OAKWOOD

OAKWOOD PETROLEUMS LTD. 1983 Annual Report

Corporate Profile

Oakwood Petroleums Ltd. is a Canadian owned and controlled public company with a Canadian Ownership Rate ("COR") of 79%. The Company was incorporated under the laws of Canada on November 28, 1925.

The Company's principal business is the acquisition of, exploration for and development and production of oil and natural gas. Its principal business activities are in Alberta, Saskatchewan, British Columbia and certain Canadian frontier areas. Through subsidiaries, the Company also has interests in various other parts of the world, including the United States, Australia and offshore Spain.

The Company presently employs 145 people at its head office in Calgary, Alberta, its five field offices in Alberta and British Columbia, and its office in Sydney, Australia.

Shares of the Company are listed on the Toronto, Alberta and Montreal Stock Exchanges and trade under the symbol OAK.

Contents

FINANCIAL REPORTING

All amounts are in Canadian dollars, unless stated otherwise.

VOLUME REPORTING

All production and reserve statistics are before royalties, unless stated otherwise.

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of the Shareholders of the Company will be held in the Mayfair Room of The Westin Hotel, Calgary, 320 - 4th Avenue S.W., Calgary, Alberta at 10:00 a.m., Calgary Time, on May 24, 1984.

METRIC CONVERSION

The petroleum industry in Canada has officially converted to the International System of Units for measuring and reporting. The following table notes conversion factors relevant to the industry:

To convert from	To	Multiply by
Thousand cubic metres (10^3m^3)	Thousand cubic feet (mcf) gas	35.4937
Cubic metres (m^3)	Barrels (bbls) oil	6.2898
Metres (m)	Feet (well depths)	3.2808
Kilometres (km).....................	Miles (distance)	0.6214
Hectares (ha)	Acres (land)	2.4710

WELL SYMBOLS

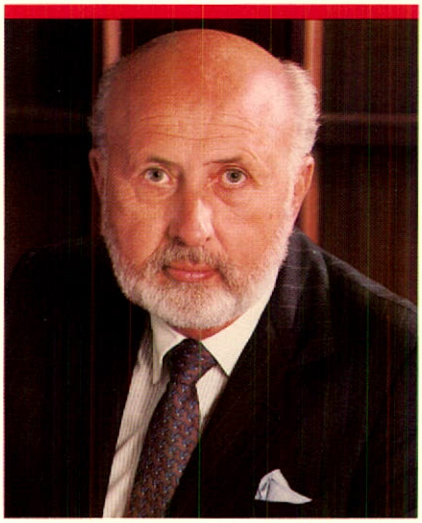
The following table provides an explanation of the standard petroleum industry well symbols used on the maps in this Annual Report:

- ● Oil
- ☼ Gas
- ⌖ Dry & Abandoned
- ☿ Service
- ⌽ Suspended
- o Location

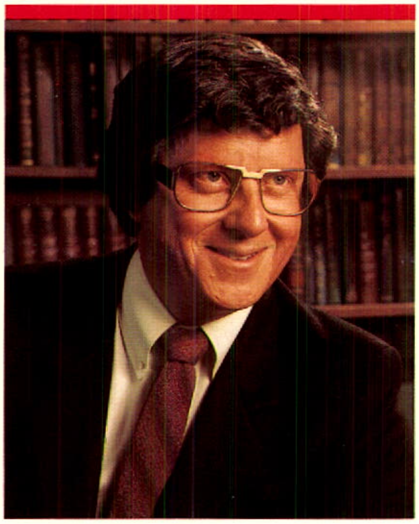
Highlights

	1983	1982	% Increase (Decrease)
Financial			
Revenue	**$ 88,248,000**	$ 68,105,000	30
Cash flow from operations	**40,310,000**	19,627,000	105
Per Class A non-voting and common share	**3.96**	2.03	95
Net earnings	**6,693,000**	4,995,000	34
Net earnings applicable to Class A non-voting and common shares	**1,922,000**	2,157,000	(11)
Per Class A non-voting share	**0.21**	0.22	(5)
Per common share	**0.16**	0.22	(27)
Additions to property and equipment	**42,959,000**	34,776,000	24
Working capital	**5,263,000**	3,810,000	38
Total assets	**426,228,000**	400,022,000	7
Long-term debt	**251,051,000**	254,061,000	(1)
Shareholders' equity	**103,923,000**	78,653,000	32
Outstanding Shares			
Convertible preferred shares, Series A	**1,485,190**	1,485,190	—
Retractable preferred shares, Series B	**695,000**	720,000	(3)
Class A non-voting shares	**7,330,296**	—	N/A
Common shares	**5,028,714**	4,917,868	2
Average number of Class A non-voting and common shares outstanding	**10,184,192**	9,657,476	5
Operations			
Production			
Crude oil and natural gas liquids (barrels)	**3,375,516**	2,755,144	23
Daily average (barrels)	**9,248**	7,548	23
Natural gas (mmcf)	**7,474**	8,595	(13)
Daily average (mmcf)	**20.5**	23.5	(13)
Crude oil and natural gas liquids (m^3)	**536 665**	438 034	23
Daily average (m^3)	**1 470**	1 200	23
Natural gas (10^3m^3)	**210 567**	242 149	(13)
Daily average (10^3m^3)	**577**	663	(13)
Canadian reserves (proved and probable)			
Crude oil and natural gas liquids (barrels)	**39,516,000**	38,976,000	1
Natural gas (bcf)	**433**	440	(2)
Crude oil and natural gas liquids (m^3)	**6 283 000**	6 197 000	1
Natural gas (10^6m^3)	**12 199**	12 397	(2)
Canadian land holdings			
Gross (acres)	**10,093,361**	9,423,247	7
Net (acres)	**1,030,224**	1,048,260	(2)
Gross (hectares)	**4 084 727**	3 813 536	7
Net (hectares)	**416 926**	424 225	(2)
Canadian wells drilled			
Gross	**100**	72	39
Net	**35.9**	26.2	37

Report to the Shareholders



DALLAS E. HAWKINS



BRIAN S. EKSTROM

The management of your Company is pleased to present this Annual Report covering the Company's activities and operating results for 1983. It was indeed a landmark year in your Company's growth and development. Important highlights, as referred to in more detail elsewhere in this Report, include:

- Record high crude oil production
- Record high cash flow from operations
- Record high oil and gas exploration expenditures
- Creation of Class A non-voting shares, which have a preferential right to dividends
- Long-term fixed-rate debt and equity issues

The difficult economic environment of 1982 continued through 1983 for our industry, particularly in the area of gas marketing opportunities. However, management foresees an improvement in this situation within the next two years. We have elected to keep the Company poised to capitalize on those opportunities as they present themselves; indeed, Oakwood is shown on the lists of many oil and gas analysts as being one of the more highly leveraged companies in terms of potential benefits from improved gas markets. In the meantime, much of the Company's exploration thrust has been towards locating and developing crude oil reserves to provide a basis for current growth in operations and cash flow levels. Your management can report that 1983 was a very successful year in our search for new crude oil reserves. Existing crude oil reserves were produced at much more consistent operating levels due to market availability and this was a major contributor to the large growth in cash flow.

This current year promises to be both challenging and potentially rewarding to the Company. Our exploration and exploitation staff will be investing a capital budget of almost $55 million in the search for and development of new reserves of oil and gas. It is your management's considered judgment that it is appropriate to continue our policy of aggressive and carefully evaluated exploratory activities at this time.

Early in 1984 your Company concluded negotiations and reached agreement with the controlling shareholders of Conventures Limited to acquire their approximate 25% interest, thereby increasing Oakwood's ownership to 53%. As of the date of this writing, an offer is outstanding to the remaining shareholders of Conventures to acquire their shares. In addition to its oil and gas producing properties in Western Canada and the United States, Conventures owns approximately 21% of Alberta Natural Gas Company Ltd which when coupled with Oakwood's direct ownership of approximately 12% results in your Company holding a significant share of Alberta Natural. This investment by your Company is in line with our earlier stated policy of seeking to broaden the Company's scope of investment in the petroleum and natural gas industry. Alberta Natural has an excellent earnings record and good prospects for continued growth in the future, making that investment a most attractive one to your Company in both the intermediate and long term.

In recent months there has been much controversy in the Canadian investment and financial communities regarding the use of non-voting shares by companies such as Oakwood in raising new equity. Your Company's management has given an undertaking, both to regulatory authorities and the investment community, to provide full protection for the holders of our Class A non-voting shares in the event of a "take-over bid". When such regulatory authorities finalize their policy position as it applies to this issue, your Company will present a proposal to you to alter the terms of the Class A non-voting shares to comply with that policy position.

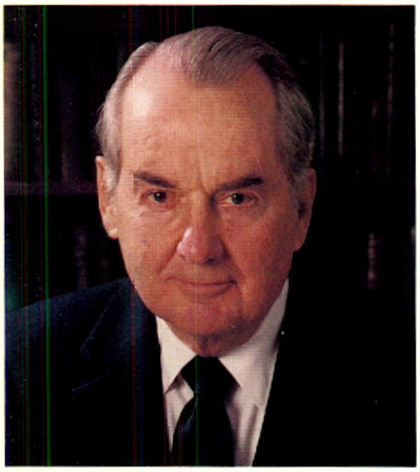
The outlook for 1984 is promising for your Company in the economic environment in which we are operating. We are most appreciative of the concerted efforts and dedication of our management and staff who made 1983 the successful year it was for Oakwood. This team will be an integral part of the growth and success which your management has targeted for 1984.

Dallas E. Hawkins
Chairman of the Board

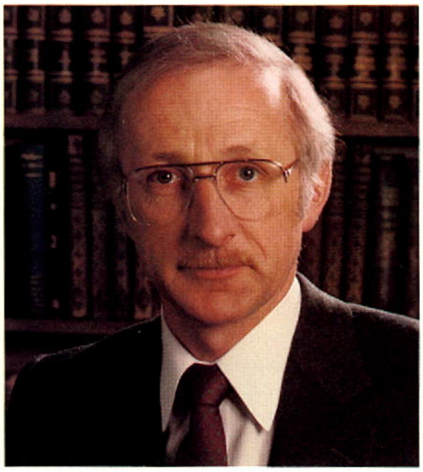
Brian S. Ekstrom
President and
Chief Executive Officer

Management Team

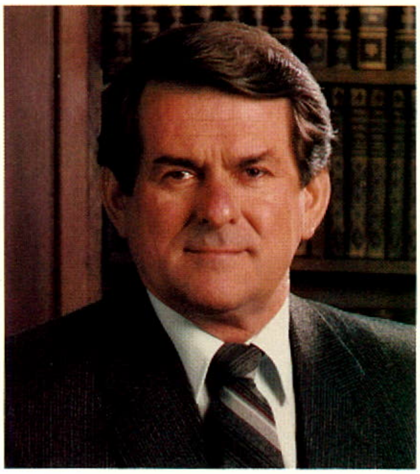
BRIAN S. EKSTROM
President and Chief Executive Officer



