalled $36,449 and were paid to five directors.

The Company's officers do not receive any compensation from the Company. With the exception of Mr. D. M. Tyerman, who does not receive a salary as Secretary of the Company, all of the Company's officers are employees of Norcen, receive their remuneration from Norcen, and participate in the employee benefit plans, including the pension plan, maintained by Norcen. The Company has no employees.

None of the directors and officers of the Company received personal benefits from, or were indebted to, the Company during 1992.

Other Transactions

Substantially all of the Company's participation in land acquisitions and related exploration and development operations are in projects in which Norcen is a participant.

Management services are provided to the Company by Norcen under a management contract. The amount paid or payable to Norcen under this contract is composed of two elements: an exploration overhead fee and an administrative fee, both calculated by reference to the total exploration and administration costs of Norcen and of certain specified companies managed by Norcen.

For the year ended December 31, 1992, the fee paid and payable to Norcen was $3,704,000 composed of $1,262,000 for exploration overhead and $2,442,000 for administrative fees. The comparative amounts for the year ended December 31, 1991 were $4,391,000, $1,776,000 and $2,615,000, respectively.

Norcen maintains, on its own behalf and on behalf of certain of its subsidiaries (including the Company), directors' and officers' liability insurance with a policy limit of $15,000,000 aggregate per policy year. Under this insurance coverage, Norcen would be reimbursed for indemnity payments made on behalf of its directors and officers and those of its subsidiaries (including the Company) subject to a deductible of $250,000 per occurrence. Individual directors and officers of the Company would also be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Company subject to an individual deductible of $5,000 and an aggregate deductible of $25,000. The total premium for directors' and officers' liability insurance in respect of 1992 was $135,000, which amount was paid by Norcen on behalf of itself and certain of its subsidiaries, including the Company.

Messrs. Cochrane, Kenda and Newhouse are executive officers of Norcen. The Company was indebted to Norcen in the amount of $19,543,000 at the end of 1992. This debt has no fixed payment schedule and interest is charged at prime rate.

The insiders of Norcen as at March 19, 1993 are set forth in the attached Schedule "A" as required by securities legislation of the Provinces of Ontario and Saskatchewan.

Mr. D. M. Tyerman and Mr. C. A. Rae serve as counsel to the firms of MacPherson, Leslie & Tyerman and Macleod Dixon, respectively. Both law firms rendered legal services to the Company during 1992 and the Company proposes to retain these firms in the current fiscal year.

Appointment of Auditors

As set forth in the notice of Meeting, action will be taken at the Meeting with respect to the appointment of auditors. In the absence of any directions to the contrary the persons named in the attached form of proxy intend to vote for the appointment of Peat Marwick Thorne as auditors of the Company to hold office until the next annual meeting of shareholders. Peat Marwick Thorne were first appointed as auditors of the Company on October 27, 1967 under the name of Riddell, Stead & Co.

Representatives of Peat Marwick Thorne are expected to be present at the Meeting with the opportunity to make a statement if they desire to do so and to respond to any appropriate questions.

Other Business

While there is no business of which the directors are aware to be presented for action by the shareholders at the Meeting other than that mentioned above, it is intended that the proxy votes hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, and at any adjournment thereof, in accordance with the discretion of the persons authorized to act thereunder.

Annual Report on Form 10-K

Upon written request by any shareholder to the Secretary of the Company, 715 Fifth Avenue Southwest, Calgary, Alberta, Canada, T2P 2X7, the Company will provide to such shareholder, without charge, a copy of the Company's 1992 Annual Report on Form 10-K filed with the United States Securities and Exchange Commission pursuant to the provisions of the United States Securities Exchange Act of 1934.

Shareholder Proposals

To comply with the provisions of The Business Corporations Act of Saskatchewan, proposals intended to be presented by a shareholder or shareholders of the Company at the annual meeting to be held in 1994 must be received at the offices of the Company no later than February 3, 1994 for inclusion in the Company's Management Proxy Circular and form of proxy relating to that meeting. Such proposals should be submitted by registered mail – return receipt requested.

The Board of Directors has approved the contents of this Management Proxy Circular and the sending of this Management Proxy Circular to shareholders.

G. B. SINGER
Vice-President, Comptroller

SCHEDULE "A"

Insiders of Norcen as at March 19, 1993

ALLEN, Craig D.
8 Cedardale Hill S.W.
Calgary, Alberta

BASSETT, Douglas G., O.C.
118 Forest Hill Road
Toronto, Ontario

BATTLE, Edward G.
6128 Belvedere Road S.W.
Calgary, Alberta

BLACK, G. Montegu
69 Chaplin Crescent
Toronto, Ontario

BRASCAN LIMITED
Toronto, Ontario

BREEN, Robert J.
79 Woodfield Close S.W.
Calgary, Alberta

COCHRANE, Barry D.
1104 Baldwin Crescent S.W.
Calgary, Alberta

COCKWELL, Jack L.
34 Whitney Avenue
Toronto, Ontario

COURTOIS, Honourable E. Jacques, P.C., Q.C.
21 Westwood Drive
Hudson, Quebec

DESPRÉS, Robert, O.C.
890 rue Dessane
Quebec City, Quebec

DOLPHIN, Dale R.
Bearspaw Road
R.R. #4, Box 11, Site 30
Calgary, Alberta

EYTON, Honourable J. Trevor, O.C., Q.C.
Tudorcroft
R.R. 2
Caledon, Ontario

FENWICK, D. K. Bruce
Box 7, Site 19,
SS #1
Calgary, Alberta

FROST, Norman E.
610, 300 Meredith Road N.E.
Calgary, Alberta

GALVIN, Edward A.
4103 Crestview Road S.W.
Calgary, Alberta

KENDA, George V.
2117 - 6th Avenue N.W.
Calgary, Alberta

KERR, David W.
6 Glengowan Road
Toronto, Ontario

LAKE, David C.
3610 Elbow Drive S.W.
Calgary, Alberta

LOUGHEED, Honourable Peter, P.C., C.C., Q.C.
805 Prospect Avenue S.W.
Calgary, Alberta

McKEAG, Honourable W. John
510 Kelvin Boulevard
Winnipeg, Manitoba

MARSHALL, Paul M.
21 Elgin Avenue
Toronto, Ontario

MITCHELL, Arthur J.
439 Lake Placid Green S.E.
Calgary, Alberta

MUIR, D. Stephen
2420 Ulrich Road N.W.
Calgary, Alberta

NEWHOUSE, Wayne M.
4115 - 14A Street S.W.
Calgary, Alberta

NORANDA INC.
Toronto, Ontario

PALMER, Douglas W.
96 Strathdale Close S.W.
Calgary, Alberta

PALMER, Paul H.
D302, 500 Eau Claire Avenue S.W.
Calgary, Alberta

PAUL, John A.
1008 Deer River Circle S.E.
Calgary, Alberta

POWIS, Alfred, O.C.
70 Woodlawn Avenue West
Toronto, Ontario

PRATT, E. Courtney
164 Wedgewood Drive
Oakville, Ontario

RAE, Clifford A., Q.C.
108 Country Club Estates
5555 Elbow Drive S.W.
Calgary, Alberta

SCHOPP, J. Gerhard
2612 Linden Drive S.W.
Calgary, Alberta

SINGER, Gordon B.
103 Lake Mead Drive S.E.
Calgary, Alberta

TYERMAN, David M., Q.C.
2254 Wascana Greens
Regina, Saskatchewan

YARNELL, John R.
161 Roxborough Drive
Toronto, Ontario

PRAIRIE OIL ROYALTIES COMPANY, LTD.

Form of Proxy
Solicited by the Board of Directors of the Company
for the 1993 Annual Meeting of Shareholders

The undersigned shareholder of Prairie Oil Royalties Company, Ltd. (the "Company") hereby appoints Barry D. Cochrane or, failing him, George V. Kenda or, instead of either of them, ______________________ as proxyholder of the undersigned, with power of substitution, to attend and vote on behalf of the undersigned at the Annual Meeting of Shareholders (the "Meeting") of the Company to be held on May 4, 1993 and at any adjournment thereof, **for the transaction of the business stated below,** all as described in the Management Proxy Circular attached to the notice of Meeting.

(a) **Election of Directors.**

Nominees: **B. D. Cochrane, N. E. Frost, E. A. Galvin, G. V. Kenda, D. C. Lake, W. M. Newhouse, C. A. Rae, D. M. Tyerman**

☐ **FOR** all nominees listed above, except as marked to the contrary

☐ **WITHHOLD VOTE** for all nominees listed above

(Instruction: To withhold authority to vote for any individual nominee strike a line through the nominee's name in the list above).