KENNETH W. GERMOND
Executive Vice-President



D. NOLAN BLADES
Senior Vice-President and Vice-President, Production and Operations



ANDY J. BLASHYN
Vice-President, Exploration

A. NORMAN BOYSE
Vice-President, Gas Marketing and Special Projects

CURT W. BROWN
Vice-President, Finance

GEORGE W. FAULKNER
Vice-President, Corporate Development

Exploration

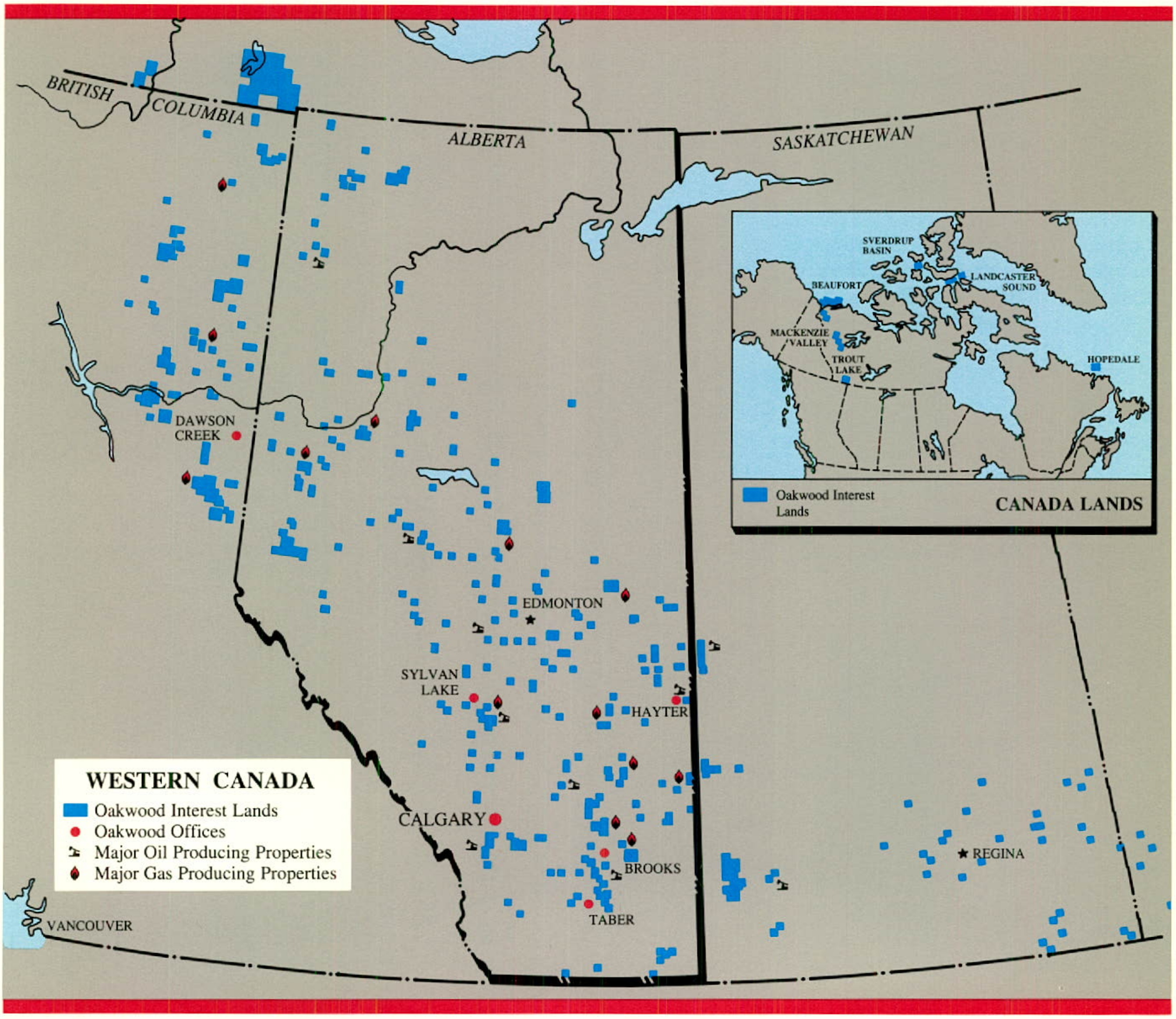
Summary

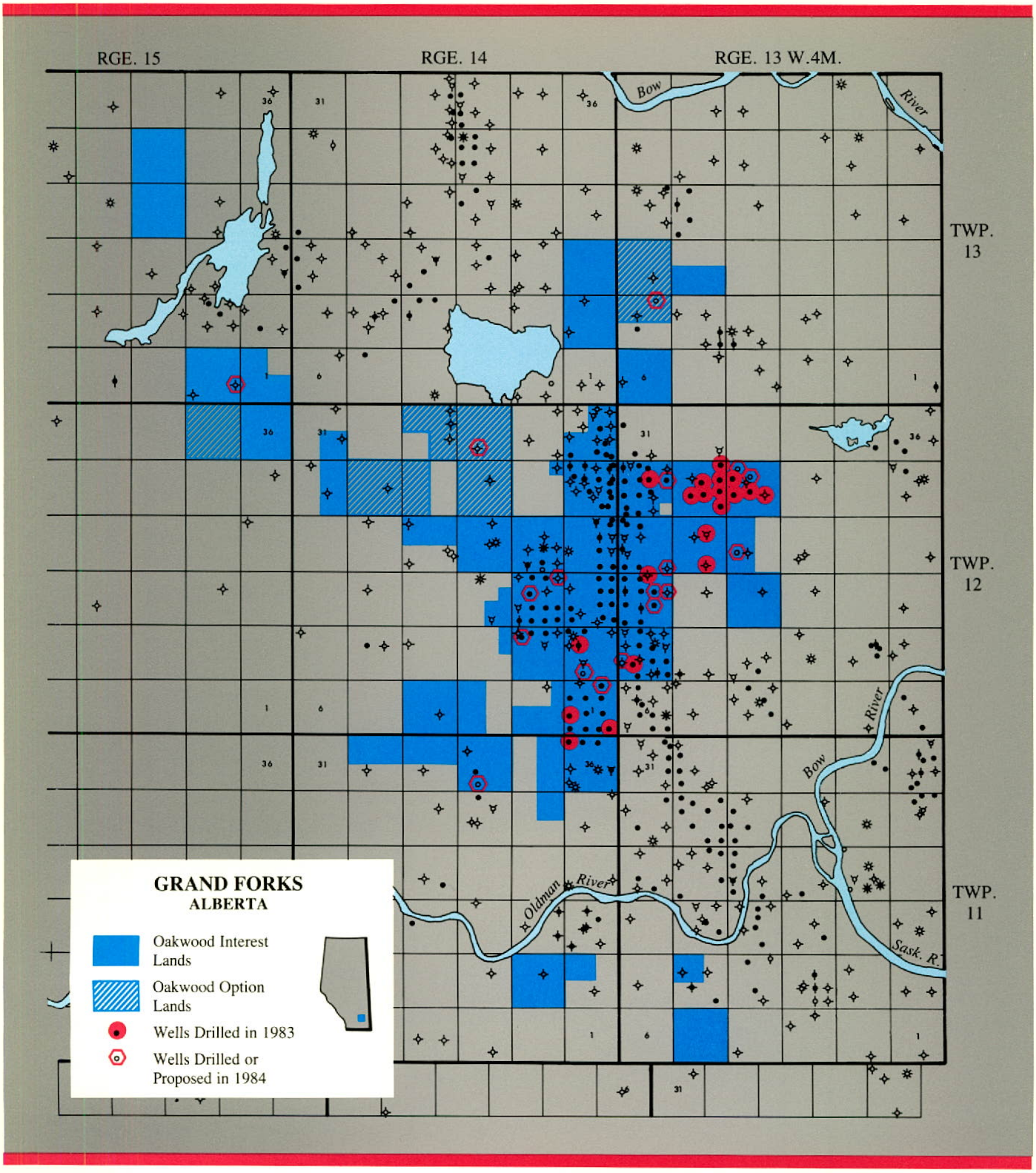
During 1983, while many of the industry operators were in the initial stages of recovery from the recent recessionary trend, Oakwood experienced its most aggressive and successful year of operations. The Company participated in the drilling of 100 wells yielding a success ratio of 83%, well above industry averages. In keeping with its philosophy of continued growth, Oakwood will again emphasize an aggressive exploration program in 1984, as evidenced by the increase in its exploration and development budget by 41% over 1983.

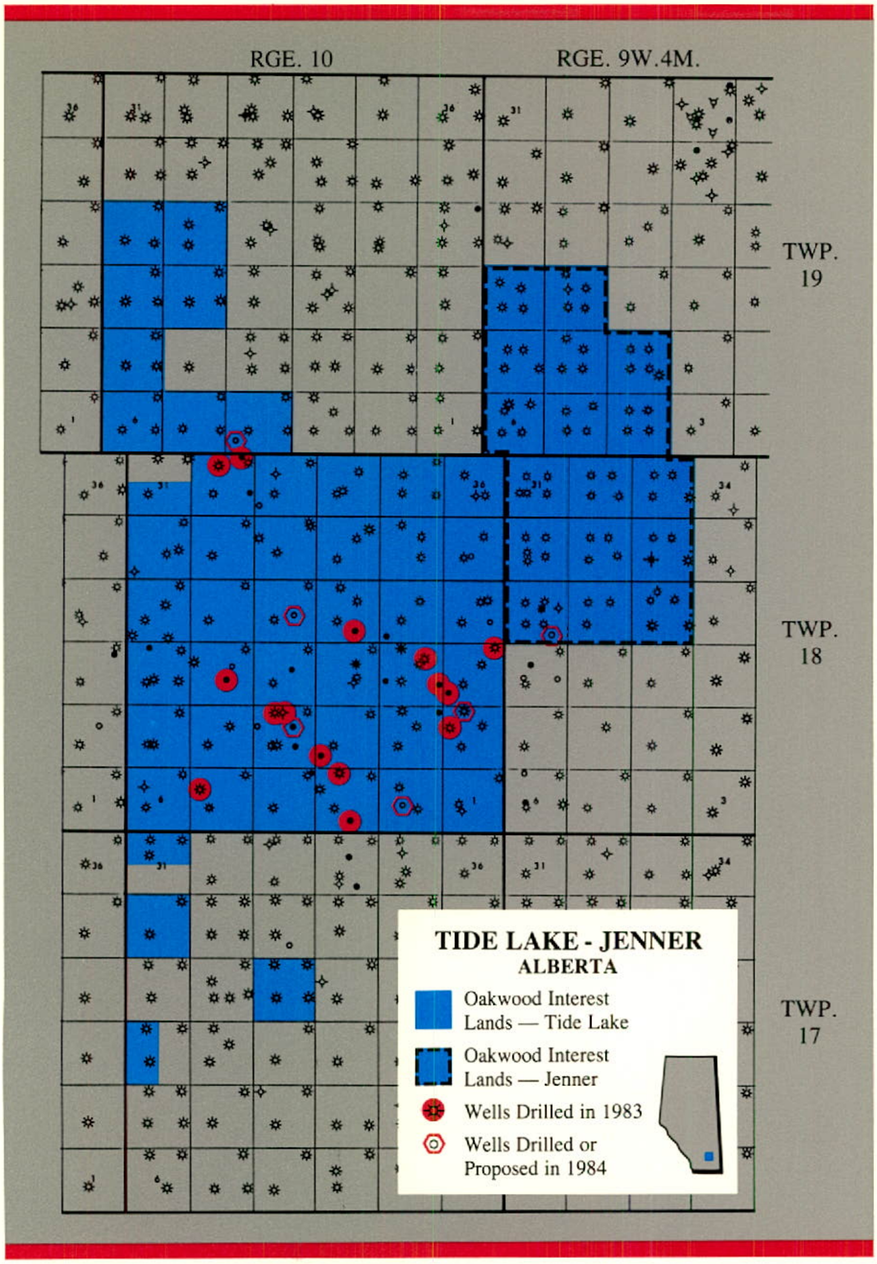
Southern Alberta

A significant portion of the Company's effort was directed to exploratory and development programs in Southern Alberta. At Grand Forks East, Oakwood drilled the discovery oil well in the new Lower Mannville II Pool at 8-29-12-13 W4M. This well encountered 23 feet of net pay over a gross sand interval of 40 feet and has a productivity potential exceeding 250 barrels per day. Drilling to date in the Pool, which is estimated by the Company to cover approximately 1,200 acres, has resulted in ten oil wells. The completion of additional detail seismic programs has assisted in the selection of well locations for a second development drilling phase, which is currently in progress.

As a result of geological and geophysical studies conducted in the Grand Forks area, Oakwood drilled seven wells (in addition to those drilled at Grand Forks East) during 1983 yielding six oil wells. These studies also led the Company to acquire drilling options on an additional 7,520 acres and purchase 2,880 acres of lease at Crown land sales.




RGE. 15
RGE. 14
RGE. 13 W.4M.
TWP. 13
TWP. 12
TWP. 11
Bow River
Oldman River
Sask. R.
GRAND FORKS
ALBERTA
Oakwood Interest Lands
Oakwood Option Lands
Wells Drilled in 1983
Wells Drilled or Proposed in 1984



Activity in the Tide Lake area continued with the drilling of 15 wells resulting in seven oil wells, seven gas wells and one abandonment. The 7-17-18-10 W4M location identified the fifth Lower Mannville oil pool in the area. In addition to the oil discoveries, substantial gas reserves have been added as a result of multiple gas zones. Approximately 5,120 gross acres were added to the land inventory as a result of successful bidding at Crown sales. The Company now holds a 23.44% working interest position in 29,760 acres on this trend. Additional drilling activity is scheduled for 1984.

In the Minnehik Buck Lake area, Oakwood participated in the drilling of five oil wells which have exhibited excellent production characteristics. The Company's working interest varies from 20% to 40% over 2,400 acres. Additional drilling and land acquisitions are planned along the trend.

Oakwood drilled a new Lower Mannville gas and oil discovery in the Lake Newell area at 16-19-16-15 W4M. Two other successful stepouts were subsequently drilled during the year.

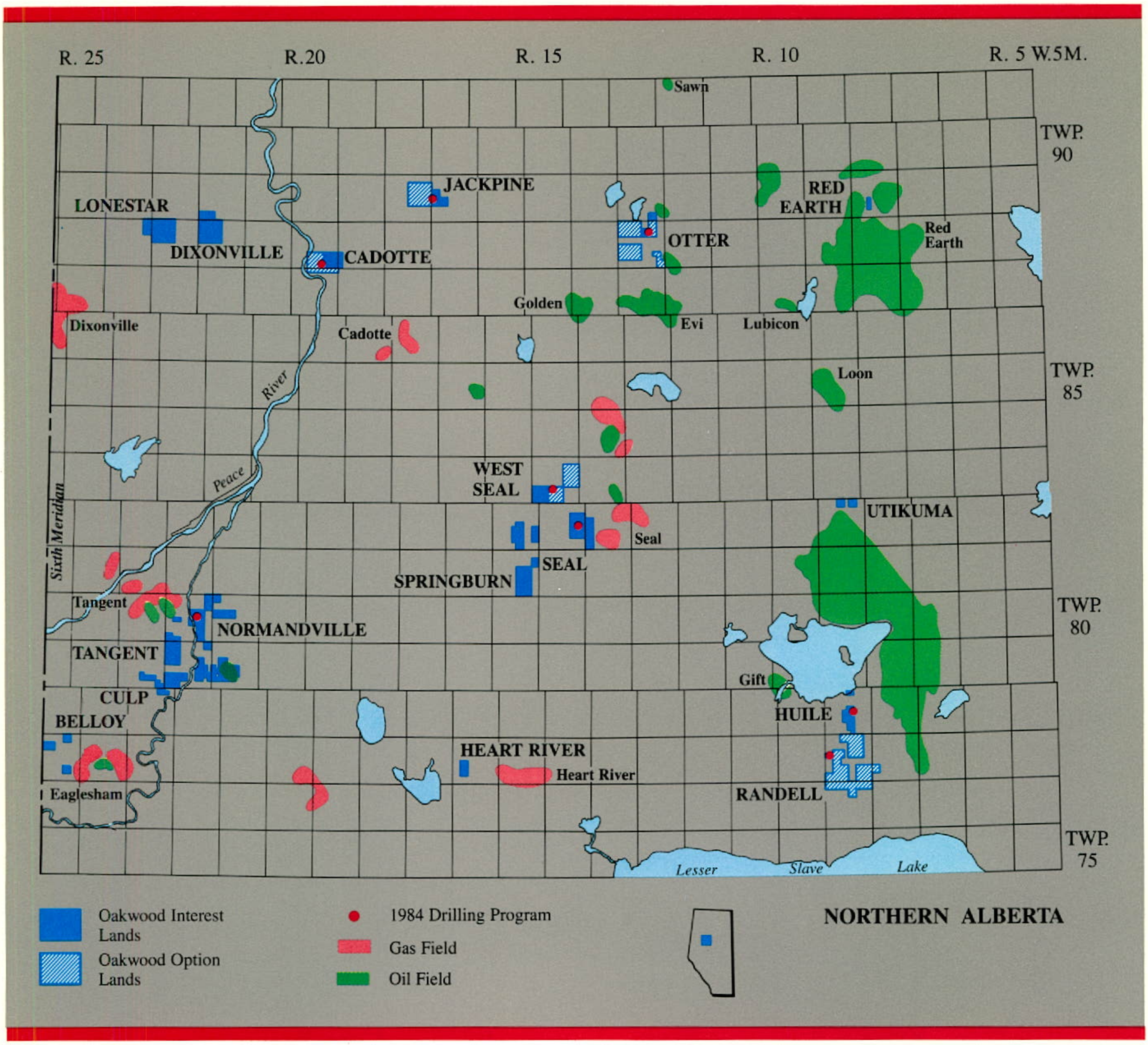
At Calling Lake, the Company participated in the drilling of four exploratory Colony and Wabamun gas wells adding substantial gas reserves. Oakwood has an 18.25% working interest in 11,520 acres in this area.

Northern Alberta

During the past three years, the Company's exploration program has been expanded to include an increased exposure in the oil prone areas of Northern Alberta. Initial regional geological studies were followed by selective land acquisitions and extensive geophysical programs which have led to the current exploratory drilling program.

Oakwood now has a land inventory of approximately 560,000 gross acres in Northern Alberta with an average position of 27%. In the highly active Lubicon-Evi-Sawn-Gift area, the Company has an average working interest of 20% in 52,800 acres and additionally, holds options on 43,000 acres.

During 1983 and the first quarter of 1984, Oakwood participated in the acquisition of approximately 1420 miles of seismic data in Northern Alberta. These data were used to evaluate jointly owned leases, option acreage and Crown reserves resulting in the maturing of seven prospects for exploratory drilling. Prospects which have been drilled or are currently drilling are located at Huile, Randell, Cadotte, Seal, West Seal, Jackpine and Otter with Oakwood operating four of the seven. Of the five wells drilled to date, one is a suspended oil well and four were abandoned. Two others are currently drilling and testing. Results from these wells have been encouraging as significant reservoirs and hydrocarbon shows were encountered. With this encouragement, it is anticipated that the 1984



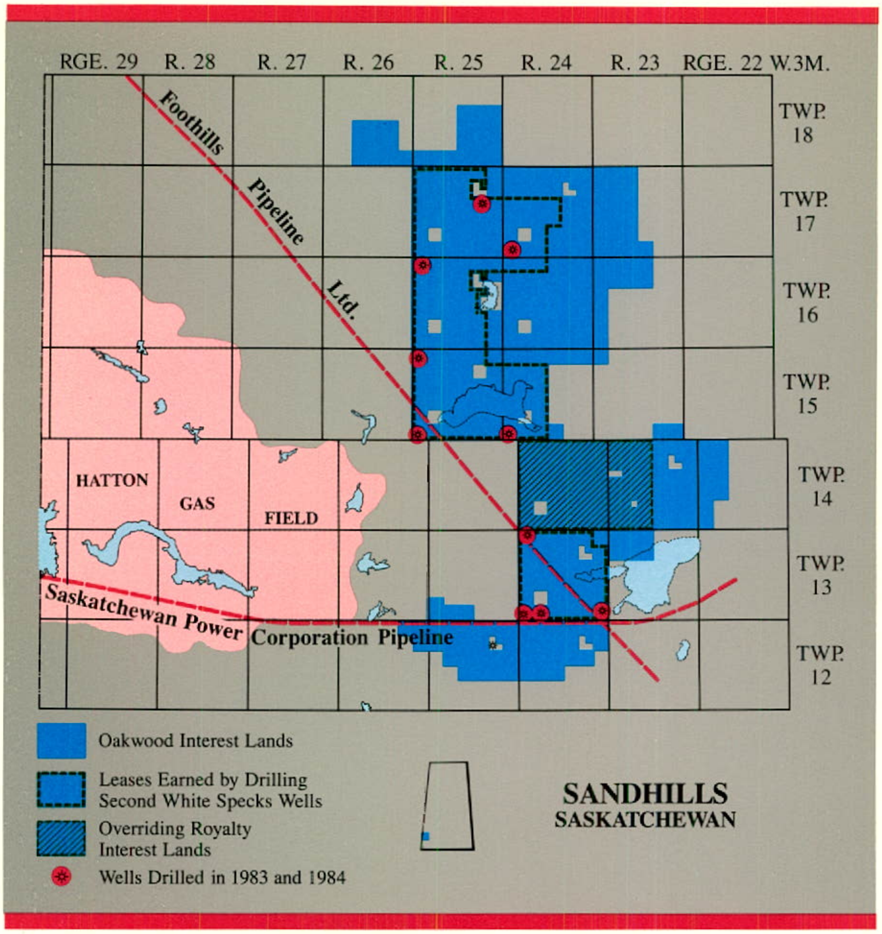
exploratory plans in this area will be accelerated.