(b) **Appointment of Peat Marwick Thorne** as Auditors at a remuneration to be fixed by the Board of Directors.

☐ **FOR** ☐ **AGAINST** ☐ **WITHHOLD VOTE**

(c) In their discretion, the above Proxies are authorized to vote upon amendments to the above matters or upon such other business as may properly come before the Meeting.

NOTES:

(1) This form of proxy must be signed by the shareholder in the form in which the shares are registered or by the shareholder's attorney, authorized in writing. If not dated, the form of proxy will be deemed to bear the date on which it was mailed to the shareholders by management.

(2) When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, etc., please give full title as such. If the shareholder is a corporation, the form of proxy must be executed under its corporate seal or by an officer or attorney duly authorized.

(3) When properly executed, this form of proxy will be voted in the manner indicated by the undersigned shareholder. **In the absence of any directions to the contrary, this form of proxy will be voted for all nominees listed in proposal (a) and for proposal (b).**

(4) **A shareholder has the right to appoint a person other than any of the persons designated in this form of proxy to attend and act on his behalf at the Meeting. This right may be exercised by inserting such other person's name in the blank space provided for that purpose or by completing another form of proxy.**

(5) To be voted at the Meeting the completed form of proxy must be received by the Secretary of the Company, c/o Montreal Trust Company of Canada, 411 Eighth Avenue Southwest, Calgary, Alberta, Canada, T2P 1E7, prior to the Meeting or by the Chairman of the Meeting or the Secretary of the Meeting.

Number of Shares ______________________ Signature ______________________

Dated ______________________ Signature ______________________
(if jointly held)

PLEASE INDICATE
ANY CHANGE OF ADDRESS

Highlights

	1992	1991	% Change
Financial			
(thousands of Canadian dollars except per share amounts)			
Sales and other revenues	**$ 32,697**	$ 27,137	+20
Net earnings	**$ 3,926**	$ 2,174	+81
Net earnings per share	**$ 0.50**	$ 0.28	+79
Cash generated from operations	**$ 21,137**	$ 17,387	+22
Cash generated from operations per share	**$ 2.69**	$ 2.22	+21
Shareholders' equity	**$ 79,768**	$ 75,842	+5
Total assets	**$142,051**	$134,211	+6
Operations			
Production			
Crude oil and natural gas liquids (barrels per day)	**4,988**	4,215	+18
Natural gas (millions of cubic feet per day)	**12.7**	11.9	+7
Reserves			
Crude oil and natural gas liquids (millions of barrels)			
- Proved	**16.1**	12.4	+30
- Probable	**1.3**	1.4	-7
Natural gas (billions of cubic feet)			
- Proved	**76.8**	73.5	+4
- Probable	**6.8**	10.8	-37
Landholdings (thousands of acres)			
Gross	**1,151.9**	1,226.0	-6
Net	**236.1**	246.4	-4

George V. Kenda - President

Report to Shareholders

Fiscal 1992 was a highly successful and rewarding year for Prairie Oil. Exploration and development programs in Alberta achieved impressive gains adding 773 barrels per day ("b/d") of crude oil and natural gas liquids to production which resulted in strong improvements to the Company's financial performance.

Financial Net earnings increased 81 per cent to \$3.93 million from \$2.17 million in 1991 and cash generated from operations rose 22 per cent to \$21.14 million compared with \$17.39 million in the previous year. Major factors contributing to these gains were a 20 per cent increase in revenues resulting primarily from the sharp increase in crude oil production volumes, as well as lower price differentials between light and medium grade crudes.

The average price realized for oil and gas liquids in 1992 was \$18.76 per barrel, up 29 cents from 1991, and the average price for natural gas was \$1.27 per thousand cubic feet ("mcf"), an increase of three cents. While prices for light crudes remained steady, price differentials between light and medium crudes improved significantly from the depressed levels in 1991. Nearly half of Prairie Oil's production is medium grade crude and its average price rose to \$17.01 per barrel compared with \$14.14 per barrel in 1991.

Capital expenditures for exploration and development activities in 1992 amounted to \$16.1 million, compared to \$23.2 million in 1991. Programs funded by the 1992 expenditures added 4.7 million barrels of oil and gas liquids and 2.9 billion cubic feet ("bcf") of gas to Prairie's proved reserves in 1992 for an average finding and development cost of \$3.26 per equivalent barrel (using a gas conversion rate of 12 mcf = 1 barrel).

Acquisitions net of dispositions totalling \$5.1 million added 0.8 million barrels of liquids and 5.0 bcf of gas to proved reserves at an average cost of \$4.19 per equivalent barrel. These acquisitions also added a net 500 b/d of oil and gas liquids and 1.4 million cubic feet per day ("mmcf/d") of gas to Prairie Oil's productive capacity.

Operations Crude oil and natural gas liquids production reached a record level of 4,988 b/d, an increase of 18 per cent over 1991. Proved crude oil and natural gas liquids reserves increased 30 per cent to 16.1 million barrels. Although natural gas exploration remained low in 1992 due to continuing depressed gas prices, production volumes rose to 12.7 mmcf/d compared with 11.9 mmcf/d in 1991. Proved gas reserves at 1992 year-end were 76.8 bcf compared with 73.5 bcf a year earlier.

In 1992, Prairie Oil continued to direct capital spending primarily towards crude oil development projects in Alberta. In the largest and most successful development drilling program in the Company's history, a total of 40 development wells and 14 exploration wells were drilled. In virtually all of these programs, three-dimensional ("3-D") seismic was used to target drilling locations in order to maximize oil recovery potential and minimize drilling risk. By year-end, these programs added 1,800 barrels of oil and 2.3 mmcf/d of gas to the Company's productive potential.

Since 1987, the Hays/Enchant field in southern Alberta has been developed into a core area and today is the Company's largest oil field. Last year, Prairie Oil participated in 18 successful development wells and three exploration successes which resulted in production gains totalling 785 b/d. A similar level of drilling activity is planned during 1993. As well, the Company will participate in a gas conservation project which will increase both liquids and natural gas production. Effective February 1, 1993, Prairie Oil received approval from the Energy Resources Conservation Board ("ERCB") of Alberta to increase production immediately from the Hays/Enchant field by 440 b/d and further increases are anticipated by year-end when the project will be completed.

Three-dimensional seismic has played a major role in Prairie Oil's success at Hays/Enchant and last year, it was also used to pinpoint exploration and development well locations at Simonette in west-central Alberta. These wells added one million barrels of oil to proved reserves and were brought onstream in February 1993, adding 245 b/d to the Company's production base.

Prairie Oil conducted its first horizontal drilling program at Cherhill to improve recovery from the field's fractured reservoir and two wells increased production by 145 b/d. A development program at Otter/Ogston based on 3-D seismic discovered a new pool in the Granite Wash formation adding 195 b/d to crude oil volumes and 178,000 barrels to proved reserves. At Golden, the completion of a successful development program in 1992 added a further 360 b/d to productive capacity and 360,000 barrels to proved reserves. In 1993, development drilling is planned at Simonette, Cherhill, Otter/Ogston and Taber North.

Corporate In December 1992, the Board of Directors announced it would be prepared to issue additional common shares subject to appropriate market conditions. Prairie Oil's executive and Board will monitor equity markets through 1993 to minimize dilution of existing share values if new shares are issued. An issue would position the Company to increase exploration and production investment and make further acquisitions.

Outlook With surplus supplies of crude oil overhanging world markets, prices are expected to remain flat for some time. In this relatively low-price environment, the Company will continue to maximize recovery of its reserves through ongoing development programs and further expand its production base through acquisitions in core areas. Capital spending will again be focused on these fields, where the majority of reserves and production are found. The Company is also evaluating a number of new areas where it can apply its technical strengths to provide growth in 1994 and beyond.

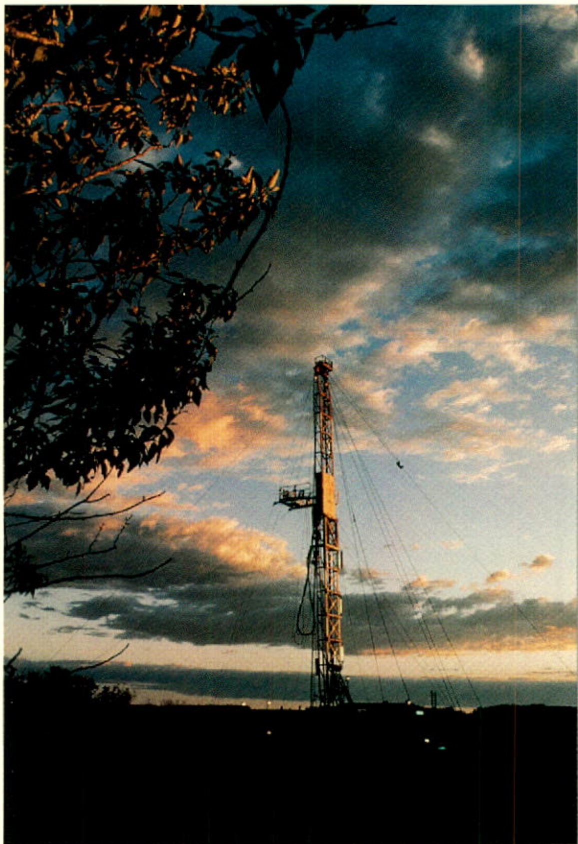
Prairie Oil's 1993 capital spending program has been set at $25.3 million of which $7.6 has been allocated to exploration spending, $12.7 million for development drilling and facilities expansion, and the balance for property acquisitions. Although these programs will target crude oil, the Company has also built up a portfolio of natural gas prospects in the Deep Devonian which it will pursue as gas markets improve.

On behalf of the Board,

George V. Kenda
President

Calgary, Alberta
February 25, 1993

Exploration & Development



During 1992, Prairie Oil conducted the largest development program in its history, participating in a total of 40 development wells and 14 exploration wells which totalled $16.1 million in expenditures. In addition, acquisitions net of dispositions amounted to $5.1 million. Total capital expenditures were $21.2 million in 1992, compared with $25.1 million in 1991.

The Company's principal areas of activity in 1992 were Hays/Enchant, Golden, Simonette, Otter/Ogston and Cherhill where it participated in 54 gross (18.0 net) working interest wells, resulting in 34 gross (11.9 net) oil wells and two gross (0.9 net) gas wells. Prairie Oil also retained an interest in 11 successful wells which were farmed out to others.

Hays/Enchant Since 1987, Prairie Oil has participated in more than 80 wells and the discovery of 15 new pools at southern Alberta's Hays/Enchant field. Exploration initially focused on the Nisku formation but in 1990, a second producing zone was discovered in the Sawtooth. Hays/Enchant is now the Company's major producing area, contributing 25 per cent of crude oil volumes in 1992.

The Company has used 3-D seismic extensively to find and develop new pools, adding 6.5 million barrels of crude oil and natural gas liquids to proved reserves in the past five years. This technology has enabled Prairie Oil to target both exploration and development drilling locations with greater accuracy, maximizing reserve recovery as well as decreasing finding and development costs.

In 1992, the Company participated in 21 successful exploration and development wells at Hays/Enchant adding 785 barrels to daily production levels and 1.3 million barrels to proved reserves. In the Nisku formation, two exploration and nine development wells added 320 b/d and in the Sawtooth, one exploration and nine development wells added 315 b/d. Equipment modifications at two 1991 Sawtooth wells further enhanced productivity by 150 b/d.

A comparable level of exploration and development activity is planned for the Hays/Enchant area in 1993 and Prairie Oil will also participate in a solution gas conservation program which will increase both liquids and natural gas production. The ERCB of Alberta now requires companies operating at Hays/Enchant to capture solution gas produced with the crude oil. During 1993, a gas gathering system will be built in the area and sour gas processing facilities will be added at an existing plant. The Company has a 21.5 per cent interest in the project and its share of expenditures is estimated at $2.3 million.

With the project underway, the ERCB has agreed to increase crude oil production allowables and the scheme is expected to add 550 barrels of crude oil and natural gas liquids as well as 1.8 mmcf of natural gas to Prairie Oil's daily production volumes by year-end 1993. It is also expected to add 235,000 barrels of natural gas liquids and 4.6 bcf of natural gas to proved reserves.

Golden When Prairie Oil began reassessing older producing fields with 3-D seismic, it found a number of successful applications for this technology. At Golden, its initial nine-well program completed early in 1991 added 1,000 b/d to production volumes and 1.1 million barrels to proved reserves. In a continuation of this program, three development wells were drilled in 1992 adding 360 b/d to production levels and 360,000 barrels to proved reserves.

Simonette In 1992, Prairie Oil used 3-D seismic to target a pinnacle reef structure which offset the original Simonette field. Pinnacle reefs are very deep and small in areal extent in this region and could not have been found with conventional 2-D seismic. An exploration and a development well yielded one million barrels of proved oil reserves at this discovery and both wells were placed on production in February 1993 adding 245 barrels to daily volumes.

Otter/Ogston Early in 1992, a drilling location based on 3-D seismic discovered a new pool in the Granite Wash formation of the Otter/Ogston field. Prairie Oil also participated in three offset development wells and the program added 195 b/d to production levels and 178,000 barrels to proved reserves. Development drilling will continue in 1993.

Cherhill Prairie Oil drilled its first horizontal wells in 1992 at Cherhill, seeking to improve recovery from the field's fractured reservoir. In certain fields, these wells have proved more efficient than conventional vertical wells in connecting fractures, or horizontal channels, where oil accumulates. Two horizontal wells were drilled in 1992 adding 145 b/d to productive capacity. Additional horizontal drilling is planned for Cherhill in 1993. If successful, these wells will also allow Prairie Oil to shut-in marginal vertical wells and reduce operating costs.

Reserves At December 31, 1992, the Company's proved reserves of crude oil and natural gas liquids, before royalties, rose 30 per cent to 16.1 million barrels, compared with 12.4 million barrels a year earlier. Proved natural gas reserves, estimated at 76.8 bcf, were virtually unchanged from 73.5 bcf in 1991. For the fifth consecutive year, Prairie Oil's successful exploration and development programs, together with acquisitions and revisions, have resulted in an increase in the Company's proved reserves. Probable reserves for crude oil and natural gas liquids were 1.3 million barrels compared with 1.4 million barrels in 1991, and probable natural gas reserves were 6.8 bcf compared with 10.8 bcf a year earlier.

Major Producing Properties 1992 Daily Production

	Oil & NGLs	B/D	Major Crude Type		Natural Gas	MMCF/D
1)	Hays/Enchant	1,182	Medium (i)	1)	Cherhill	3.3
2)	Golden	971	Light Sweet	2)	Verger	2.3
3)	Taber North	588	Medium	3)	Big Bend	1.8
4)	Cherhill	480	Medium	4)	West Pembina	0.5
5)	West Pembina	335	Light Sweet	5)	Minnehik	0.5
6)	Royalty Interests	306	Light Sweet	6)	Yoyo	0.5
7)	Otter/Ogston	300	Light Sweet	7)	Ferrier	0.4
8)	Triangle	162	Light Sweet	8)	Long Coulee	0.4
9)	Wayne Rosedale	142	Medium (i)	9)	Badger	0.4
10)	Other	522		10)	Other	2.6
	Total	**4,988**	(i) Includes light sour			**12.7**

Oil and Gas Landholdings (Acres)

	Developed (i)		Undeveloped				Total	
	Leases		Leases		Permits and Licenses			
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	269,323	59,716	326,914	83,548	103,520	29,741	699,757	173,005
British Columbia	23,713	1,555	25,264	1,655			48,977	3,210
Saskatchewan	10,885	1,151	59,560	31,023			70,445	32,174
Manitoba	1,120	300	76,488	23,011			77,608	23,311
Arctic Islands			255,144	4,351			255,144	4,351
Total	305,041	62,722	743,370	143,588	103,520	29,741	1,151,931	236,051

(i) Developed leases are leases upon which one or more productive or potentially productive wells have been drilled.

At December 31, 1992, the Company owned interests in 1,151,931 gross (236,051 net) acres as shown in detail in the summary above. This compares with 1,225,988 gross (246,363 net) acres at the end of 1991. The decrease in holdings is due to surrenders and expiries in all provinces in addition to divestitures made in the past year. Prairie Oil also has a net carried interest in 960 acres and an overriding royalty interest in 80,504 acres.