In the Saddle Hills area in Northwestern Alberta, the Company participated in the development of a new Doe Creek oil pool with the drilling of eight oil wells to date. Oakwood has a 3.5% working interest in 5,280 acres in the pool area and is presently negotiating an increase in its interest. Additional drilling is planned through 1984.

In addition to the foregoing prospect activity, Oakwood is continuing its participation in two large joint venture exploratory projects. These are located in the general Red Earth and Lesser Slave Lake areas, having potential in the multizone Lower Devonian oil reservoirs. The Company also has several other prospective oil projects under study which are expected to mature during 1984.

British Columbia

As a result of the current state of the gas market, Oakwood's level of exploratory activity on gas projects was limited to those of obligatory status. The Company has maintained an interest in highly prospective acreage and is prepared to become more active as the gas market situation improves. Oakwood continued to be active on the oil prone prospects in its exploratory project inventory and participated in the drilling of two wells in the Peejay area which resulted in one Halfway oil well and one abandonment. Additional exploratory programs are scheduled for 1984.



Saskatchewan

During the latter part of 1983, Oakwood acted as operator and participated as to its 29% interest in the purchase of a 29,440 acre permit in the gas prone Sandhills area of Southern Saskatchewan. With this purchase at a Crown land sale, the Company increased its gross acreage position to 272,000 acres along this trend. At Sandhills, Oakwood has participated in the drilling of ten successful gas wells to date, with the highest flow rate yielded thus far upon completion of the wells being 2.5 million cubic feet per day. Oakwood views the Sandhills area as being a major source of future gas production for the Company.

With the initiation of new incentives in Saskatchewan, the Company plans an active drilling program to develop the potential of its existing oil properties in addition to the multi-zone gas project at Sandhills.

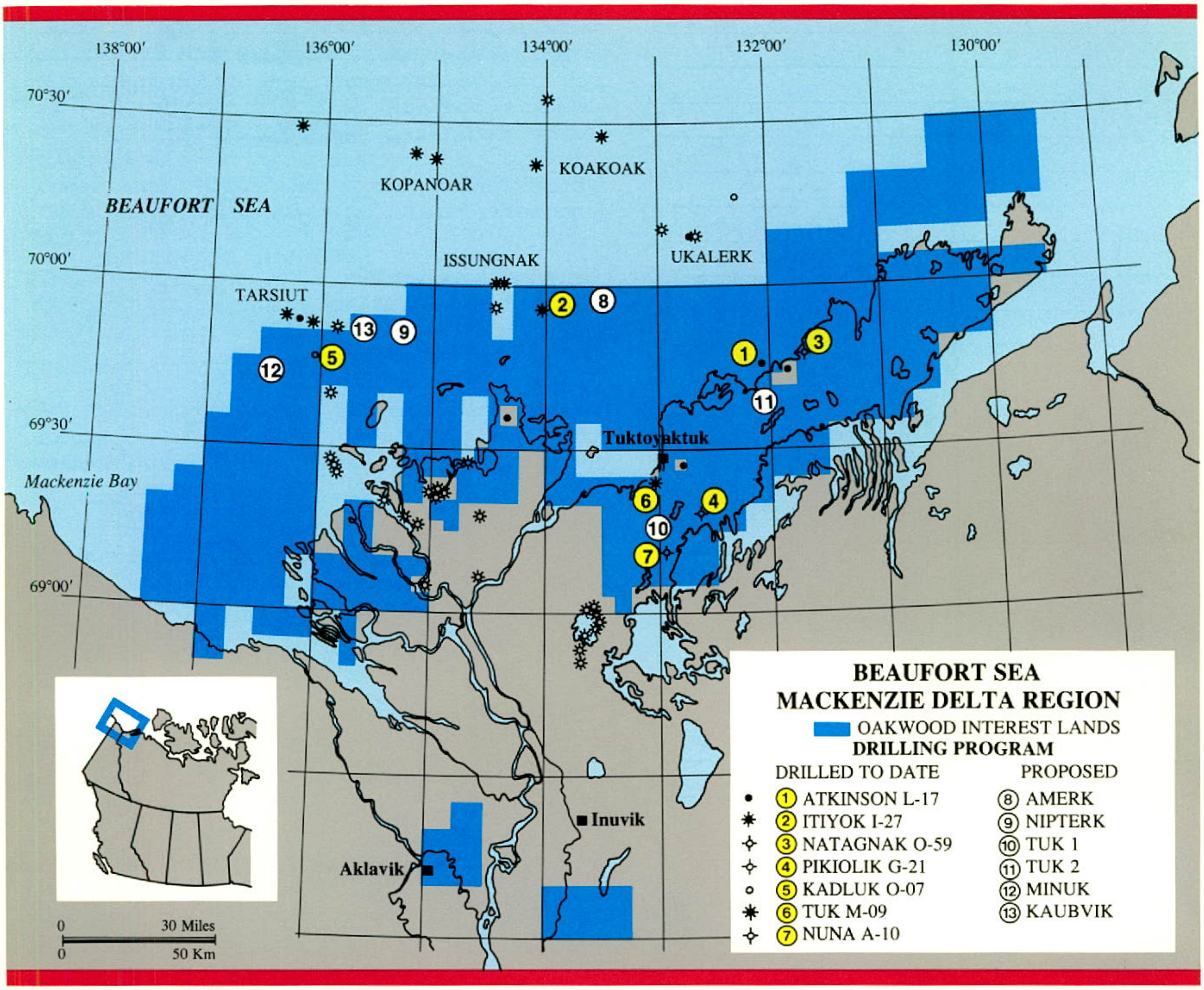
Beaufort Sea-Mackenzie Delta

The Beaufort Sea-Mackenzie Delta exploratory program is in the third year of its proposed five year term. The program obligations require the drilling of 13 wells and the conduct of 16 seismic crew seasons with an option to drill an additional ten wells to complete the entire earning agreement with Esso Resources Canada Limited. As one of a ten company consortium, Oakwood's participating interest is to pay 8.6% of the cost of the program, or 10% where Petro-Canada Exploration Inc. is not represented, to earn a 4.3% or 5% net revenue interest respectively.

To date, seven wells have been drilled, including one well spudded in 1982 and six wells spudded in 1983, and eight seismic crew seasons have been completed. Drilling results include three discoveries and three abandonments, while the seventh well is undergoing an extensive testing program at this time.

During 1983, the completed drilling activity consisted of two onshore locations at Nataganak O-59 and Pikiolik G-21 and an offshore location at Itiyok I-27. The two onshore locations encountered significant sand reservoirs but were found to be wet and were subsequently abandoned. The Itiyok I-27 location, classified as a potential oil and gas well, yielded cumulative flow rates of 5,812 barrels of 22°-24° API gravity oil per day and 65 million cubic feet of dry gas per day from 11 zones. Certain zones had flow rates as high as 2,498 barrels per day and 22.1 million cubic feet per day. The final analysis of the well, which was drilled to a total depth of 12,975 feet, confirmed 56 feet of net oil pay and 173 feet of net gas pay from Tertiary sand sequences.

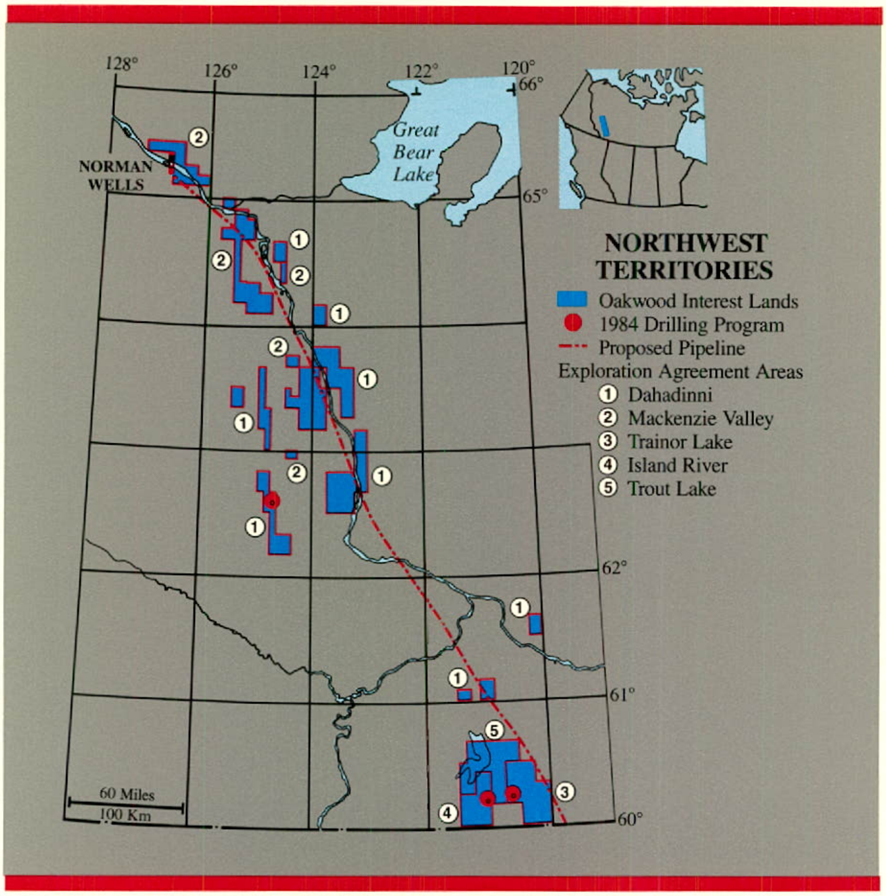
Drilling operations at three other locations commenced during the latter part of 1983 and have continued into early 1984. The Kadluk O-07 offshore location, located adjacent to the Tarsiut discoveries, was spudded on a steel caisson retained island and drilled to a total depth of 12,779 feet. An extensive testing program is presently in progress. An onshore location at Nuna A-10 was drilled to a depth of 10,662 feet and subsequently abandoned with no tests conducted. Operations at the Tuk M-09 onshore location have been concluded with the results indicating a significant gas and condensate discovery. Cumulative flow rates totalled 49.2 million cubic feet of gas per day and 2,662 barrels of 51° API condensate per day. Individual zones yielded flow rates as high as 17.5 million cubic feet of gas per day and 924 barrels of condensate per day. The four intervals tested were within the Lower Cretaceous Kamik sandstone sequence which

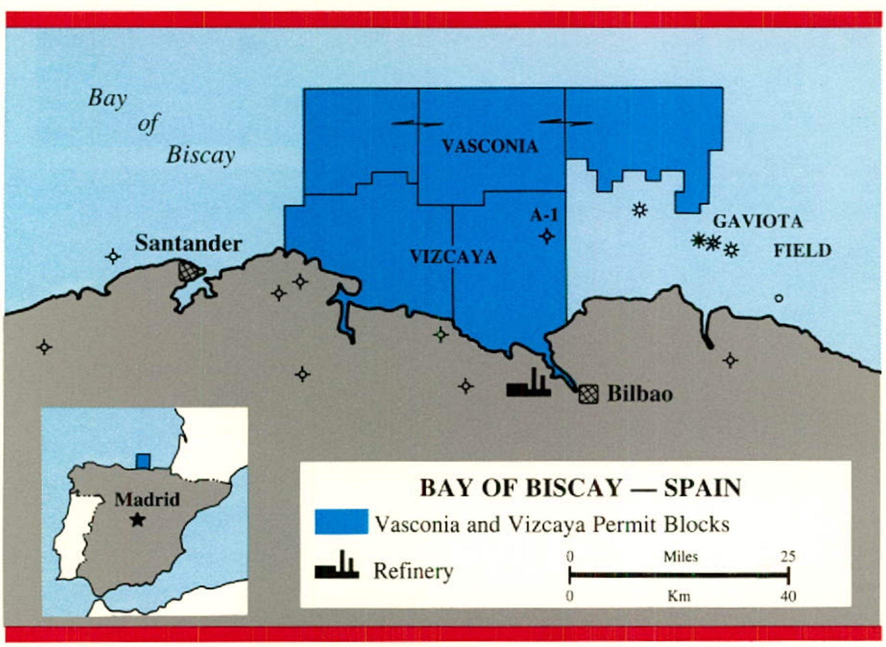


had a gross thickness of 249 feet and a net pay of 122 feet, and no presence of water.

Drilling activity will continue during 1984 with the commencement of two offshore locations at Amerk and Nipterk, two onshore locations on the Tuk Peninsula and a delineation of the gas and condensate discovery at Tuk M-09.

Caisson at Kadluk O-07 location in the Beaufort Sea.





Other Canada Lands

Through a series of pooling agreements, Oakwood has increased its gross land inventory in the Northwest Territories to approximately 2.4 million acres while retaining an average working interest position of 10%. The acreage is included in five separate Exploration Agreement (EA) areas. Each EA carries a commitment to conduct specific seismic and exploratory drilling programs to fulfill earning requirements within a four year period. Under terms of the farmout agreements negotiated on three of the EA's, approximately 800 miles of seismic data have been acquired and three wells drilled to date. Drilling operations at Dahadinni J-66 have been suspended at 3,805 feet until next winter's drilling season. The Island River G-38 location was drilled to a total depth of 8,023 feet and has been classified as a potential Slave Point gas well. The location at Trainor Lake N-25 was drilled to a total depth of 7,590 feet and abandoned, with no tests conducted. Seismic programs and exploratory drilling are planned for next winter on the two remaining EA's.

The CMO Group's (Consolidex-Magnorth-Oakwood) Sverdrup Basin, Arctic acreage has been included in an EA operated by Panarctic Oils Ltd. Oakwood has a 6.75% working interest in a geological structure tentatively scheduled for drilling during the 1984-85 drilling season.

At Lancaster Sound, the CMO Group has been actively pursuing negotiations with Inuit and Federal Government agencies to secure approval to drill the Dundas geological structure. Although those efforts have experienced abnormal delays, a decision is expected during 1984.

Spain

Oakwood is participating in an exploratory venture to earn a 2% interest in the two Vizcaya permits by paying 4% of the costs of two exploratory wells. The permits, which total 245,300 acres, are adjacent to the Gaviota gas and condensate field, in the Bay of Biscay off the north coast of Spain.

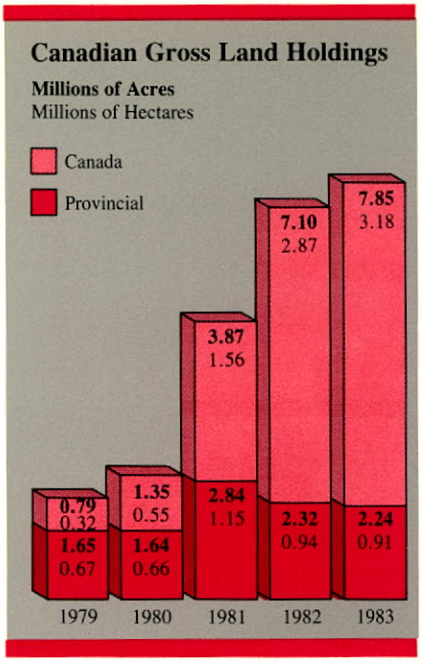
Drilling operations on Vizcaya A-1, the initial exploratory test, were suspended in 1982 at 6,672 feet for operational considerations. The well was re-entered in 1983 and drilled to a total depth of 9,708 feet. Testing failed to confirm the presence of hydrocarbons which had been encountered during drilling operations; however, the test results obtained were inconclusive, due to operational problems, and the well was abandoned. A 700 mile seismic program will be conducted during 1984 with the second exploratory well scheduled for drilling during late 1984 or early 1985.

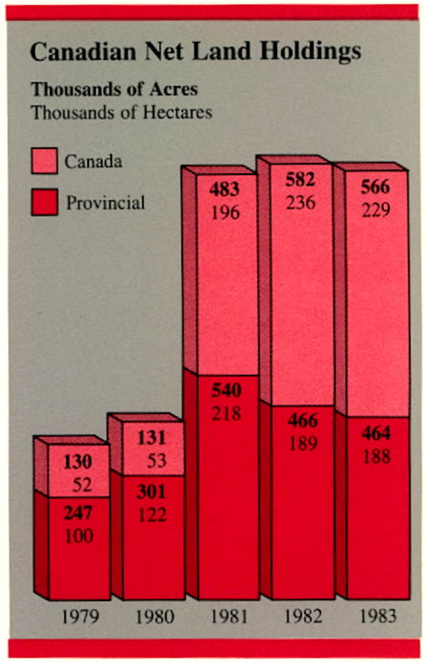
Oakwood and affiliated companies hold a 25% working interest in three additional permits adjacent to the north boundary of the Vizcaya permits and the Gaviota field. These Vasconia permits total 315,000 acres. Under the terms of an option agreement, the Oakwood group may increase its interest by conducting seismic programs and drilling an exploratory well. A 330 mile seismic program has recently been completed and upon analysis of the data, an election will be made regarding the next phase of exploration.

Oakwood International Petroleum N.L.

Oakwood International Petroleum N.L., the Australian based subsidiary, participated in the drilling of eight wells, of which six were exploration wells. In March, 1984, one of these exploration wells, the Juha #2 drilled in Papua New Guinea, was successfully completed as a promising gas and condensate producer. Drilled to a total depth of 11,820 feet, it tested at the rate of 24.1 million cubic feet of gas plus 1,680 barrels of condensate per day from the interval 10,520 to 10,712 feet. Other zones encountered and now cased are also prospective. This well, in which Oakwood has earned a 1% beneficial interest, is located on the Juha anticline, five miles northwest of Juha #1 well which tested up to 14.8 million cubic feet of gas and 991 barrels of condensate per day over the interval 10,486 to 10,583 feet. Geologic and seismic programs are to be extended before considering infill drilling.

A further nine exploration wells were drilled by others in areas in Australia in which Oakwood holds overriding royalty interests. Two of these nine wells were oil discoveries.





Land Holdings

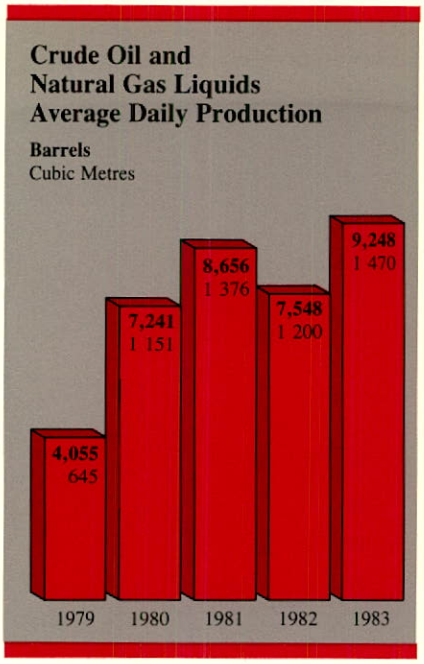
During 1983, Oakwood increased its Canadian gross land holdings by approximately seven per cent to a total exceeding ten million acres. In the provinces, the Company experienced a modest decrease in its overall land position. Although the acreage position in Alberta and Saskatchewan showed an increase, this was offset by a decrease in British Columbia which was primarily caused by the conversion of certain permit acreage in the gas prone Goldbar area of the Foothills to lease acreage status. The increase in the Canada Lands gross land position was effected by the pooling of Company lands to form Exploration Agreement areas. This will allow the Company to gain maximum exposure with a minimum of exploratory expense.

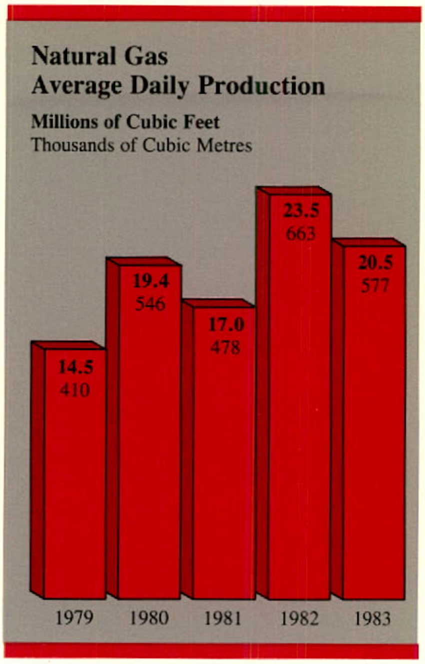
Oakwood intends to continue its practice of gaining exploratory exposure through farmin and option agreements, supplemented by participation at Crown land sales.

Production and Operations

Summary

During 1983, Oakwood realized record levels of crude oil production, revenue from the sale of oil and natural gas, and Canadian drilling activity. It is particularly gratifying to note that the increases in oil production and revenues were attained in a year in which oil production was restricted in the first quarter of the year due to limited market demand and gas markets were curtailed more severely than in any previous year. Such increases reflect the success of the Company's exploration and exploitation drilling programs, the on-going optimization of the production capabilities of its properties, and the price increases for both oil and gas which occurred during the year.



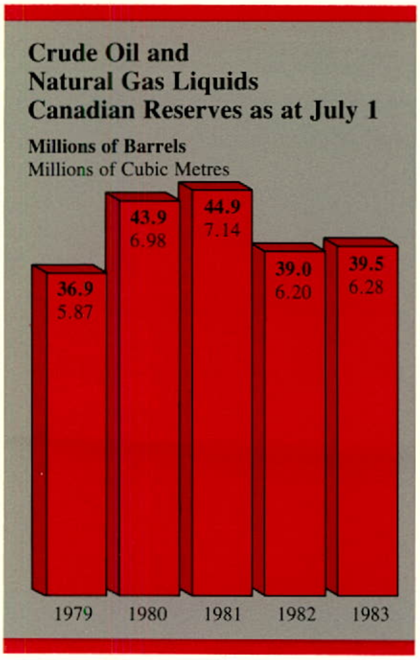


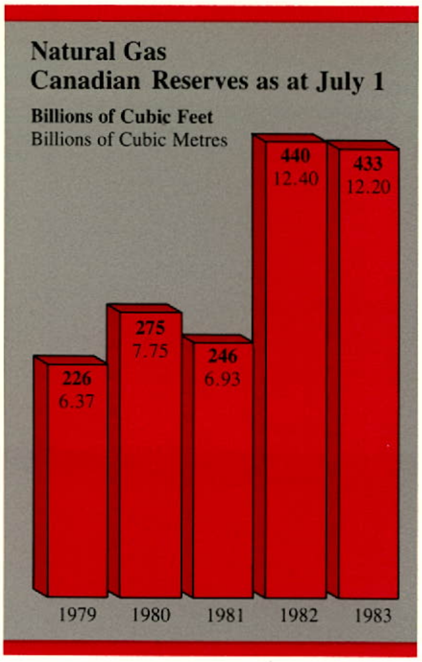
Production and Revenue

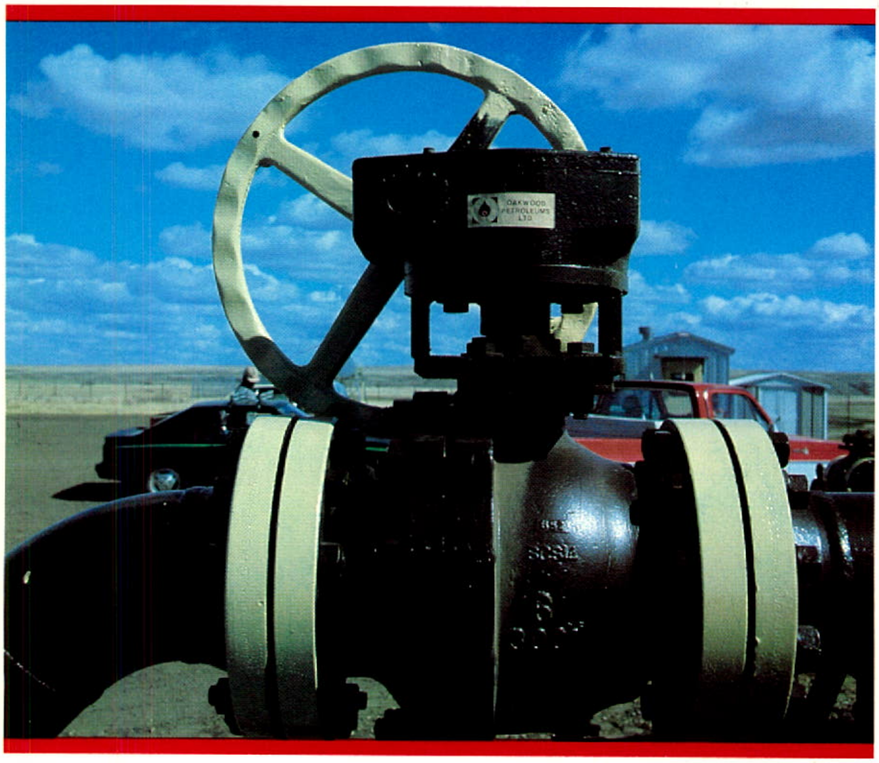
Revenue from the sale of crude oil and natural gas amounted to $85.3 million in 1983, a 30% increase over the previous year. The two largest factors associated with this increase were the increase in oil production and the increases in oil pricing during the year. Effective July 1, 1983, the Canadian and Alberta Governments amended the 1981 agreement on energy pricing to provide that oil receiving Special Old Oil Prices (SOOP) would thereafter receive New Oil Reference Prices (NORP). This modification to the agreement had a major impact on Oakwood since it resulted in a significant increase in price for the majority of the Company's oil production. At the end of 1983, in excess of 75% of the Company's oil production qualified for NORP pricing, which is based on world oil prices and adjusted monthly.

The 1983 average oil production of 9248 barrels per day represents a 23% increase over the average 1982 production. This change reflects both improved markets for Canadian heavy crude oil and an increase in the producing capability of Oakwood's oil properties. Market restrictions in the first four months of 1983 resulted in heavy crude oil production being reduced by approximately 27% of production capability, whereas during 1982, market restrictions resulted in a 39% reduction of that capability during the first six months of the year. Changes adopted by the National Energy Board, coupled with the marketing efforts of individual heavy crude oil producers, have been successful in securing additional markets for the Company's heavy crude oil production. As a result, no significant market restrictions are anticipated in the foreseeable future. Oakwood's overall crude oil production capability improved in 1983 by approximately 750 barrels per day to approximately 10,300 barrels, based on a comparison of production during December, 1983 with that of December, 1982.

Production of natural gas continued to be severely restricted in 1983 by depressed markets both in Canada and the United States. The average production of 20.5 million cubic feet per day in 1983 represents a decrease of 13% compared to 1982. In 1983, Oakwood sold less than 50 per cent of the normal contract rates associated with its 60 separate gas sales contracts. Approximately 22% of total gas sales was from properties located in British Columbia with virtually all of the remainder from Alberta. It is expected that major changes will be made in the British Columbia gas industry during 1984 which should improve revenues from Oakwood's gas properties in that province.





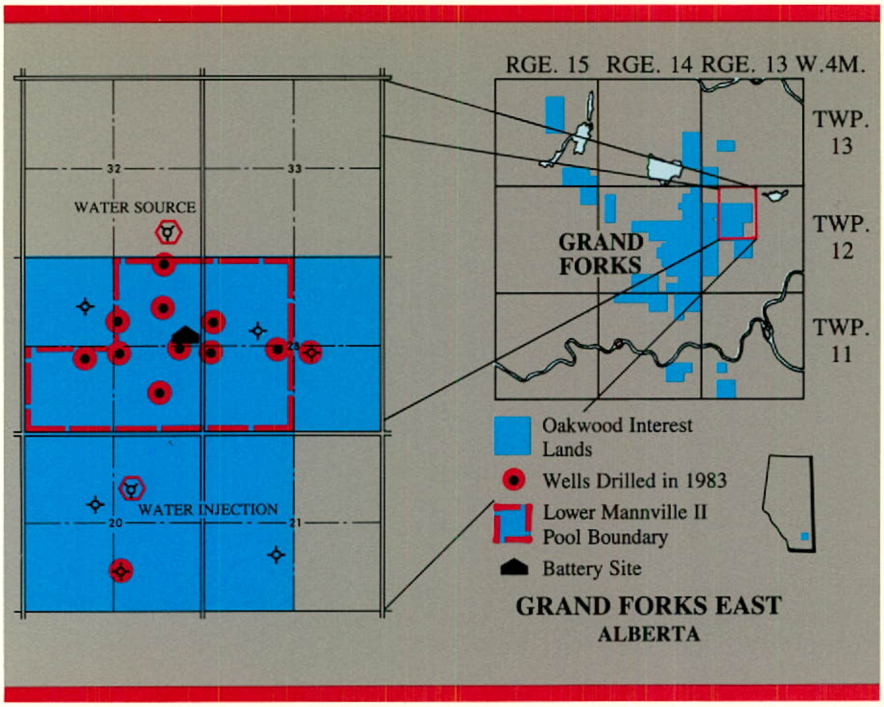


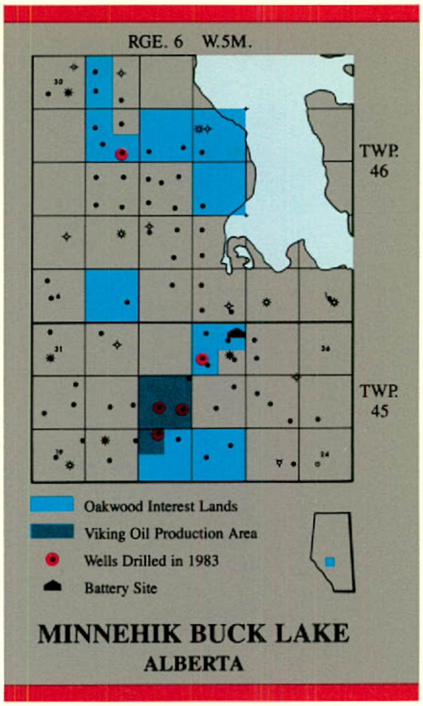
Reserves

Oakwood's working interest oil and gas reserves were determined to be 39.5 million barrels of crude oil and 433 billion cubic feet of natural gas as at July 1, 1983, as compared to reserves of 39.0 million barrels of crude oil and 440 billion cubic feet of natural gas as at July 1, 1982. In the last half of 1983, the Company was successful in adding to its oil reserves in Alberta and was also able to add substantial gas reserves through drilling and land acquisition, primarily in Saskatchewan. As a result, Oakwood was able in 1983 to more than replace its production of both oil and gas.

Drilling Activity

Oakwood participated as a working interest partner in 100 wells in Canada during 1983, of which 34 were exploratory and 66 were development. This is the largest number of Canadian wells in which Oakwood has participated in any year to date and represents a 39% increase from 1982 drilling activity. The 1983 drilling program yielded 44 oil wells and 39 gas wells.