Drilling Summary

	Exploratory Wells					Development Wells				
	Gross	Net Wells				Gross	Net Wells			
Year	Wells	Oil	Gas	Dry	Total	Wells	Oil	Gas	Dry	Total
1988	68	4.04	1.91	5.08	11.03	15	2.91		1.05	3.96
1989	21	2.08	0.51	3.00	5.59	22	1.70	1.38	0.36	3.44
1990	24	1.23	0.58	6.12	7.93	13	2.66	0.04	0.28	2.98
1991	25	1.90	1.11	3.60	6.61	29	7.51		0.92	8.43
1992	14	1.51		2.64	4.15	40	10.38	0.92	2.56	13.86

The table above sets forth the gross and net exploratory and development wells in which the Company participated during the five-year period ended December 31, 1992. As at December 31, 1992, the Company had working interests in 1,878 gross (88.9 net) producing oil wells and 328 gross (58.1 net) producing gas wells in Western Canada, and royalty interests in 1,405 gross (17.6 net) producing oil wells and 102 gross (3.5 net) producing gas wells, most of which were in Saskatchewan. In addition, Prairie Oil has working interests in 116 gross (26.1 net) shut-in gas wells.

Management's Discussion & Financial Analysis

The following discussion of financial condition and results of operations should be read in conjunction with the financial statements and notes.

Prairie Oil's net earnings were $3.9 million (50 cents per share) in 1992 compared to $2.2 million (28 cents per share) in 1991 and $6.1 million (77 cents per share) in 1990. Cash generated from operations in 1992 was $21.1 million compared to $17.4 million in 1991 and $20.5 million in 1990.

Prairie Oil's strong financial performance in 1992 was the result of record oil and gas liquids production, which reflect an increase of 773 barrels of oil per day ("b/d") or 18 per cent over 1991. Although the 1992 West Texas Intermediate ("WTI") oil price averaged slightly below 1991 levels, Canadian prices were higher due to a decline in the average Canadian/U.S. exchange rate from U.S.$0.8726 in 1991 to U.S.$0.8235 in 1992. Natural gas prices in 1992 were two per cent higher than 1991 prices due to a strong fourth quarter during which Prairie Oil's gas prices averaged $1.57 per mcf.

Operating Results

		1992	1991	1990
Oil and liquids				
	- gross production (b/d)	**4,988**	4,215	3,223
	- price (per bbl)	**$18.76**	$18.47	$23.24
Natural gas				
	- gross production (mmcf/d)	**12.7**	11.9	11.6
	- price (per mcf)	**$ 1.27**	$1.24	$ 1.46

Sales revenues rose 20 per cent to $32.7 million versus $27.1 million in 1991 and $26.9 million in 1990. The sharp increase in oil and gas revenues was a result of higher production volumes ($4.5 million) and positive price and royalty variances of $0.5 million and $0.7 million, respectively. The rise in production volumes increased depletion expense ($0.8 million) while higher activity levels resulted in increased operating costs ($1.3 million).

Prices and Netbacks

	1992	1991	1990
Oil (per bbl)			
- Sales price	**$19.10**	$18.65	$24.05
- Royalties	**3.50**	4.05	4.78
- Operating costs	**3.40**	3.21	2.64
- Netback	**$12.20**	$11.39	$16.63
Natural gas (per mcf)			
- Sales price	**$ 1.27**	$ 1.24	$ 1.46
- Royalties	**0.30**	0.24	0.33
- Operating costs (i)	**0.38**	0.39	0.31
- Netback	**$ 0.59**	$ 0.61	$ 0.82

(i) Includes natural gas liquids operating costs.

	1992	1991	1990
Depletion rates for the last three years were:	**$ 5.33**	$ 5.78	$ 5.45

Prairie Oil's focus on drilling programs in areas of established success resulted in oil and gas liquids production attaining record levels in 1992. Hays/Enchant production increased 138 per cent to 1,200 b/d due to a successful development and exploration drilling program and the acquisition of additional properties during the second half of 1992. Development successes at Otter/Ogston added 195 b/d to 1992 production. The Company's continued focus in 1993 will be in areas of expertise which allow for early cash flow, improved netbacks and higher drilling success rates. In 1993, oil and gas liquids production is expected to rise to 6,400 b/d.

Prairie Oil's production has a high component of crudes that are lower in quality than light sweet crude. Most of the 699 b/d increase in 1992 crude production levels reflects the new volumes at Hays/Enchant which are of lower quality crude and receive a price differential from premium crude. This differential has fluctuated considerably in recent years but in 1992, the average price being received was approximately $6.60 per bbl less than the average par price for light conventional crude.

Quality of Crude Oil Production

(barrels per day)	1992	1991	1990
Light sweet	**2,334**	2,437	1,717
Medium	**1,655**	1,440	1,231
Light sour	**724**	137	35
	4,713	4,014	2,983

Due to a seven per cent increase in gas production to 12.7 million cubic feet per day ("mmcf/d") from 11.9 mmcf/d in 1991, and slightly higher prices, gas revenues increased $0.2 million or four per cent. Natural gas prices strengthened during the latter half of 1992 due to colder weather in Canada and increasing U.S. demand resulting in a marginally higher price for the year. In 1993, a decline in U.S. gas supply and an increase in Canadian gas pipeline capacity should increase demand for Prairie Oil's gas resulting in an increase in gas sales and the average price realized.

Higher levels of production activity resulted in 1992 operating costs of $7.9 million compared to $6.6 million in 1991 and $4.5 million in 1990. Operating costs at Hays/Enchant and Otter/Ogston rose $1.0 million and $0.8 million, respectively, due to increased levels of activity while higher repair and maintenance expenses raised operating costs at Cherhill by $0.2 million.

Depletion and depreciation expense in 1992 was $13.9 million compared to $13.1 million in 1991 and $10.3 million in 1990 as increased production levels offset a lower average depletion rate. Proved reserves increased 30 per cent for oil and four per cent for gas in 1992 as a result of exploration and development successes, primarily at Hays/Enchant, Simonette and Taber North. Commencing in the third quarter of 1992, additional future development costs of proved reserves were included in the depletable asset base. These costs resulted in a $0.08 per bbl increase in the average depletion rate.

Prairie Oil's 1992 financial expense, at $1.5 million, was six per cent higher than 1991 due to an increase in debt levels from $17.6 million at December 31, 1991, to $19.5 million at December 31, 1992. Interest on this debt, which is owed to Prairie Oil's parent company, is calculated at the prime rate which decreased from an average of 9.4 per cent in 1991 to 7.5 per cent in 1992.

Administration costs declined slightly in 1992 to $2.6 million, down from $2.8 million in 1991, reflecting an aggressive cost containment program by the parent company. Prairie Oil's administration expenses are composed primarily of an allocation of costs incurred by the parent company, on a pro-rata basis of gross margins.

Income tax expense rose by $1.8 million in 1992 on a $3.6 million increase in pre-tax earnings. The primary factor for the increase in the effective tax rate was the lower Alberta Royalty Tax Credit ("ARTC"). ARTC was $0.9 million in 1992 compared to $1.5 million in 1991, as new provincial legislation resulted in the ARTC having to be allocated within a group of affiliated companies. Prior to 1991, each company was entitled to its own credit. Current tax recoveries which include the lower ARTC credit, decreased from $1.0 million in 1991 to $0.4 million in 1992.

Liquidity and Capital Spending

Cash generated from operations in 1992 totalled $21.1 million, up from $17.4 million in 1991. Net cash available after working capital requirements totalled $19.6 million. Capital expenditures in 1992 were $21.2 million leaving a deficiency of $1.7 million which was financed by additional borrowing from the parent company of $2.0 million. Cash on hand at December 31, 1992, increased $0.3 million over 1991.

Capital expenditures for the last three years and 1993 budget are:

Capital Expenditures

	1993 Budget	1992	1991	1990
	(millions of Canadian dollars)			
Exploration	$ 7.7	$ 6.4	$15.7	$15.3
Development	12.6	9.7	7.5	4.1
Property acquisitions	5.0	5.1	1.9	3.5
	$25.3	$21.2	$25.1	$22.9

In 1993, the capital budget is expected to be financed entirely from internal cash flows.

Risks and Uncertainties

Prairie Oil's future financial performance will largely be determined by world oil prices and North American natural gas prices. While world oil prices have remained relatively stable since the Iraq/Kuwait conflict of 1990/91, the resumption of production from Kuwait and the re-emergence of Iraq as a factor in world markets have the potential to exert downward pressures on oil prices. It is unclear whether the Organization of Petroleum Exporting Countries will be able to maintain price levels through voluntary production restraint among its members. For financial forecasting purposes, Prairie Oil is projecting an average WTI price of U.S. $20.50 per bbl for 1993, which compares to a U.S.$20.58 per bbl average for 1992.

Gas markets in North America, and particularly the United States, have, in late 1992, experienced a significant change, due primarily to shortfalls in gas supply and deliverability. As a result, natural gas spot prices increased from an average $1.24 per mcf in 1991 to $1.27 per mcf in 1992 in spite of a large drop in prices early in 1992. It is expected that the higher price levels will result in increased exploration activity for gas in North America.

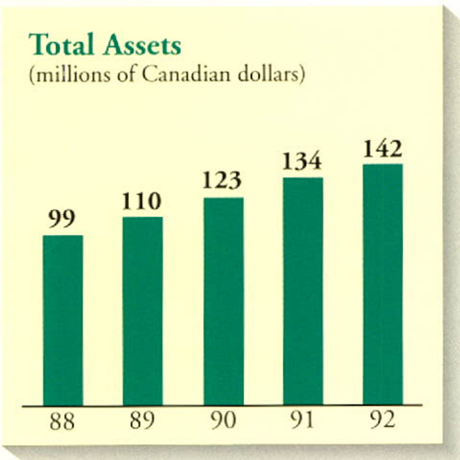
The impact on Prairie Oil's forecast earnings and cash flow from changes to oil and gas prices and production volumes is as shown in the adjacent table.

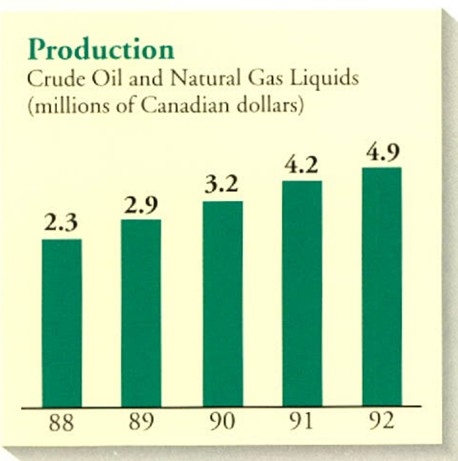
Effect of Price Changes

	Net Earnings	Cash Flow
	(millions of Canadian dollars)	
U.S. $1.00/bbl change in WTI	$1.1	$1.1
100 b/d change in liquid volumes	$0.2	$0.3
U.S. 10 cents/mcf change in gas price	$0.3	$0.3
1 mmcf/d change in gas volumes	$0.0	$0.1

In 1992, Prairie Oil was successful in replacing and adding reserves at an average finding and development cost of $3.26 per equivalent barrel. However, oil and gas exploration and development are inherently risky, and it cannot be assumed that Prairie Oil's past success in economically replacing reserves is indicative of its ability to do so in the future.

The success of an exploration and production company in replacing reserves is, in part, measured by the annual determination of proved reserves and ceiling test calculations. As of December 1992, the future net revenues from proved reserves of the Company were in excess of the underlying costs.





Overall Outlook Assuming oil and gas prices reach their predicted levels, both earnings and cash flow in 1993 will improve over those levels attained in 1992. Prairie Oil's success in 1993 will depend to a large degree on continuing drilling success in those areas in which it is currently focusing. Hays/Enchant, Grand Forks, Cherhill and Taber North will be of prime importance as oil targets while Wayne Rosedale, Hays/Enchant, Harmattan and Minnehik will be targeted for gas.

This focus will allow the Company to reduce, on a per unit basis, its operating costs by taking advantage of economies of scale and existing area infrastructure. In addition, Prairie Oil will concentrate management activities on controlling its field operating costs.

In October 1992, the Alberta Provincial Government announced changes to the Alberta Crown Royalty regime effective January 1993. The new regime, which is oil and gas price-sensitive, creates a third tier of oil and reduces royalties on production discovered after April 1, 1974. These changes are expected to reduce Prairie Oil's oil and gas royalty expense in 1993 by $0.5 million.

In December 1992, the Board of Directors announced it would be prepared to issue additional common shares subject to appropriate market conditions. Prairie Oil's executive and Board will monitor equity markets through 1993 to ensure that dilution of existing asset values is minimized if new shares are issued. Proceeds from an issue would enable the Company to increase exploration and production investment and provide financing for contemplated acquisitions.

Management's Report

The accompanying financial statements of Prairie Oil Royalties Company, Ltd. and all information in the Annual Report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and include some amounts that are based on management best estimates. Financial and operating data elsewhere in the Annual Report are consistent with the information contained in the financial statements.

In fulfilling their responsibilities, management of Prairie Oil ensures that systems of internal accounting controls are designed and maintained to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and that financial records are timely, accurate and reliable for preparation of the financial statements.

The Board of Directors carries out its responsibility for the financial statements in this Annual Report principally through its Audit Committee, consisting solely of the Chairman of the Board and three non-executive directors. The Audit Committee meets periodically with management and with the internal and external auditors to discuss the results of audit examinations with respect to the adequacy of internal accounting controls and to review and discuss financial reporting matters. Both internal and external auditors have full access to the Audit Committee, with and without the presence of management.

The financial statements have been audited by Peat Marwick Thorne, Chartered Accountants, and their report follows.

Barry D. Cochrane
Chairman of the Board
and Principal Executive Officer

Gordon B. Singer
Vice-President, Comptroller and Principal
Financial and Accounting Officer

February 25, 1993

Auditors' Report

To the Shareholders of Prairie Oil Royalties Company, Ltd.

We have audited the balance sheet of Prairie Oil Royalties Company, Ltd. as at December 31, 1992 and 1991 and the statements of earnings and retained earnings, and changes in financial position for each of the years in the three-year period ended December 31, 1992. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1992 and 1991 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended December 31, 1992 in accordance with generally accepted accounting principles.

"Peat Marwick Thorne"
Chartered Accountants

Calgary, Canada
February 2, 1993

Balance Sheet

As at December 31, 1992 and 1991
(thousands of Canadian dollars)

	1992	1991
Assets		
Current Assets		
Cash	**$ 369**	$ 68
Accounts receivable	**1,663**	1,610
Income and other taxes receivable		167
	2,032	1,845
Properties, Plant and Equipment (Note 2)	**140,019**	132,366
	$142,051	$134,211
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 1,599**	$ 2,785
Income and other taxes payable	**29**	
Current portion of deferred gas revenues	**520**	626
	2,148	3,411
Deferred Gas Revenues and Other	**1,005**	1,136
Deferred Income Taxes	**39,587**	36,256
Due to Parent Company (Note 3)	**19,543**	17,566
Shareholders' Equity		
Capital Stock (Note 4)		
Issued 7,846,076 common shares	**1,962**	1,962
Contributed Surplus	**574**	574
Retained Earnings	**77,232**	73,306
	79,768	75,842
	$142,051	$134,211

Approved by the Board

Director

Director

Statement of Earnings and Retained Earnings

Years Ended December 31
(thousands of Canadian dollars except per share amounts)

	1992	1991	1990
Sales and Other Revenues			
Oil and gas	**$30,583**	$25,041	$24,391
Royalties	**2,083**	1,944	2,345
Interest and other	**31**	152	124
	32,697	27,137	26,860
Costs and Expenses			
Production	**7,882**	6,591	4,506
Depletion, depreciation and amortization	**13,880**	13,053	10,264
General and administrative	**2,597**	2,787	2,040
Financial expense	**1,471**	1,392	1,352
	25,830	23,823	18,162
Earnings Before Income Taxes	**6,867**	3,314	8,698
Income Taxes (Note 5)			
Current (recovery)	**(390)**	(1,020)	(1,577)
Deferred	**3,331**	2,160	4,199
	2,941	1,140	2,622
Net Earnings	**3,926**	2,174	6,076
Retained Earnings, Beginning of Year	**73,306**	71,132	65,056
Retained Earnings, End of Year	**$77,232**	$73,306	$71,132
Earnings Per Share	**$ 0.50**	$ 0.28	$ 0.77

Statement of Changes in Financial Position

Years Ended December 31
(thousands of Canadian dollars)

	1992	1991	1990
Operating Activities			
Net earnings	**$ 3,926**	$ 2,174	$ 6,076
Add non-cash items:			
Deferred income taxes	**3,331**	2,160	4,199
Depletion, depreciation and amortization	**13,880**	13,053	10,264
Cash generated from operations	**21,137**	17,387	20,539
Deferred gas revenues	**(410)**	(768)	(588)
Decrease (increase) in working capital (i)	**(1,149)**	1,166	(423)
Net Cash Available	**19,578**	17,785	19,528
Investing Activities			
Properties, plant and equipment (net)	**21,206**	25,111	22,885
Other	**48**	12	
	21,254	25,123	22,885
Excess (Deficiency) Before Financing	**(1,676)**	(7,338)	(3,357)
Financing Activities			
Advances from parent	**1,977**	7,147	3,616
Change in Cash	**301**	(191)	259
Cash, Beginning of Year	**68**	259	
Cash, End of Year	**$ 369**	$ 68	$ 259

(i) Working capital excludes cash and short-term investments.