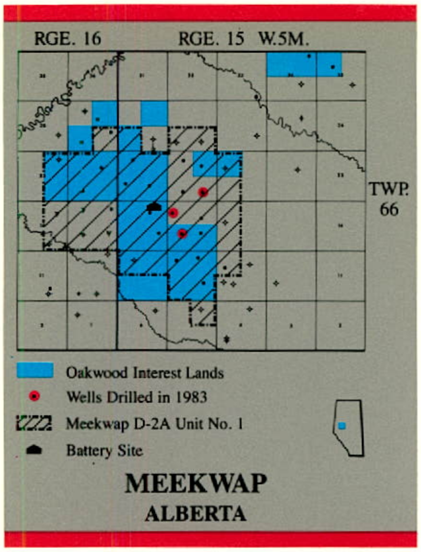
Grand Forks, Alberta

In the Grand Forks East area, subsequent to the completion of the new Lower Mannville II Pool discovery well in February, 1983, Oakwood, as operator, undertook a delineation drilling program which resulted in nine oil wells, two abandoned wells, and two service wells. Although the combined productivities of the existing wells completed in the Pool exceed 1,500 barrels per day, production from the Pool is presently limited to primary depletion allowables of 630 barrels per day, of which the Company's working interest share is 45%. Oakwood has prepared an engineering study of the Pool and has applied for a waterflood recovery scheme therein, with approval expected in early 1984. A new battery and injection plant, which commenced operations in March, 1984, has been constructed to provide for processing of the oil and for water injection. Additional development drilling is being conducted in 1984.

The Company operated Grand Forks oil producing properties (other than Grand Forks East) continue to perform effectively under waterflood recovery projects. An application has been submitted to implement a waterflood scheme in the Grand Forks Lower Mannville "H" Pool, which is the only pool not presently operating under a secondary recovery mechanism. Approval of this project is expected in early 1984. During 1983, Oakwood drilled seven wells in the Grand Forks pools, resulting in six oil wells and one dry hole. The Company's production from the established Grand Forks pools averaged 7,256 barrels per day during 1983. The large volumes of oil produced from this area at low operating costs, coupled with the fact that 89% of the production qualifies for NORP pricing, continue to make the Grand Forks properties the major revenue source for the Company.

Minnehik Buck Lake, Alberta

In the Minnehik Buck Lake area three of the five oil wells drilled in 1983 were completed as dual zone producers. Two wells were completed in the Viking and Cardium Formations, and the other in the Cardium and Belly River Formations. The Company now has an interest in four Viking producers which form part of a highly productive Viking oil trend in the area. Production from the Viking wells is currently restricted by allowables. Oakwood and other producers in the area have undertaken a joint study to determine an appropriate recovery scheme for the Viking reservoir. During 1983, Oakwood was successful in negotiating a sales contract for the gas produced in association with the oil in this area. Sales under this contract commenced in September at gross rates of approximately 750 thousand cubic feet per day. An expansion of the crude oil battery was undertaken during the year to accommodate the increased oil production and to provide for the sale of the solution gas.



Meekwap, Alberta

An infill drilling project was initiated in 1983 in the Meekwap D-2A Unit No. 1 to improve the pool productivity and to more fully exploit the waterflood recovery scheme. Of the three wells drilled under this program, two were completed as oil wells which qualify for NORP pricing. Oakwood's working interest in this Unit is 11.2%, which currently provides production of 420 barrels per day to the Company.

Hayter, Alberta

In July, 1983, Oakwood exercised an option to increase its working interest in oil producing properties in this area from 20% to 28.8%. The Company originally acquired its 20% interest in 1982, and also assumed the role of operator at that time. Four infill wells were drilled in 1983 and additional infill drilling will take place during 1984. In 1983 the Company completed an enhanced recovery study which formed the basis of a successful application for a water injection project in the Hayter Dina Pool. This pressure maintenance scheme commenced in early 1984 and, as a result, a substantial increase in production from the Pool will occur. This level of production, all of which qualifies for NORP pricing, will exceed the production capability estimated at the time of the original acquisition. In addition, the Company intends to exploit the Sparky oil reserves associated with these properties in 1984.

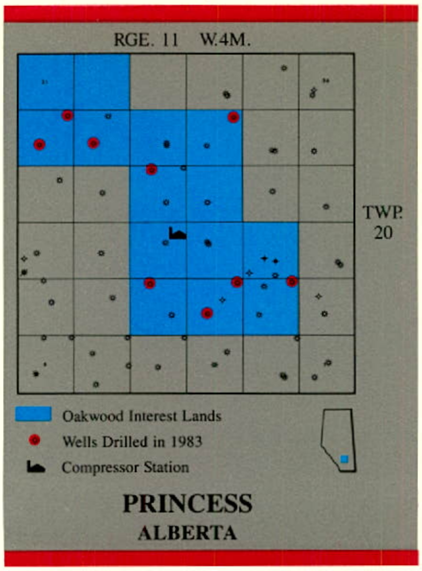
Two oil batteries at Grand Forks, Alberta.

Drumheller, Alberta

An infill well located in 7-22-29-20 W4M was drilled in 1983 in a portion of the Drumheller D 2-B Pool in which Oakwood has a 25% working interest. This well resulted in an increase in the Company's oil production of 125 barrels per day. The potential for further infill drilling is being investigated.

Tide Lake, Alberta

The Tide Lake area of Southeastern Alberta (Township 18 Range 10 W4M) continued to be an active area of drilling. Oakwood's drilling success in this area in 1983 provided a significant increase in both reserves and production. Development of the oil discoveries will be carried out during 1984 and the potential for contracting the gas reserves is being assessed.



Princess, Alberta

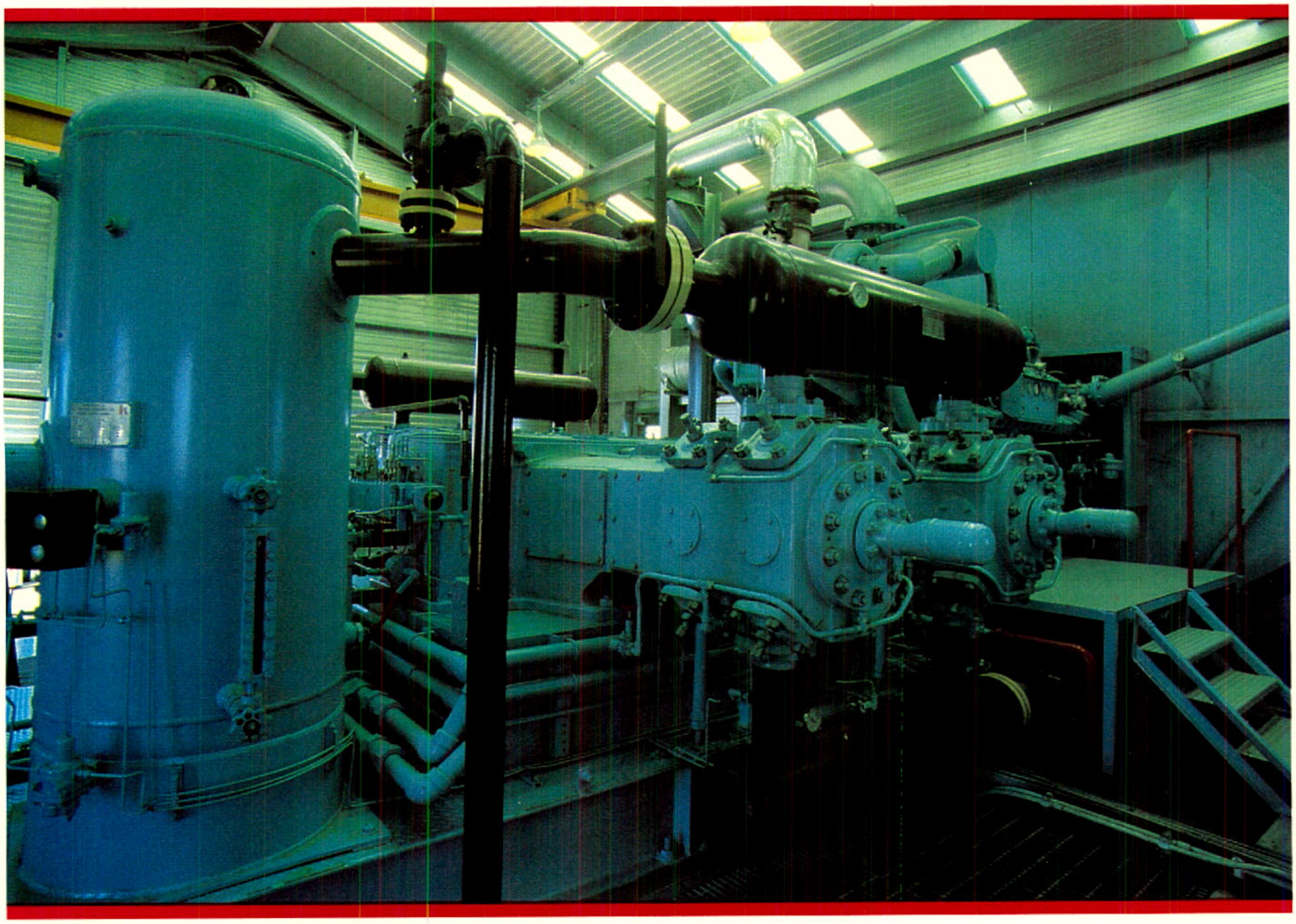
Oakwood substantially increased the gas contract rate of take in the Princess area from 995 thousand cubic feet per day to 3 million cubic feet per day through a reserves redetermination effective November 1, 1983. In order to produce these increased contract volumes, the Company drilled nine gas wells and installed a new compression facility in 1983. The Company's working interest in the Princess lands varies from 40% to 100%, and the average production interest amounts to 60%.

United States

Oakwood's oil and gas production in the United States, carried out through its subsidiaries, Oakwood Petroleum Corporation and Oakwood Petroleums (U.S.A.) Inc., was reduced by the weak market demand for gas and by productivity declines in the oil properties. Average gas production fell by 48% in 1983 to a level of 691 thousand cubic feet per day. The reduced average oil production rate of 35 barrels per day, compared to 53 barrels per day in the previous year, in part reflects production equipment problems associated with the California properties. These problems have been rectified and improved performance will be achieved in 1984.

During 1983, Oakwood participated in the drilling of two successful gas wells in Freestone County, Texas. One well, in which Oakwood has 3.7% working interest, is currently on production, and the other well, owned 25% by the Company, will be tied into a gathering system by mid-1984. Both wells have good deliverability characteristics.

Compressor station at Verger, Alberta.



Summary

The natural gas industry in Canada experienced another difficult year in 1983. Conservation, recession and consumer resistance to high prices throughout the North American market continued to unfavourably affect Oakwood's gas production and sales revenues. The problem of non-competitive pricing in the market place still exists; however, there are firm indications that industry regulators are developing enlightened attitudes in this respect. Once this hurdle has been crossed, the Company anticipates that increased gas sales will result in both Canada and, more particularly, the United States.

Export Market

The Volume Related Incentive Pricing (VRIP) Program, initiated by the Government of Canada in July, 1983, gave some indication that the Government recognized the problem associated with the export price of $4.40 per mcf to the United States. Unfortunately, the VRIP price ($3.40 per mcf for those volumes in excess of the lesser of 50% of volumes authorized by the National Energy Board or previous year's export volumes) has failed to date to increase export sales in any significant fashion.

A Government Task Force, with input from industry, is now studying gas export pricing, with the view to implementing appropriate changes by November 1, 1984. It is the intent of this study to establish a pricing regime that will give recognition to the forces setting the price in the market place.

The prospects for increased export gas sales in 1984 do not appear too favourable; however, reports of recent operating difficulties in some areas of the United States during the cold winter weather would indicate that the so-called "gas bubble" in that country may not be as large as previously thought, and some authorities are predicting an imbalance in demand and supply as early as the fall of 1984.

British Columbia

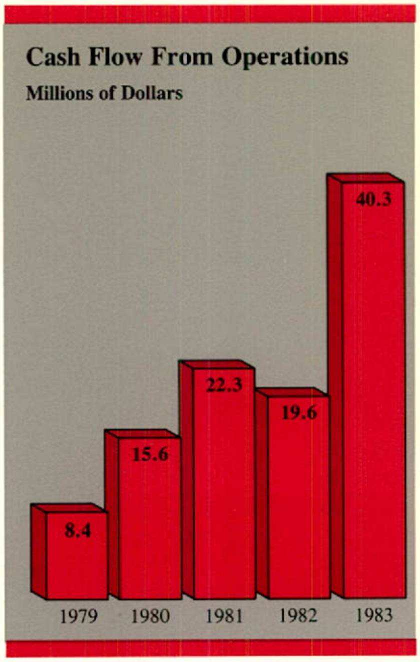
The British Columbia Government is in the process of implementing a number of recommendations emanating from the Govier Report. The recommendations were numerous, but, in summary, it is anticipated that their implementation should result in the responsibility for gas marketing returning to the producing industry. In September, 1983, the British Columbia Energy Minister announced that "The Government of British Columbia will reduce its regulation of the province's natural gas industry and give the private sector a chance to operate more freely." He further stated that the private sector will be encouraged to seek out new customers, both domestic and foreign, and that producers will be allowed to enter into contracts for direct sales. Of great significance is the Government's adoption of the Govier Report recommendation to allow the wholesale price of British Columbia gas to increase to 65% of the energy equivalent price of crude oil in the province. This, along with the adoption of a royalty system, will provide for a better net back to the gas producer and establish a mechanism which allows for more predictability in future investment decisions. These new policy initiatives should bring about significant changes in the marketing of gas, which will inure to the benefit of the industry.

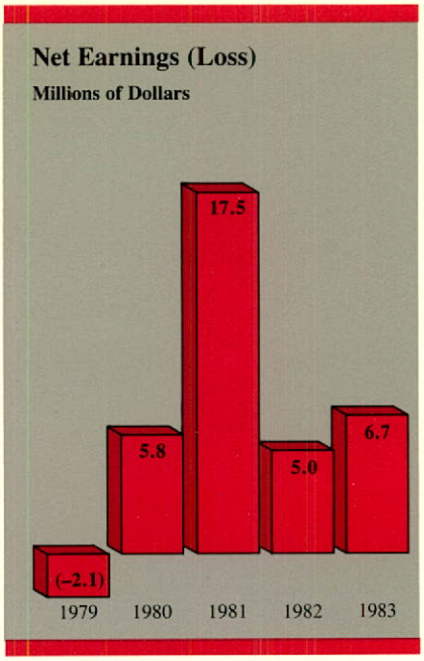
Saskatchewan

The Saskatchewan Government recently announced that the Saskatchewan Power Corporation would be contracting for an additional seven billion cubic feet of gas for delivery beginning in November, 1984. Discussions have been held with the S.P.C. recently concerning the possibility of marketing Oakwood's gas in the Sandhills area. This gas is located in close proximity to existing transportation facilities and should qualify for some share of this new market opportunity.

Gas production measurement at Verger, Alberta.

Financial





Management Discussion and Analysis

Summary

The financial results for 1983 were the most outstanding in the Company's history. Cash flow from operations and production reached record levels.

Cash Flow and Net Earnings

Cash flow from operations for 1983 more than doubled the 1982 level and amounted to $40,310,000 or $3.96 per Class A non-voting and common share compared with $19,627,000 or $2.03 (restated) per share for the previous year. These amounts do not include $13,594,000 in Petroleum Incentives Program credits recorded in 1983 compared with $11,161,000 recorded in 1982.

Consolidated net earnings for the year increased 34% to $6,693,000 compared with $4,995,000 for 1982. Net earnings applicable to Class A non-voting and common shares were $1,922,000 or $0.21 per Class A non-voting share and $0.16 per common share compared with $2,157,000 or $0.22 (restated) per share in 1982. These favorable results were achieved despite a reduction in 1983 in extraordinary earnings of $7,636,000 and an increase in dividends on preferred shares of $1,933,000 compared with the 1982 amounts.

Revenue

Revenue (after royalties) from the sale of oil and gas increased 30% to $85,330,000 compared with $65,679,000 in 1982.

Gross oil production in 1983 reached 3,375,516 barrels (daily average 9,248 barrels) compared with 2,755,144 barrels (daily average 7,548 barrels) in 1982, which increase resulted from new production, greater exploitation of reserves and improved markets. The average selling price of Oakwood's oil increased to $30.98 per barrel from $25.92 per barrel in 1982.

Gas production was 7,474 million cubic feet (daily average 20.5 million cubic feet) compared with 8,595 million cubic feet (daily average 23.5 million cubic feet) in 1982.

The decline in gas sales reflected the poor market conditions which resulted in sales being less than 50% of full contract volumes. Under full contract volumes, the Company would have realized approximately $8 million in additional revenues. As well, the Company has substantial amounts of uncontracted gas available for future gas markets, which should enhance future years' revenues.