Notes to Financial Statements

Years Ended December 31, 1992, 1991 and 1990
(tabular amounts are in thousands of Canadian dollars except where otherwise noted)

1. Accounting Policies

The Annual Report and the accompanying financial statements have been prepared by Management and approved by the Board of Directors. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Basis of Presentation All of the Company's operations are in one business segment, namely, oil and gas exploration, development and production, and all of the Company's operations are conducted in one geographical segment, Canada. Accordingly, no separate disclosure has been made of financial data by segment. Certain prior years' comparative figures have been reclassified for comparative purposes.

Properties, Plant and Equipment Oil and gas properties and production equipment, in accordance with the full cost method of accounting, include expenditures related to the acquisition, exploration and development of oil and gas reserves, whether or not potentially productive. These costs are depleted and depreciated, on a country-by-country basis, using the unit of production method based on total estimated proved recoverable reserves. Natural gas reserves and production are converted to equivalent barrels of crude oil based on relative energy content. Proceeds on sale of properties are credited to asset costs.

Commencing in 1991, provision for future site restoration costs are accrued for by a charge against income using the unit of production method.

Capitalized costs are limited to estimated undiscounted future net revenues, based on year-end prices, plus the net cost of unproved properties. Total capitalized costs are also limited to the aggregate of the foregoing less future interest costs, administrative costs and income taxes attributed to oil and gas operations.

Deferred Gas Revenues and Other Deferred gas revenues and other include payments received under take-or-pay gas contracts and the accrued liability for future site restoration costs. Deferred gas revenues are included in revenue as the gas to which the payments relate is delivered. Deliveries, which are to be made over a ten-year period, ending in 1994, are governed by contractual arrangement.

2. Properties, Plant and Equipment	**1992**	1991
Properties	**$196,643**	$180,115
Production equipment	**29,653**	24,975
	226,296	205,090
Accumulated depreciation and depletion	**86,277**	72,724
Net book value	**$140,019**	$132,366

During the year, the Company capitalized $1,262,000 ($1,776,000 in 1991, $1,934,000 in 1990) of administrative overhead expenditures directly related to exploration activities.

3. Due to Parent Company

Advances from Prairie Oil's parent, Norcen Energy Resources Limited ("Norcen") are charged interest at the Canadian prime rate and have no fixed payment schedule. Norcen has agreed not to call for repayment within the next 12 months. Interest charged in 1992 was $1,376,000 ($1,360,000 in 1991, $1,258,000 in 1990).

4. Capital Stock

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares; an unlimited number of junior preferred shares; and an unlimited number of senior preferred shares.

(b) Issued

The Company has 7,846,076 common shares issued and outstanding of which 74.4 per cent is owned by Norcen.

5. Income Taxes

The provision for income taxes in the Statement of Earnings and Retained Earnings varies from the amount that would be computed by applying the Canadian federal statutory rate to earnings before income taxes for the following reasons:

	1992	1991	1990
Earnings before income taxes	**$6,867**	$3,314	$8,698
Canadian federal statutory rate of income tax	**38.84 %**	38.84 %	38.84 %
Computed income tax expense	**$2,667**	$1,287	$3,378
Increase (decrease) in income tax resulting from:			
Alberta Royalty Tax Credit	**(876)**	(1,454)	(1,738)
Provincial income taxes in excess of federal abatement	**453**	273	492
Large Corporations Tax	**274**	259	123
Non-deductible crown payments less federal resource allowance	**276**	520	45
Non-deductible depletion	**150**	159	364
Other items, net	**(3)**	96	(42)
Actual income tax expense	**$2,941**	$1,140	$2,622
Effective income tax rate	**42.83 %**	34.40 %	30.14 %

Deferred income taxes result from timing differences in the recognition of income and expenses for income tax and for financial statement purposes. The source of these differences is principally exploration and development expenditures and capital cost allowances deducted for income tax purposes in excess of depletion and depreciation.

6. Related Party

The Company's operations are managed by its parent company, Norcen. For the year ended December 31, 1992, management fees paid to Norcen amounted to $3,704,000 ($4,391,000 in 1991, $3,844,000 in 1990).

7. United States Accounting Principles

Prairie Oil follows Canadian generally accepted accounting principles ("GAAP") which are different in some respects from those applicable in the United States and from practices prescribed by the United States Securities and Exchange Commission ("SEC").

These differences would have affected net earnings as follows:

	Year ended December 31	
	1992	1991
Net earnings based on Canadian GAAP	**$3,926**	$ 2,174
Application of SEC-prescribed full cost method, net of related deferred taxes (i)	**1,973**	(11,473)
Net earnings (loss) based on United States GAAP	**$5,899**	$ (9,299)
Earnings (loss) per common share		
Canadian - basic	**$ 0.50**	$ 0.28
United States - primary	**$ 0.75**	$ (1.19)

(i) This adjustment reflects the writedown of asset values upon application of the SEC-prescribed ceiling tests, which are different than ceiling tests under Canadian GAAP.

The effect on the retained earnings by the United States accounting principles would be as follows:

	Year ended December 31	
	1992	1991
Retained earnings based on Canadian GAAP	**$77,232**	$73,306
Application of SEC-prescribed full cost method, net of related deferred taxes	**(9,500)**	(11,473)
Retained earnings based on United States GAAP	**$67,732**	$61,833

For the years 1990 and 1989, there were no differences in accounting treatment between Canadian and United States GAAP.

In February 1992, the Financial Accounting Standards Board ("FASB") issued SFAS No. 109, "Accounting for Income Taxes", requiring the use of the liability method, effective for fiscal years beginning after December 15, 1992. The liability method bases the amount of deferred taxes payable on existing tax rates and requires, in the year of adoption, restatement of prior periods' expense or recognition of the cumulative effect in the current year's Statement of Earnings. The Company has not determined the financial impact of adopting FASB No. 109, but it is anticipated that a reduction of the deferred tax balance will result.

Supplemental Information (unaudited)

Years Ended December 31
(tabular amounts are in thousands of Canadian dollars except per share amounts and where otherwise noted)

Quarterly and Other Financial Data

	Quarter				
	First	Second	Third	Fourth	Year
1992					
Revenue	$7,101	$8,223	$8,282	$9,091	$32,697
Earnings before income taxes	$ 845	$1,660	$1,864	$2,498	$ 6,867
Net earnings	$ 570	$1,016	$1,018	$1,322	$ 3,926
Earnings per share	$ 0.07	$ 0.13	$ 0.13	$ 0.17	$ 0.50
Market price per common share (i)					
High	$ 7 5/8	$ 7 1/4	$ 8 3/8	$ 8 1/2	$ 8 3/8
Low	$ 6 7/8	$ 6 3/4	$ 6 1/8	$ 7 1/2	$ 6 1/4
1991					
Revenue	$7,142	$6,828	$6,640	$6,527	$27,137
Earnings before income taxes	$1,456	$ 802	$ 942	$ 114	$ 3,314
Net earnings	$ 957	$ 581	$ 452	$ 184	$ 2,174
Earnings per share	$ 0.12	$ 0.08	$ 0.05	$ 0.03	$ 0.28
Market price per common share (i)					
High	$ 8 5/8	$ 9 3/8	$ 9 1/2	$ 9 3/4	$ 9 3/4
Low	$ 7 5/8	$ 8 3/8	$ 8 1/2	$ 7	$ 7

(i) The market prices are as reported by the American Stock Exchange (the primary market) in U.S. dollars.

Oil and Gas Information

The following unaudited supplementary information is disclosed in accordance with the provisions of SFAS No. 69 "Disclosures about Oil and Gas Producing Activities".