Expenses

Production expenses were down slightly, even with the 23% increase in oil production, to $8,657,000 compared with $8,698,000 for the previous year, as a result of improved field operating efficiencies.

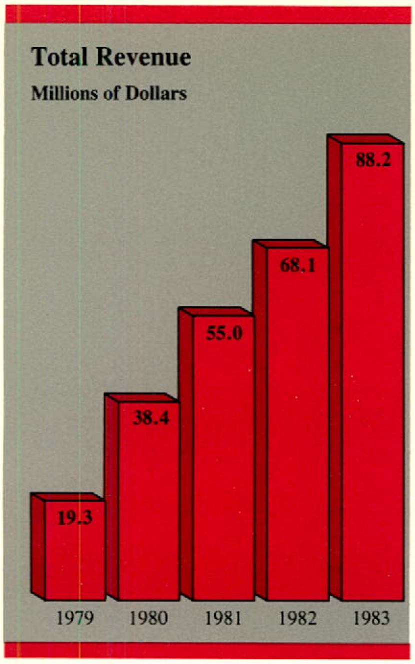
General and administrative expenses of $5,502,000 decreased 9% compared to 1982. Costs increased approximately 16%, but this was more than offset by increased recoveries with respect to properties operated by Oakwood, a reflection of the Company's enlarged scope of activities as operator, and by increased capitalization of costs with respect to capital projects, again a reflection of increased activity.

Interest on long-term debt decreased 14% to $26,511,000 primarily reflecting the decline in the bank prime interest rate. Interest capitalized during 1983 amounted to $4,510,000 compared with $7,316,000 in 1982.

As a result of increased revenue from the sale of oil and gas and lower projected future oil and gas prices used in the revenue depletion calculation, depletion and depreciation increased 49% to $15,143,000.

Capital Expenditures

Total capital expenditures on prop-



Net Capital Expenditures

	1983	1982
Western Canada		
Land acquisition	**$ 4,341,000**	$ 960,000
Exploration and drilling	**9,473,000**	6,846,000
Equipment and production facilities	**5,973,000**	5,596,000
	19,787,000	13,402,000
Beaufort Sea-Mackenzie Delta	**15,307,000**	9,881,000
Other — net	**4,278,000**	4,081,000
Total Canadian	**39,372,000**	27,364,000
Foreign	**3,587,000**	7,412,000
Total additions to property and equipment	**42,959,000**	34,776,000
Petroleum Incentives Program credits	**(13,594,000)**	(11,161,000)
Net Capital Expenditures	**$29,365,000**	$23,615,000

erty and equipment were $42,959,000 in 1983 compared with $34,776,000 in 1982 as disclosed in the accompanying table. Petroleum Incentives Program credits applicable to eligible expenditures incurred in the Beaufort Sea-Mackenzie Delta exploration program amounted to $11,926,000 in 1983 and $7,729,000 in 1982.

Asset Base

Total assets at December 31, 1983 were $426,228,000 compared with $400,022,000 at December 31, 1982. The Company's Canadian proved and probable oil and gas reserves have an undiscounted future net pretax cash flow, as determined by independent petroleum engineers as at July 1, 1983, of $3.2 billion compared with $2.1 billion as at July 1, 1982.

Long-Term Debt

In August, 1983, Oakwood issued to several institutions in the United States Series C Secured Notes totalling U.S. $20 million at an interest rate of 13¾% repayable in 1987 through 1996. This issue increased the Company's fixed-rate long-term debt to $123,962,000 at December 31, 1983 with an effective interest rate on such debt of 11.7%. The fixed-rate long-term debt constitutes approximately 50% of the Company's total long-term debt and the remainder bears interest at floating rates based on the Canadian bank prime lending rate.

In line with its stated policy to improve its debt to equity ratio, the Company achieved a six percentage point improvement in that ratio, to bring it to 71:29 at December 31, 1983.

Capital Stock

In March, 1983, the shareholders approved the reclassification of Oakwood's common shares to one common share and one Class A non-voting share. The reclassification has been reflected in the per share amounts in this Report.

During the year, the Company issued by way of a private placement 760,000 Class A non-voting shares for a cash consideration of $7,600,000 and issued by way of a public offering 1.5 million Class A non-voting shares and 750,000 Class A non-voting share purchase warrants for a cash consideration of $13,125,000.

Dividends

In July, 1983, Oakwood paid an initial $0.05 per share cash dividend to its Class A non-voting shareholders. In January, 1984, the Company paid an additional cash dividend to its Class A non-voting shareholders of $0.10 per share.

Effective in December, 1983, the Company distributed by way of a dividend in specie all its common shares of American Oakwood Energy Ltd. to the holders of Oakwood's Class A non-voting and common shares on the basis of one American Oakwood share for each Class A non-voting and/or common share held. An income tax benefit of $1,738,000 was recognized on the transaction. As well, the Company ceased, at that time, to record any of American Oakwood's earnings or losses.

Acquisitions

In January, 1984, Oakwood increased its ownership in Conventures Limited to 53% and in February, 1984, acquired a 32% interest in New York Oils Limited through the issue of Class A non-voting shares and Class A non-voting share purchase warrants. In March, 1984, the Company made offers on the same bases to the remaining shareholders of Conventures and New York Oils to acquire their shares.

Commencing in 1984 the Company will record its share of the earnings of Alberta Natural Gas Company Ltd, Conventures and New York Oils, which is anticipated to add a significant increase to 1984 earnings.

Management's Report

To the Shareholders of
Oakwood Petroleums Ltd.

Management is responsible for the preparation and presentation of financial information contained in this Annual Report. The financial statements of Oakwood have been prepared in accordance with generally accepted accounting principles in Canada and with international accounting standards which have been consistently applied in all material respects. The financial statements include amounts that are based on informed judgments and management's estimates.

Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records properly maintained to provide reliable information in the preparation of financial statements and other data.

The Board of Directors appoints an Audit Committee of which the majority of the members are not officers or employees of Oakwood. The Audit Committee reviews the financial statements in detail with management prior to their issue, and also meets periodically with the Company's independent auditors and with management to consider matters relating to the system of internal controls, accounting principles adopted and financial reporting.

Thorne Riddell, Chartered Accountants, have been appointed by the shareholders of Oakwood to examine the financial statements in accordance with generally accepted auditing standards in Canada and their report to the shareholders is included in this Annual Report.

Calgary, Canada
March 2, 1984

Brian S. Ekstrom
President and Chief Executive Officer

Curt W. Brown
Vice-President, Finance

Auditors' Report

To the Shareholders of
Oakwood Petroleums Ltd.

We have examined the consolidated balance sheet of Oakwood Petroleums Ltd. as at December 31, 1983 and the consolidated statements of earnings, contributed surplus, retained earnings 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 2, 1984

Thorne Riddell
Chartered Accountants

Consolidated Statement of Earnings

Year Ended December 31, 1983

	1983	1982
Revenue		
Sale of oil and gas	**$85,330,000**	$65,679,000
Interest and other	**2,918,000**	2,426,000
	88,248,000	68,105,000
Expenses		
Production	**8,657,000**	8,698,000
General and administrative	**5,502,000**	6,077,000
Interest on long-term debt (note 7)	**26,511,000**	30,665,000
Depletion and depreciation	**15,143,000**	10,138,000
	55,813,000	55,578,000
Earnings before corporate taxes and undernoted items	**32,435,000**	12,527,000
Corporate taxes (note 8)	**22,195,000**	12,270,000
Earnings before undernoted items	**10,240,000**	257,000
Share of loss of American Oakwood Energy Ltd. (note 3)	**(4,575,000)**	(3,926,000)
Earnings (loss) before extraordinary items	**5,665,000**	(3,669,000)
Extraordinary items (note 9)	**1,028,000**	8,664,000
NET EARNINGS	**6,693,000**	4,995,000
Provision for dividends on preferred shares	**4,771,000**	2,838,000
NET EARNINGS APPLICABLE TO CLASS A NON-VOTING AND COMMON SHARES	**$ 1,922,000**	$ 2,157,000
NET EARNINGS PER SHARE (note 10)		
Class A non-voting share		
Earnings (loss) before extraordinary items	**$0.11**	$(0.67)
Net earnings	**$0.21**	$ 0.22
Common share		
Earnings (loss) before extraordinary items	**$0.06**	$(0.67)
Net earnings	**$0.16**	$ 0.22

Consolidated Statement of Retained Earnings

Year Ended December 31, 1983

	1983	1982
RETAINED EARNINGS AT BEGINNING OF YEAR	**$13,807,000**	$13,410,000
Net earnings	**6,693,000**	4,995,000
	20,500,000	18,405,000
Dividends		
Convertible preferred shares, Series A	**2,822,000**	2,822,000
Retractable preferred shares, Series B	**1,966,000**	—
Class A non-voting shares	**254,000**	—
Shares of American Oakwood Energy Ltd. (note 3)	**1,483,000**	—
Re-purchase of common shares	**—**	1,776,000
	6,525,000	4,598,000
RETAINED EARNINGS AT END OF YEAR	**$13,975,000**	$13,807,000

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

	1983	1982
WORKING CAPITAL DERIVED FROM		
Operations	**$40,310,000**	$19,627,000
Petroleum Incentives Program credits	**13,594,000**	11,161,000
	53,904,000	30,788,000
Issue of retractable preferred shares, Series B	**—**	17,834,000
Issue of Class A non-voting shares	**19,699,000**	—
Issue of common shares	**2,745,000**	117,000
Exercise of warrants to purchase shares of Alberta Natural Gas Company Ltd	**670,000**	—
Other	**—**	8,759,000
	77,018,000	57,498,000
WORKING CAPITAL APPLIED TO		
Acquisition of subsidiary companies	**4,017,000**	1,198,000
Long-term investments	**13,884,000**	10,601,000
Additions to property and equipment	**42,959,000**	34,776,000
Reduction of long-term debt	**3,010,000**	7,123,000
Dividends on preferred shares	**4,788,000**	2,822,000
Dividends on Class A non-voting shares	**254,000**	—
Redemption of retractable preferred shares, Series B upon exercise of warrants	**639,000**	—
Re-purchase of common shares	**—**	3,434,000
Other	**6,014,000**	—
	75,565,000	59,954,000
INCREASE (DECREASE) IN WORKING CAPITAL	**1,453,000**	(2,456,000)
WORKING CAPITAL AT BEGINNING OF YEAR	**3,810,000**	6,266,000
WORKING CAPITAL AT END OF YEAR	**$ 5,263,000**	$ 3,810,000

Consolidated Statement of Contributed Surplus
Year Ended December 31, 1983

	1983	1982
BALANCE AT BEGINNING OF YEAR	**$ —**	$ 768,000
Re-purchase of common shares	**—**	768,000
BALANCE AT END OF YEAR	**$ —**	$ —

Consolidated Balance Sheet
As At December 31, 1983

ASSETS

	1983	1982
CURRENT ASSETS		
Cash and term deposits	**$ 17,062,000**	$ 27,408,000
Accounts receivable	**21,724,000**	18,285,000
	38,786,000	45,693,000
LONG-TERM INVESTMENTS (note 3)	**86,707,000**	81,382,000
PROPERTY AND EQUIPMENT, at cost (note 4)	**350,831,000**	317,207,000
Accumulated depletion and depreciation	**64,569,000**	49,571,000
	286,262,000	267,636,000
OTHER ASSETS	**14,473,000**	5,311,000
	$426,228,000	$400,022,000

LIABILITIES

	1983	1982
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 20,422,000**	$ 25,018,000
Corporate taxes payable	**1,437,000**	3,273,000
Current maturities on long-term debt	**11,664,000**	13,592,000
	33,523,000	41,883,000
PREPAYMENTS AND ADVANCES UNDER GAS SALES CONTRACTS	**7,187,000**	6,304,000
LONG-TERM DEBT (note 5)	**251,051,000**	254,061,000
DEFERRED INCOME TAXES	**23,303,000**	11,994,000
MINORITY INTEREST IN SUBSIDIARY COMPANIES	**7,241,000**	7,127,000

SHAREHOLDERS' EQUITY

	1983	1982
CAPITAL STOCK (note 6)		
Convertible preferred shares, Series A	**35,979,000**	35,979,000
Retractable preferred shares, Series B	**17,749,000**	18,442,000
Class A non-voting shares	**28,067,000**	—
Common shares	**8,153,000**	13,172,000
RETAINED EARNINGS	**13,975,000**	13,807,000
	103,923,000	81,400,000
Less 165,000 Common shares issued and unallotted (note 6(g))	**—**	2,747,000
	103,923,000	78,653,000
	$426,228,000	$400,022,000

COMMITMENTS AND CONTINGENT LIABILITIES (note 13)

Approved by the Board

Dallas E. Hawkins, Director

Brian S. Ekstrom, Director

Notes to Consolidated Financial Statements

Year Ended December 31, 1983

1. ACCOUNTING POLICIES

The financial statements of Oakwood have been prepared by management in accordance with generally accepted accounting principles in Canada and in accordance with international accounting standards applied on a basis consistent with that of the preceding year. Because a precise determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of financial statements necessarily involves the use of estimates and approximations which have been made using careful judgment. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

(a) Consolidation

The consolidated financial statements include the accounts of Oakwood Petroleums Ltd., its wholly owned subsidiary companies, and its 63.2% interest in Oakwood International Petroleum N.L. and its wholly owned subsidiary company, Oakwood Petroleum Corporation.

Acquisitions of subsidiary companies are accounted for by the purchase method, and accordingly, only earnings or losses from the date of acquisition are included in the consolidated statement of earnings.

Substantially all the excess consideration paid for the shares of subsidiary companies over the book value of their net assets at date of acquisition is included in property and equipment in the consolidated balance sheet and is amortized on the same basis as such assets.

(b) Long-Term Investments

Oakwood's investment in American Oakwood Energy Ltd. was recorded on the equity basis until December 20, 1983 when Oakwood distributed to its Class A non-voting and common shareholders its investment in common shares of American Oakwood. Prior to distribution, the investment included Oakwood's share of earnings since acquisition. The excess of the consideration paid for the shares of American Oakwood over the book value of its net assets at date of acquisition had been assigned to property and equipment and was amortized on the same basis as such assets. After December 20, 1983 Oakwood's investment in American Oakwood is recorded on the cost basis. Reference is made to note 3.

Oakwood's purchase of certain long-term investments is for the purpose of evaluating the possible acquisition of control. The cost includes capitalized interest, reduced by income derived from the securities, during the determination period.

(c) Petroleum and Natural Gas Operations

Oakwood follows the full cost method of accounting for petroleum and natural gas operations, whereby all costs of exploring for and developing petroleum and natural gas reserves are capitalized. Costs include land acquisition costs, geological and geophysical costs, carrying charges on non-producing property, costs of drilling both productive and non-productive wells, and related overhead expenses. Such costs, net of proceeds from minor disposals of property, plus estimated future capital costs associated with proved reserves, are accumulated and depleted on a country by country basis (except for frontier areas of Canada, Australia and other areas outside North America each of which is a separate cost centre) using the revenue method based upon estimated proved reserves as determined by Oakwood's and independent consulting engineers.

Costs incurred in Australia and frontier areas of Canada in which exploration and development activities are underway, together with related interest costs, are capitalized until the economic viability of the area can be determined. If economically successful, costs are depleted using the revenue method; if unsuccessful, costs are charged to earnings.

Costs incurred in exploration and development activities outside North America and Australia are capitalized in a separate cost centre and amortized on a straight-line basis over 10 years. If sufficient economically recoverable reserves are established in this cost centre, the balance of unamortized costs will be depleted using the revenue method. If exploration is unsuccessful and discontinued in the cost centre, the balance of unamortized costs will be charged to earnings.

Gains or losses are recognized upon the sale or disposition of properties when the petroleum and natural gas reserves of those properties are significant in relation to Oakwood's total reserves in the particular cost centre.

Substantially all of Oakwood's petroleum and natural gas exploration, development and production activities are conducted jointly with others. These consolidated financial statements reflect only Oakwood's proportionate interest in such activities.