Capitalized Costs

The Company has capitalized property acquisition, exploration and development costs pertaining to its oil and gas operations as follows:

	1992	1991	1990
Properties			
- Proved	**$189,942**	$171,283	$148,513
- Unproved	**6,701**	8,832	9,886
Production equipment	**29,653**	24,975	21,580
	226,296	205,090	179,979
Accumulated depreciation and depletion	**86,277**	72,724	59,978
Capitalized costs	**$140,019**	$132,366	$120,001

Costs Incurred for Property Acquisition, Exploration and Development Activities

	1992	1991	1990
Costs capitalized in the year			
Property acquisition - Proved	**$ 5,133**	$ 1,903	$ 3,485
- Unproved	**1,011**	2,128	3,455
Exploration	**5,629**	13,581	11,847
Development	**9,433**	7,499	4,098
Total capitalized	**$21,206**	$25,111	$22,885

Results of Operations for Oil and Gas Producing Activities

	1992	1991	1990
Revenue, net of royalties	**$32,520**	$26,821	$26,578
Production expenses	**7,882**	6,591	4,506
Depreciation, depletion and amortization (i)	**13,880**	13,053	10,264
	10,758	7,177	11,808
Income tax expense	**4,666**	2,814	3,985
Results of operations from producing activities	**$ 6,092**	$ 4,363	$ 7,823

(i) Depletion, depreciation and amortization expense per equivalent barrel was $5.33 in 1992 ($5.78 in 1991, $5.45 in 1990).

Reserves

The reserve information provided below is provided on a proved reserve basis only after deducting royalty interests of governments and others. The reserve quantity information summarizes the changes in quantities of net proved oil and gas reserves determined using constant prices and costs.

	1992		1991		1990	
	Oil & Gas Liquids	**Gas**	Oil & Gas Liquids	Gas	Oil & Gas Liquids	Gas
	(mbbls)	**(mmcf)**	(mbbls)	(mmcf)	(mbbls)	(mmcf)
Proved developed and undeveloped reserves						
Beginning of year	**9,938**	**61,135**	8,156	58,366	7,428	55,735
Revision of previous estimates	**1,357**	**(2,113)**	479	778	217	4,724
Purchase (sale) of reserves in place	**734**	**4,126**	483	(1,365)	499	934
Extensions, discoveries and other additions	**2,788**	**3,770**	2,030	6,862	956	1,215
Production	**(1,487)**	**(3,575)**	(1,210)	(3,506)	(944)	(4,242)
End of year	**13,330**	**63,343**	9,938	61,135	8,156	58,366
Proved developed reserves						
End of year	**13,234**	**44,212**	9,859	41,052	8,156	39,402

Standardized Measure of Discounted Future Net Cash Flows and Changes Therein Relating to Proved Oil and Gas Reserves

In calculating the standardized measure of discounted future net cash flows, prices and costs in effect at year-end were assumed to be constant, were applied to proved reserves as determined by internal engineering estimates, and provision was made for estimated future development expenditures that will be required to produce the reserves. Royalty deductions were based on laws, regulations and contracts existing at the end of the fiscal year. The discounted future net cash flows are derived by applying a 10 per cent discount factor, as required by the SFAS No. 69 rules, to the future net cash flows.

Management believes that this information does not sufficiently reflect the current economic value of the oil and gas producing properties or the present value of estimated future cash flows since no economic value is attributed to potential reserves, the use of a 10 per cent discount rate is arbitrary and prices constantly change from year-end levels.

	1992	1991	1990
	(millions of Canadian dollars)		
Future cash inflows	**$348.2**	$264.3	$329.3
Future production costs	**(104.1)**	(82.1)	(77.5)
Future development costs	**(4.0)**	(4.0)	(3.7)
Future income tax expense	**(79.4)**	(56.7)	(84.3)
Future net cash flows	**$160.7**	$121.5	$163.8
Standardized measure of future net cash flows discounted at 10%	**$ 92.0**	$ 70.2	$ 93.3

The following table sets out principal sources of change in the standardized measure of discounted future net cash flows during the respective periods:

	1992	1991	1990
	(millions of Canadian dollars)		
Sales of oil and gas and value of transfers	**$ (24.6)**	$ (20.2)	$ (22.1)
Net changes in prices and production costs	**15.6**	(51.7)	26.7
Extensions, discoveries and improved recovery, less related costs	**19.8**	16.3	9.4
Purchase of reserves in place	**7.9**	1.4	5.6
Development costs incurred during the period	**0.5**		1.1
Revisions of previous quantity estimates and other	**5.3**	1.1	3.0
Accretion of discount	**10.3**	14.1	10.8
Net changes in income taxes	**(13.0)**	15.9	(14.3)
Net increase (decrease)	**21.8**	(23.1)	20.2
Beginning of period	**70.2**	93.3	73.1
End of period	**$ 92.0**	$ 70.2	$ 93.3

Oil and Gas Operating Income Analysis

1992 Producing Operations

	Volumes		Average Price	Royalties		Net Revenues		Operating Costs		Operating Margin	
	Daily	Annual 000's	$/Unit	Rate %	Value $/Unit	$/Unit	$000's	$/Unit	$000's	$/Unit	$000's
Crude oil (bbls)	4,713	1,725	19.10	18.30	3.50	15.60	26,921	3.40	5,868	12.20	21,053
Other (i)							68				68
Total oil	4,713	1,725	19.10	18.30	3.50	15.60	26,989		5,868		21,121
Natural gas liquids (bbls)(ii)	275	101	12.96	22.88	2.97	9.99	1,006			9.99	1,006
Total oil and NGLs	4,988	1,826	18.76	18.48	3.47	15.29	27,995		5,868		22,127
Natural gas (mcf)	12,736	4,661	1.27	23.31	0.30	0.97	4,525	0.38	1,781	0.59	2,744
General, administrative and unallocated operating costs									2,830		(2,830)
Subtotal							32,520		10,479		22,041
Depletion, depreciation and amortization								5.33	13,880		(13,880)
OPERATING INCOME FROM PRODUCING OPERATIONS							32,520		24,359		8,161
OTHER REVENUE							177				177
TOTAL OPERATING INCOME BEFORE FINANCIAL EXPENSE							32,697		24,359		8,338

1991 Producing Operations

	Volumes		Average Price	Royalties		Net Revenues		Operating Costs		Operating Margin	
	Daily	Annual 000's	$/Unit	Rate %	Value $/Unit	$/Unit	$000's	$/Unit	$000's	$/Unit	$000's
Crude oil (bbls)	4,014	1,465	18.65	21.70	4.05	14.60	21,390	3.21	4,698	11.39	16,692
Other (i)							107				107
Total oil	4,014	1,465	18.65	21.70	4.05	14.60	21,497		4,698		16,799
Natural gas liquids (bbls)(ii)	201	73	15.01	12.70	1.91	13.10	960			13.10	960
Total oil and NGLs	4,215	1,538	18.48	21.35	3.94	14.54	22,457		4,698		17,759
Natural gas (mcf)	11,857	4,328	1.24	18.98	0.24	1.00	4,364	0.39	1,679	0.61	2,685
General, administrative and unallocated operating costs									3,000		(3,000)
Subtotal							26,821		9,377		17,444
Depletion, depreciation and amortization								5.78	13,053		(13,053)
OPERATING INCOME FROM PRODUCING OPERATIONS							26,821		22,430		4,391
OTHER REVENUE							315				315
TOTAL OPERATING INCOME BEFORE FINANCIAL EXPENSE							27,136		22,430		4,706

1990 Producing Operations

	Volumes		Average Price	Royalties		Net Revenues		Operating Costs		Operating Margin	
	Daily	Annual 000's	$/Unit	Rate %	Value $/Unit	$/Unit	$000's	$/Unit	$000's	$/Unit	$000's
Crude oil (bbls)	2,983	1,089	24.05	19.89	4.78	19.27	20,980	2.64	2,877	16.63	18,103
Other (i)							(141)				(141)
Total oil	2,983	1,089	24.05	19.89	4.78	19.27	20,839		2,877		17,962
Natural gas liquids (bbls)(ii)											
Total oil and NGLs	240	88	13.11	17.60	2.31	10.80	946			10.80	946
	3,223	1,177	23.24	19.79	4.60	18.64	21,785		2,877		18,908
Natural gas (mcf)	11,622	4,242	1.46	22.86	0.33	1.13	4,793	0.31	1,294	0.82	3,499
General, administrative and unallocated operating costs									2,375		(2,375)
Subtotal							26,578		6,546		20,032
Depletion, depreciation and amortization								6.93	10,264		(10,264)
OPERATING INCOME FROM PRODUCING OPERATIONS							26,578		16,810		9,768
OTHER REVENUE							282				282
TOTAL OPERATING INCOME BEFORE FINANCIAL EXPENSE							26,860		16,810		10,050

(i) Other includes salt water disposal revenue of $68,000 in 1992, $107,000 in 1991 and $89,000 in 1990 and hedging losses of $230,000 in 1990.
(ii) Operating costs are included with natural gas operating costs.