(d) Depreciation

Depreciation of petroleum and natural gas production equipment and related facilities is provided using the revenue method based upon estimated proved reserves.

Depreciation of other property and equipment is provided using a straight-line basis over the estimated life of each asset at annual rates varying from 10% to 20%.

(e) Foreign Currencies

The accounts of Oakwood which are denominated in foreign currencies and those of its foreign subsidiary companies are translated into Canadian dollars on the following basis:

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

(ii) all other assets, liabilities, and depletion and depreciation, at rates prevailing when the assets were acquired or the liabilities incurred;

(iii) revenue and expenses, except depletion and depreciation, at the average rate in effect during the year.

Unrealized gains or losses resulting from such translation practices are capitalized as part of property and equipment and are amortized in accordance with policies outlined in note 1(c). Realized gains or losses are reflected in earnings.

2. ACQUISITION OF SUBSIDIARY COMPANY

In March 1983, Oakwood acquired all the issued shares of Quintus Leaseholds Limited from a director and senior officer of Oakwood in exchange for 114,637 common shares of Oakwood. The aggregate consideration of $2,292,000 was based upon reports of independent consulting engineers.

3. LONG-TERM INVESTMENTS

	1983	1982
American Oakwood Energy Ltd.		
2,847,192 Convertible preferred shares, Series A	**$28,472,000**	$ —
3,638,315 Common shares	**—**	6,750,000
10% Convertible demand note receivable	**—**	5,000,000
11% Note receivable	**—**	7,500,000
Demand notes receivable (1983, $228,000 U.S.; 1982, $5,836,000 U.S.)	**281,000**	7,191,000
	28,753,000	26,441,000
Alberta Natural Gas Company Ltd (note 6(c)(ii))		
694,700 Common shares (1982, 720,000) (quoted market value 1983, $18,062,000; 1982, $16,200,000)	**20,967,000**	21,730,000
Conventures Limited (note 14(b))		
2,041,186 Common shares (quoted market value 1983, $9,287,000; 1982, $10,461,000)	**36,987,000**	33,211,000
	$86,707,000	$81,382,000

American Oakwood Energy Ltd.

On September 30, 1981, Oakwood acquired 3,137,635 common shares of American Oakwood for $7,060,000 cash, and on May 14, 1982, in connection with a 1981 agreement, acquired an additional 500,000 shares for $500,000 to hold 65.7% of the issued common shares. Total acquisition costs exceeded the related net book value of American Oakwood by $7,736,000. Since acquisition Oakwood has intended to reduce its ownership of American Oakwood below 50%, and accordingly, the accounts of American Oakwood have not been consolidated but have been recorded on the equity basis to December 20, 1983.

In 1983, Oakwood and American Oakwood agreed to restructure the inter-company debt whereby American Oakwood was not required to pay accrued interest on such debt in the amount of $9,280,000 at December 31, 1982, of which the 1982 portion of $2,999,000 was excluded from interest and other revenue and the prior years' portion of $6,281,000, net of income taxes of $3,065,000, was included in share of loss of American Oakwood Energy Ltd. in the 1982 consolidated statement of earnings. No interest was accrued on the inter-company debt in 1983.

In March 1983, American Oakwood was advised by its banker that as at December 31, 1982, it had exceeded by $13,000,000 U.S. its borrowing base as defined under a Revolving Credit Agreement. During 1983, advances under the Agreement were reduced by the proceeds of sale of property and equipment of American Oakwood and payments made by Oakwood on behalf of American Oakwood. At December 31, 1983, advances under the Agreement were $21,516,000 U.S. Pursuant to arrangements made in May and September 1983. American Oakwood is required to make the following payments to its banker subsequent to December 31, 1983: 1984 — $5,766,000 U.S.; 1985 — $5,250,000 U.S.; and 1986 — $10,500,000 U.S. Oakwood has agreed to support American Oakwood's payments to its banker of interest and principal and has undertaken to provide an unsecured corporate guarantee limited in amount to American Oakwood's borrowing base deficiency ($12,116,000 U.S. at December 31, 1983) existing from time to time. Oakwood's obligation to provide the corporate guarantee is subject to receiving consent from its Canadian bankers.

Effective December 20, 1983, Oakwood converted $1,046,000 of inter-company debt owing from American Oakwood to common shares of American Oakwood at $0.12 per share and declared a dividend in specie of all its common shares in American Oakwood to be distributed to holders of Oakwood's Class A non-voting and common shares on the basis of one American Oakwood common share for each Class A non-voting and/or common share held. An income tax benefit of $1,738,000 has been recognized on the transaction and included in the share of loss of American Oakwood in the consolidated statement of earnings. At December 31, 1983, the dividend in specie was held by a trustee for distribution on January 31, 1984. The distribution has been delayed pending regulatory approval. On December 20, 1983, Oakwood also acquired from American Oakwood 2,847,192 convertible preferred shares, Series A, each share having a stated value of $10.00 and convertible into 20 common shares of American Oakwood, in satisfaction of substantially all of the inter-company debt owing by American Oakwood to Oakwood.

During January and February 1984, Oakwood made payments aggregating $4,396,000 on behalf of American Oakwood.

4. PROPERTY AND EQUIPMENT

	1983			1982
	Cost	**Accumulated Depletion and Depreciation**	**Net**	Net
Petroleum and natural gas leases and rights including exploration, development and equipment thereon				
Canada	**$312,716,000**	**$59,374,000**	**$253,342,000**	$242,841,000
United States	**13,278,000**	**3,359,000**	**9,919,000**	9,838,000
Frontier and other	**18,448,000**	**—**	**18,448,000**	10,696,000
Other property and equipment	**6,389,000**	**1,836,000**	**4,553,000**	4,261,000
	$350,831,000	**$64,569,000**	**$286,262,000**	$267,636,000

5. LONG-TERM DEBT

	Interest Rate	Maturity Date	Payment Terms	1983	1982
Series A Secured Notes	11⅞%	June 15, 1995	$770,000 June 15, 1984, $1,565,000 semi-annually thereafter to December 15, 1994, and $1,365,000 June 15, 1995	**$ 35,000,000**	$ 35,000,000
Series B Secured Notes ($55,000,000 U.S.)	10.9%	June 15, 1995	$1,230,000 U.S. June 15, 1984, $2,430,000 U.S. semi-annually thereafter to December 15, 1994, and $2,740,000 U.S. June 15, 1995	**64,366,000**	64,075,000
Series C Secured Notes ($20,000,000 U.S.)	13¾%	June 15, 1996	$1,900,000 U.S. June 15 and December 15, 1987, $3,800,000 U.S. August 31, 1988, $775,000 U.S. December 15, 1988 and semi-annually thereafter to June 15, 1996	**24,596,000**	—
Demand bank loans	Prime + ¼%-½%		$180,000 monthly to February 1984, $216,000 monthly thereafter to November 1985, $378,000 monthly thereafter to November 1990 and $36,000 monthly thereafter to February, 1992	**122,063,000**	136,920,000
Promissory notes	Prime + 1¼%	October 7, 1988	Payable on or before maturity	**10,000,000**	—
Income debenture	½ Prime + 1¼%	October 1, 1986	$542,000 quarterly	**6,500,000**	8,667,000
Promissory notes	Prime (minimum 17.5%)	September 5, 1983	Payable on or before maturity	**—**	13,536,000
Note payable to American Quasar Petroleum Co.		January 1, 1983	On maturity	**—**	9,191,000
Other				**190,000**	264,000
				262,715,000	267,653,000
Less current maturities included in current liabilities				**11,664,000**	13,592,000
				$251,051,000	$254,061,000

The long-term debt, other than the promissory notes, is secured by specific petroleum and natural gas properties. The bank loans are also secured by accounts receivable and common shares of Conventures Limited.

The demand bank loans are repayable out of future production proceeds and the proceeds from any sales of certain long-term investments and are not expected to require the use of existing working capital. As long as estimated future production proceeds continue to exceed Oakwood's production loan lines of credit, determined by the banks in accordance with their usual production loan parameters, there are no repayment requirements other than those reflected in the table above, of which the current portion of $2,520,000 has been included in current liabilities.

Estimated principal payments on long-term debt in the five years subsequent to 1983, including specified principal payments on bank loans, are:

1984 — $11,664,000; 1985 — $14,201,000; 1986 — $15,880,000; 1987 — $18,443,000; and 1988 — $29,407,000.

If payments on the Series B and Series C Secured Notes due after 1984, which are repayable in U.S. funds, had been translated at the rate of exchange as at December 31, 1983, the additional long-term debt liability would have been $4,368,000.

6. CAPITAL STOCK

(a) Authorized

The authorized share capital of Oakwood consists of an unlimited number of common shares, an unlimited number of Class A non-voting shares and an unlimited number of preferred shares issuable in series.

(b) Issued

Changes in the issued capital stock for the two years ended December 31, 1983 are as follows (reference is made to notes 14(b), (c) and (d)):

	Convertible Preferred Shares, Series A		Retractable Preferred Shares, Series B	
	Number of Shares	Carrying Value	Number of Shares	Carrying Value
Balance December 31, 1981	1,485,890	$35,996,000		
Issued for $19,080,000 cash, less expenses of issue, net of income tax reduction of $608,000	—	—	720,000	$18,442,000
Converted to common shares	(700)	(17,000)	—	—
Balance December 31, 1982	1,485,190	35,979,000	720,000	18,442,000
Additional expenses of issue	**—**	**—**	**—**	**(54,000)**
Redeemed on exercise of warrants	**—**	**—**	**(25,000)**	**(639,000)**
	—	**—**	**(25,000)**	**(693,000)**
Balance December 31, 1983	**1,485,190**	**$35,979,000**	**695,000**	**$17,749,000**

	Class A Non-Voting Shares		Common Shares	
	Number of Shares	Carrying Value	Number of Shares	Carrying Value
Balance December 31, 1981			5,238,298	$13,928,000
Issued for cash pursuant to share option agreements			12,500	117,000
Issued on conversion of preferred shares			770	17,000
Re-purchased and cancelled			(333,700)	(890,000)
			(320,430)	(756,000)
Balance December 31, 1982			4,917,868	13,172,000
Issued on acquisition of Quintus Leaseholds Limited from a director and officer (note 2)			**114,637**	**2,292,000**
Issued on reclassification of common shares into Class A non-voting shares and common shares	**5,032,505**	**$ 7,732,000**	**—**	**(7,732,000)**
Issued (cancelled) on conversion of common shares	**20,791**	**32,000**	**(20,791)**	**(32,000)**
Issued for cash pursuant to share option agreements	**17,000**	**101,000**	**17,000**	**101,000**
Additional proceeds pursuant to share purchase plan (note 6(g))	**—**	**112,000**	**—**	**352,000**
Issued for $7,600,000 cash pursuant to private placement, less expenses of issue, net of income tax reduction of $76,000	**760,000**	**7,520,000**	**—**	**—**
Issued for $13,125,000 cash, less expenses of issue, net of income tax reduction of $528,000	**1,500,000**	**12,570,000**	**—**	**—**
	7,330,296	**28,067,000**	**110,846**	**(5,019,000)**
Balance December 31, 1983	**7,330,296**	**$28,067,000**	**5,028,714**	**$ 8,153,000**

(c) Preferred Shares

The following summarizes the material characteristics of the issued preferred shares:

(i) $1.90 Cumulative Redeemable Convertible Preferred Shares, Series A

The convertible preferred shares. Series A were issued at $25.00 and bear dividends of $1.90 per annum. Each share is convertible into 1.1 Class A non-voting shares and 1.1 common shares of Oakwood on or prior to September 1, 1984 and thereafter into one Class A non-voting and one common share on or prior to September 1, 1988. The shares are redeemable on or before September 1, 1985 at $26.90 if the average trading price (for a specified period of time) of Oakwood's common shares on The Toronto Stock Exchange is not less than 125% of the conversion price, and are redeemable after September 1, 1985 at $25.75 declining $0.25 per year to $25.00 after September 1, 1988. Upon conversion or redemption, the holder is also entitled to receive .22 of an American Oakwood Energy Ltd. common share for each share so converted or redeemed. Oakwood is obliged to purchase, in each calendar quarter commencing January 1, 1989, 1% of the total number of shares outstanding on a specified date at prices not exceeding $25.00 per share plus costs of purchase, such obligation to carry over to succeeding calendar quarters in the same calendar year.

(ii) $2.78 Cumulative Redeemable Retractable Preferred Shares, Series B.

The retractable preferred shares, Series B were issued at $26.50 and bear dividends of $2.78 per annum. The holder of the shares will have the option of requiring Oakwood to retract all or any of his shares on April 1, 1988 at $26.50. The shares are redeemable after March 31, 1988 at $27.50, declining $0.25 per year to $26.50 after March 31, 1992. Oakwood is obliged to purchase, in each calendar quarter commencing January 1, 1984, 7,200 shares at prices not exceeding $26.50 per share plus costs of purchase, such obligation to carry over to succeeding calendar quarters in the same calendar year.

Each holder of the shares on April 1, 1983 received for each share held one warrant to purchase one of the 720,000 common shares of Alberta Natural Gas Company Ltd then owned by Oakwood. The Alberta Natural shares are being held in trust pending exercise of the warrants. Upon exercise of the warrants, Oakwood will either receive $26.50 cash or will receive and redeem one retractable preferred share, Series B, as consideration for each share of Alberta Natural. On exercise of the warrants Oakwood will be subject to a loss of $3.68 per share of Alberta Natural.

(d) Class A Non-Voting Shares

The Class A non-voting shares are entitled to a non-cumulative preferential dividend of $0.10 per share per annum, if, as and when declared by the directors; thereafter in any year, should any dividends be declared on the common shares, dividends of an equal amount must be declared on the Class A non-voting shares.

(e) Common Shares

Common shares are convertible into an equivalent number of Class A non-voting shares at any time at the option of the holder.

(f) Class A Non-Voting Share Purchase Warrants

As at December 31, 1983, there are 750,000 Class A non-voting share purchase warrants outstanding, which entitle the holders to purchase for each warrant held one Class A non-voting share at $10.20 on or before December 19, 1986. Reference is made to notes 14(b) and (c).

(g) Share Purchase Plan

In 1981, a share purchase plan was established under which executive personnel were granted loans of $2,747,000 by Oakwood to acquire 165,000 common shares of Oakwood. In January 1982, the participating executives elected to withdraw from the share purchase plan and the related notes were cancelled. The 165,000 Class A non-voting and common shares (after reclassification) were held in escrow and unallotted until July 1983 when the shares were allocated to executive personnel who received loans from Oakwood aggregating $3,211,000 to acquire the shares. The loans, which are secured by the shares, are non-recourse, non-interest bearing and payable in seven equal annual instalments.

(h) Shares Reserved

As at December 31, 1983, 2,718,209 Class A non-voting and 1,968,209 common shares are reserved for issue, including 1,633,709 shares of each class to be issued on conversion of the outstanding convertible preferred shares, Series A, 750,000 Class A non-voting shares to be issued on the exercise of the outstanding Class A non-voting share purchase warrants and 334,500 shares of each class to be issued on the exercise of outstanding share options granted to directors, officers and employees. The share options have exercise prices ranging from $6.30 to $12.38 and expiry dates ranging from December 31, 1986 to March 31, 1987. Reference is made to note 6(e).

(i) Dividend Restriction

Payment of dividends on Class A non-voting shares and common shares is subject to approval by the holders of certain of Oakwood's long-term debt.

7. INTEREST ON LONG-TERM DEBT

	1983	1982
Interest capitalized on long-term investments and frontier property	**$ 4,510,000**	$ 7,316,000

8. CORPORATE TAXES

	1983	1982
Current income taxes	**$ (45,000)**	$ (437,000)
Deferred income taxes	**14,294,000**	8,044,000
	14,249,000	7,607,000
Petroleum and Gas Revenue Tax	**11,877,000**	8,466,000
Incremental Oil Revenue Tax	**—**	929,000
Alberta Royalty Tax Credit	**(3,931,000)**	(4,732,000)
	$22,195,000	$12,270,000

The effective income tax rate for the years ended December 31, 1983 and 1982 varies from the rate that would be computed by applying the statutory rates as follows:

	1983		1982	
	Amount	**% of Pre-Tax Earnings**	Amount	% of Pre-Tax Earnings
Computed income tax expense	**$15,536,000**	**47.9**	$ 6,114,000	48.8
Increase (decrease) in income taxes resulting from:				
Non-deductible provincial royalties and rentals, net of provincial rebates	**16,092,000**	**49.6**	11,989,000	95.7
Non-taxable Incremental Oil Revenue	**—**	**—**	(1,713,000)	(13.7)
Non-taxable dividend income	**(443,000)**	**(1.4)**	—	—
Income debenture interest	**241,000**	**.7**	430,000	3.4
Non-deductible amortization of excess consideration paid for shares of subsidiary companies	**2,414,000**	**7.4**	1,674,000	13.4
Federal resource allowance	**(12,751,000)**	**(39.3)**	(9,063,000)	(72.3)
Earned depletion allowance	**(7,054,000)**	**(21.7)**	(1,841,000)	(14.7)
Other	**214,000**	**.7**	17,000	.1
Income tax expense	**$14,249,000**	**43.9**	$ 7,607,000	60.7

9. EXTRAORDINARY ITEMS

	1983	1982
Income tax reduction on realization of tax deductions of acquired subsidiary companies	**$ 1,028,000**	$ 6,635,000
Gain on sale of American Eagle Petroleums Ltd., net of income taxes of $536,000 related thereto	**—**	2,029,000
	$ 1,028,000	$ 8,664,000

10. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of shares outstanding during the year. All per share amounts give retroactive effect to the reclassification of common shares which occurred in April 1983.

The calculation of earnings per share gives effect to the preferential dividend on the Class A non-voting shares.

11. BUSINESS SEGMENTS

Oakwood is engaged in one industry, oil and gas exploration, development and production, primarily in Canada.

12. RELATED PARTY TRANSACTIONS

Certain employees of Oakwood are allowed to participate in Oakwood's acquisition of petroleum and natural gas properties on the same basis as if a third party had participated. As well, certain employees of Oakwood have the right to participate in exploration projects through a 5% net profits interest in the projects after payout.

Reference is made to notes 2, 3, 6(g) and 14(c).

13. COMMITMENTS AND CONTINGENT LIABILITIES

Oakwood has entered into a five year exploration agreement with Esso Resources Canada Limited in the Beaufort Sea-Mackenzie Delta region for which the future expenditures are currently estimated at $9,300,000 after deduction of Petroleum Incentives Program credits.

Reference is made to note 3 for commitments and contingent liabilities of Oakwood relating to its investment in American Oakwood.

14. SUBSEQUENT EVENTS

(a) On January 27, 1984, Oakwood paid a dividend of $0.10 per share on outstanding Class A non-voting shares.

(b) Conventures Limited

In January 1984, Oakwood acquired 1,849,485 common shares of Conventures Limited in exchange for 1,155,930 Class A non-voting shares and 385,312 Class A non-voting share purchase warrants. The consideration for each 1.6 Conventures common shares was one Class A non-voting share and one-third of a Class A non-voting share purchase warrant. The aggregate ascribed consideration for the acquisition is $9,247,000 ($5.00 per Conventures common share). As a result, Oakwood owns approximately 53% of the outstanding common shares of Conventures and is preparing an offer to purchase the remaining common shares of Conventures on the same basis.

(c) New York Oils Limited

In February 1984, Oakwood acquired 1,226,741 common shares of New York Oils Limited from a director and senior officer of Oakwood in exchange for 297,753 Class A non-voting shares and 99,251 Class A non-voting share purchase warrants. The consideration for each 4.12 New York Oils common shares was one Class A non-voting share and one-third of a Class A non-voting share purchase warrant. The aggregate ascribed consideration for the acquisition is $2,382,000 ($1.94 per New York Oils common share). As a result, Oakwood owns approximately 32% of the outstanding common shares of New York Oils and is preparing an offer to purchase the remaining common shares of New York Oils on the same basis.

(d) Re-purchase of Shares and Warrants

In February 1984, Oakwood received regulatory approval to enter into a program of purchasing, through the facilities of The Toronto Stock Exchange during the twelve months ended March 5, 1985, not more than 2% in a calendar month of its issued and outstanding Class A non-voting shares, common shares and warrants to purchase common shares of Alberta Natural Gas Company Ltd owned by Oakwood, up to a maximum total of 705,672 Class A non-voting shares, 357,263 common shares and 69,470 warrants.

Five Year Analysis

	1983	1982	1981	1980	1979
Financial (in thousands of dollars except per share amounts)					
Revenue	**$ 88,248**	$ 68,105	$ 55,017	$ 38,370	$ 19,282
Cash flow from operations	**40,310**	19,627	22,292	15,618	8,445
Per Class A non-voting and common share (1)	**3.96**	2.03	2.15	1.59	0.88
Net earnings (loss)	**6,693**	4,995	17,463	5,842	(2,068)
Net earnings (loss) applicable to Class A non-voting and common shares (1)	**1,922**	2,157	14,625	4,361	(2,068)
Per Class A non-voting share (1)	**0.21**	0.22	1.41	0.44	(0.22)
Per common share (1)	**0.16**	0.22	1.41	0.44	(0.22)
Additions to property and equipment	**42,959**	34,776	26,775	55,949	27,481
Working capital	**5,263**	3,810	6,266	21,080	14,958
Total assets	**426,228**	400,022	369,858	228,064	169,997
Long-term debt	**251,051**	254,061	265,953	142,408	139,970
Shareholders' equity	**103,923**	78,653	64,102	46,499	4,639
Outstanding Shares					
Convertible preferred shares, Series A	**1,485,190**	1,485,190	1,485,890	1,500,000	—
Retractable preferred shares, Series B	**695,000**	720,000	—	—	—
Class A non-voting shares	**7,330,296**	—	—	—	—
Common shares	**5,028,714**	4,917,868	5,238,298	5,007,377	5,450,011
Average number of Class A non-voting and common shares outstanding (1)	**10,184,192**	9,657,476	10,377,652	9,815,428	9,588,388

(1) Restated to reflect the reclassification of common shares which occurred in April 1983.

	1983	1982	1981	1980	1979
Operations					
Production					
Crude oil and natural gas liquids (barrels)	**3,375,516**	2,755,144	3,159,493	2,650,379	1,480,182
Daily average (barrels)	**9,248**	7,548	8,656	7,241	4,055
Natural gas (mmcf)	**7,474**	8,595	6,187	7,092	5,307
Daily average (mmcf)	**20.5**	23.5	17.0	19.4	14.5
Crude oil and natural gas liquids (m^3)	**536 665**	438 034	502 320	421 377	235 331
Daily average (m^3)	**1 470**	1 200	1 376	1 151	645
Natural gas (10^3m^3)	**210 567**	242 149	174 313	199 810	149 519
Daily average (10^3m^3)	**577**	663	478	546	410
Canadian reserves as at July 1					
Crude oil and natural gas liquids (barrels)					
Proved	**35,376,000**	38,266,000	44,509,000	43,210,000	36,638,000
Probable	**4,140,000**	710,000	385,000	691,000	268,000
Total	**39,516,000**	38,976,000	44,894,000	43,901,000	36,906,000
Natural gas (bcf)					
Proved	**252**	322	215	233	214
Probable	**181**	118	31	42	12
Total	**433**	440	246	275	226
Crude oil and natural gas liquids (m^3)					
Proved	**5 625 000**	6 084 000	7 077 000	6 870 000	5 825 000
Probable	**658 000**	113 000	61 000	110 000	43 000
Total	**6 283 000**	6 197 000	7 138 000	6 980 000	5 868 000
Natural gas (10^6m^3)					
Proved	**7 100**	9 072	6 058	6 565	6 029
Probable	**5 099**	3 325	873	1 183	338
Total	**12 199**	12 397	6 931	7 748	6 367

	1983	1982	1981	1980	1979
Canadian land holdings (acres)					
Provincial Lands					
Gross	**2,243,542**	2,322,826	2,843,646	1,635,967	1,646,401
Net	**463,999**	466,043	539,860	300,803	247,257
Canada Lands					
Gross	**7,849,819**	7,100,421	3,866,508	1,347,106	794,046
Net	**566,225**	582,217	483,329	130,785	129,695
Total					
Gross	**10,093,361**	9,423,247	6,710,154	2,983,073	2,440,447
Net	**1,030,224**	1,048,260	1,023,189	431,588	376,952
Canadian land holdings (hectares)					
Provincial Lands					
Gross	**907 949**	940 035	1 150 808	662 067	666 289
Net	**187 778**	188 605	218 478	121 733	100 063
Canada Lands					
Gross	**3 176 778**	2 873 501	1 564 754	545 166	321 346
Net	**229 148**	235 620	195 601	52 928	52 487
Total					
Gross	**4 084 727**	3 813 536	2 715 562	1 207 233	987 635
Net	**416 926**	424 225	414 079	174 661	152 550

Canadian wells drilled

	1983		1982		1981		1980		1979	
	Gross	**Net**	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Exploratory										
Oil	**6**	**3.1**	9	2.2	2	0.5	9	2.8	1	0.0
Gas	**19**	**3.7**	12	2.6	8	1.2	15	3.0	12	1.6
Abandoned	**9**	**2.7**	6	3.1	9	3.0	15	4.0	15	4.3
	34	**9.5**	27	7.9	19	4.7	39	9.8	28	5.9
Development										
Oil	**38**	**15.6**	18	7.5	31	17.4	22	14.3	17	2.8
Gas	**20**	**7.5**	15	2.4	29	8.9	32	10.0	48	12.0
Abandoned	**8**	**3.3**	12	8.4	4	2.3	3	0.6	5	0.3
	66	**26.4**	45	18.3	64	28.6	57	24.9	70	15.1
Total Wells	**100**	**35.9**	72	26.2	83	33.3	96	34.7	98	21.0

Corporate Information

DIRECTORS

DALLAS E. HAWKINS(1)
Calgary, Alberta
Chairman of the Board of the Company

BRIAN S. EKSTROM(1)(2)
Calgary, Alberta
President and Chief Executive Officer of the Company

KENNETH W. GERMOND
Calgary, Alberta
Executive Vice-President of the Company

J. BRIAN AUNE
Montreal, Quebec
Chairman and Chief Executive Officer of Nesbitt Thomson Bongard Inc.

CARL E. BEIGIE(2)
Toronto, Ontario
Vice-President and Chief Economist of Dominion Securities Ames, Ltd.

GEORGE A. FIERHELLER(2)
Vancouver, British Columbia
Chairman of the Board, President and Chief Executive Officer of Premier Cablesystems Limited

R. ROSS HAMILTON(1)(2)
Calgary, Alberta
President of Scoteire Exploration Ltd.

DAVID J. HENNIGAR
Bedford, Nova Scotia
Atlantic Regional Director of Burns Fry Limited
Chairman of the Board of National Sea Products Limited

BRIAN G. McCOMBE
Calgary, Alberta
Partner, McCombe & Company

EDWARD G. McMULLAN(1)(2)
Calgary, Alberta
President of E. G. McMullan Ltd.

GEORGE W. OUGHTRED(1)
Calgary, Alberta
Chairman of the Board of Commercial Oil and Gas Ltd.

(1) Member of the Executive Committee
(2) Member of the Audit Committee

OFFICERS

DALLAS E. HAWKINS
Chairman of the Board

BRIAN S. EKSTROM
President and Chief Executive Officer

KENNETH W. GERMOND
Executive Vice-President

D. NOLAN BLADES
Senior Vice-President and Vice-President, Production and Operations

ANDY J. BLASHYN
Vice-President, Exploration

A. NORMAN BOYSE
Vice-President, Gas Marketing and Special Projects

CURT W. BROWN
Vice-President, Finance

GEORGE W. FAULKNER
Vice-President, Corporate Development

BRIAN G. McCOMBE
Secretary

SENIOR PERSONNEL

KENNETH W. CHERYBA
Operations Manager

WAYNE R. COOPER
Office Manager

KENNETH A. MORRISON
Land Manager

JOHN M. PARTRIDGE
Corporate Planning and Taxation Manager

JACK W. SENAKOVICZ
Information Systems Manager

ROBERT M. STUART
Geophysical Manager

HARRY G. YOUNG
Geological Manager

HEAD OFFICE

Suite 1800, 311 Sixth Avenue S.W.
Calgary, Alberta T2P 3H2
Telephone (403) 265-6040
Telex 03-822846

FIELD OFFICES

Brooks, Alberta
Telephone (403) 362-4175

Hayter, Alberta
Telephone (403) 858-3768

Sylvan Lake, Alberta
Telephone (403) 887-2756

Taber, Alberta
Telephone (403) 264-6474

Dawson Creek, British Columbia
Telephone (604) 782-5971

AUSTRALIAN OFFICE

Oakwood International Petroleum N.L.
Suite 5210, Level 52
MLC Centre
19-29 Martin Place
Sydney, NSW 2000
Telephone 011-61-2-233-7899
Telex AA72484

SUBSIDIARY COMPANIES

Conventures Limited

New York Oils Limited

Oakwood International Petroleum N.L.
Oakwood Petroleum Corporation

Oakwood Petroleums (Espana), S.A.

Oakwood Petroleums (U.S.A.) Inc.

AUDITORS

Thorne Riddell
Calgary, Alberta

BANKERS

Bank of Montreal
Calgary, Alberta

Continental Illinois National Bank and Trust Company of Chicago
Chicago, Illinois and Calgary, Alberta

The Mercantile Bank of Canada
Calgary, Alberta

The Royal Bank of Canada
Calgary, Alberta

LEGAL COUNSEL

McCombe & Company
Calgary, Alberta

Aird & Berlis
Toronto, Ontario

REGISTRAR

The Canada Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Alberta Stock Exchange
Montreal Exchange

TRANSFER AGENTS

The Canada Trust Company
Calgary, Halifax, Montreal, Toronto, Winnipeg, Regina and Vancouver

Bank of Bermuda Limited
Hamilton, Bermuda

DIVIDENDS

The Company has paid the following cash dividends per share on its outstanding shares during the past two years.

	1983	1982
Convertible preferred shares, Series A ...	**$1.90**	$1.90
Retractable preferred shares, Series B ...	**2.11**	—
Class A non-voting shares	**0.05**	—

On December 20, 1983, the Company declared a dividend in specie of all its common shares of American Oakwood Energy Ltd. to be distributed to holders of Oakwood's Class A non-voting and common shares on the basis of one American Oakwood common share for each Class A non-voting and/or common share held by Oakwood shareholders on December 30, 1983.

INVESTOR INFORMATION

Shareholders and security analysts who desire further information on the Company should direct their queries, by phone or in writing, to the Vice-President, Finance, Suite 1800, 311 Sixth Avenue S.W., Calgary, Alberta T2P 3H2 (403) 265-6040.

Changes of address or inquiries about shares and dividends should be directed to The Canada Trust Company, Corporate Trust Department, 505 - Third Street S.W., Calgary, Alberta T2P 3E6 (403) 294-3333.

TRADING RANGE OF SHARES

The Company's outstanding shares are listed on the Toronto, Alberta and Montreal Stock Exchanges. The tables below indicate the trading range of the Class A non-voting and common shares during the past two years, as reported by The Toronto Stock Exchange.

	1983		1982	
	High	**Low**	High	Low
Class A non-voting shares (1)				
1st quarter	**$ N/A**	**$ N/A**	$ N/A	$ N/A
2nd quarter	**10.25**	**6.38**	N/A	N/A
3rd quarter	**11.75**	**9.50**	N/A	N/A
4th quarter	**10.00**	**7.00**	N/A	N/A
Common shares				
1st quarter	**17.00**	**12.25**	18.25	N/A
2nd quarter (after reclassification)	**12.00**	**6.50**	12.13	8.50
3rd quarter	**13.00**	**10.50**	16.25	9.50
4th quarter	**11.38**	**7.38**	19.88	14.00

(1) The Class A non-voting shares were listed for trading on The Toronto Stock Exchange on April 11, 1983.

OAKWOOD PETROLEUMS LTD.
1983 Annual Report

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