Selected Financial and Operating Data

(thousands of Canadian dollars)

Five Year Summary

	For the Years Ended December 31				
	1992	1991	1990	1989	1988
Sales and other Revenues					
Oil sales	**$ 26,087**	$ 20,609	$ 19,519	$ 14,999	$ 9,107
Gas sales	**4,496**	4,432	4,872	4,060	3,239
Royalties	**2,083**	1,944	2,345	1,947	1,693
Interest and other	**31**	152	124	157	1,024
	32,697	27,137	26,860	21,163	15,063
Costs and Expenses					
Production and administration	**10,479**	9,378	6,546	6,150	4,530
Depreciation, depletion and amortization	**13,880**	13,053	10,264	8,983	7,507
Financial expense	**1,471**	1,392	1,352	925	42
Income taxes	**2,941**	1,140	2,622	799	(643)
	28,771	24,963	20,784	16,857	11,436
Net Earnings	**$ 3,926**	$ 2,174	$ 6,076	$ 4,306	$ 3,627
Cash Generated from Operations	**$ 21,137**	$ 17,387	$ 20,539	$ 15,711	$13,536
Capital Expenditures (i)					
Exploration	**$ 6,367**	$ 15,709	$ 15,302	$ 14,953	$19,264
Development	**9,706**	7,499	4,098	4,761	3,811
Incentives				(1,706)	(3,552)
	16,073	23,208	19,400	18,008	19,523
Property acquisitions	**5,133**	1,903	3,485	6,440	10,378
	$ 21,206	$ 25,111	$ 22,885	$ 24,448	$29,901
Total Assets	**$142,051**	$134,211	$123,012	$110,008	$99,137
Due to Parent Company (ii)	**$ 19,543**	$ 17,566	$ 10,419	$ 6,803	$ 3,738
Production (before royalties)					
Crude oil (b/d)	**4,713**	4,014	2,983	2,768	2,138
Natural gas liquids (b/d)	**275**	201	240	229	161
Total crude oil & NGLs	**4,988**	4,215	3,223	2,997	2,299
Natural gas (mcf/d)	**12,736**	11,857	11,622	9,118	8,340

(i) Capital expenditures are net of government incentive payments earned.

(ii) Amounts due to parent were reported as long-term liabilities in 1990 and 1991. In prior years, amounts due to parent were reported as current liabilities.

Reserves

	1992		1991		1990		1989		1988	
	Gross	**Net**	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Crude oil (thousands of barrels)										
- Proved	**14,895**	**12,342**	11,458	9,236	9,190	7,432	8,284	6,737	6,435	5,246
- Probable	**1,314**	**1,034**	1,392	1,146	1,994	1,562	816	634	384	316
Natural Gas Liquids (thousands of barrels)										
- Proved	**1,205**	**920**	973	727	954	713	956	725	270	182
- Probable	**6**	**4**	6	4	28	16	28	18		
Natural Gas (thousands of cubic feet)										
- Proved	**76,786**	**64,978**	73,537	59,375	70,255	56,445	67,565	54,432	62,221	50,259
- Probable	**6,840**	**5,554**	10,846	8,236	7,838	5,496	8,490	5,948	2,130	1,722
Sulphur (thousands of long tons)	**60**	**54**	87	77	32	28	32	28		

Oil and Gas Landholdings

	1992		1991		1990		1989		1988	
	Gross	**Net**	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Developed	**305,041**	**62,722**	308,837	58,177	316,504	65,077	309,182	55,733	305,056	50,450
Undeveloped	**846,890**	**173,329**	917,151	188,186	966,816	199,368	1,064,318	217,738	1,280,242	229,308
Total	**1,151,931**	**236,051**	1,225,988	246,363	1,283,320	264,445	1,373,500	273,471	1,585,298	279,758

Share Information

	1992	1991	1990	1989	1988
Issued and outstanding	**7,846,076**	7,846,076	7,846,076	7,846,076	7,846,076
Number of shareholders	**524**	553	596	635	650
Trading Volumes					
Toronto Stock Exchange	**200,200**	158,892	240,675	457,200	253,690
American Stock Exchange	**89,100**	92,100	173,400	202,300	179,600
Earnings per share	**$0.50**	$0.28	$0.77	$0.55	$0.46
Cash generated from operations per share	**$2.69**	$2.22	$2.62	$2.00	$1.73

Market Prices

Toronto Stock Exchange	1992		1991		1990		1989		1988	
(Cdn. $)	**High**	**Low**	High	Low	High	Low	High	Low	High	Low
1st Quarter	**8 1/2**	**8**	10	8 3/4	10 5/8	9	7 1/2	6 3/4	8 1/4	6 3/8
2nd Quarter	**8 1/2**	**8 1/8**	11	10	10 1/2	9 3/4	8 1/4	7 1/8	8 1/2	7 1/2
3rd Quarter	**10 1/8**	**7 7/8**	10 3/8	10	11 1/2	10	8 5/8	8	7 3/4	7
4th Quarter	**10 1/8**	**9 1/2**	10 3/8	8 1/2	11	9 1/2	9 3/8	8 3/8	7 1/4	6 1/4

American Stock Exchange	1992		1991		1990		1989		1988	
(U.S.$)	**High**	**Low**	High	Low	High	Low	High	Low	High	Low
1st Quarter	**7 5/8**	**6 7/8**	8 5/8	7 5/8	8 7/8	7 5/8	6 1/2	5 3/8	7 1/8	4 7/8
2nd Quarter	**7 1/4**	**6 3/4**	9 3/8	8 3/8	8 7/8	7 5/8	6 3/4	6	7 3/8	5 7/8
3rd Quarter	**8 3/8**	**6 1/8**	9 1/2	8 1/2	11 1/2	8 1/2	7 3/8	6 5/8	6 3/4	5 5/8
4th Quarter	**8 1/2**	**7 1/2**	9 3/4	7	11 1/2	7 1/2	8 3/8	7 1/8	5 7/8	5

Corporate Information

Board of Directors

BARRY D. COCHRANE*,
Calgary, Alberta
President and Chief Executive Officer
Norcen Energy Resources Limited

NORMAN E. FROST*,
Calgary, Alberta
President
CanStates Gas Marketing

EDWARD A. GALVIN*,
Calgary, Alberta
President
Medpath Oil & Gas Ltd.

GEORGE V. KENDA,
Calgary, Alberta
Vice-President, Corporate Development and Marketing
Norcen Energy Resources Limited

DAVID C. LAKE*,
Calgary, Alberta
President
Scotian Resources Inc.

WAYNE M. NEWHOUSE,
Calgary, Alberta
Senior Vice-President,
Exploration and International Development
Norcen Energy Resources Limited

CLIFFORD A. RAE, Q.C.,
Calgary, Alberta
Barrister and Solicitor

DAVID M. TYERMAN, Q.C.,
Regina, Saskatchewan
Barrister and Solicitor
MacPherson, Leslie & Tyerman

* Member of Audit Committee

Corporate Officers

BARRY D. COCHRANE,
Chairman of the Board

GEORGE V. KENDA,
President

D.K. BRUCE FENWICK,
Senior Vice-President, Production

J. GERHARD SCHOPP,
Vice-President, Operations

GORDON B. SINGER,
Vice-President, Comptroller

ARTHUR J. MITCHELL,
Vice-President, Exploration

DOUGLAS W. PALMER,
Vice-President

DAVID M. TYERMAN, Q.C.,
Secretary

D. STEPHEN MUIR,
Treasurer

ROBERT J. BREEN,
Assistant Treasurer

CRAIG D. ALLEN,
Assistant Secretary

LINDA G. SWAN,
Assistant Secretary

Executive Office
715 Fifth Avenue Southwest
Calgary, Alberta T2P 2X7

Registered Office
1500 Continental Bank Building
1874 Scarth Street
Regina, Saskatchewan, S4P 4E9

Registrars and Transfer Agents
Montreal Trust Company of Canada
Regina, Saskatchewan and Toronto, Ontario

Mellon Securities Trust Company
New York, New York

Auditors
Peat Marwick Thorne
Calgary, Alberta

Stock Exchange Listings
(Symbol - POY)
The Toronto Stock Exchange
American Stock Exchange

Form 10-K

Copies of the Annual Report on Form 10-K filed with the Securities and Exchange Commission of the United States are available to Shareholders by writing to the Assistant Secretary of the Company at the executive office in Calgary.

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