



## **PRESS RELEASE**

### **PARAMOUNT ENERGY TRUST SUBMITS EXEMPTIONS TO EUB INTERIM SHUT-IN ORDER 03-001**

**August 29, 2003.** Paramount Energy Trust ("PET" or the "Trust") (TSX – PMT.UN) advises that exemption notifications have been filed with the Alberta Energy and Utilities Board (AEUB) with respect to all but 43 of the PET-interest wells identified for shut-in effective September 1, 2003 pursuant to AEUB General Bulletin GB 2003-28. Evaluating and filing the exemptions for over 200 of the company's producing gas wells was a tumultuous task for the Trust and demanded all of its resources to meet the short, 40-day deadline set out by the regulator.

Appendix 1 of GB 2003-28 identified 222 producing PET-interest natural gas wells in the affected area and the Trust identified an additional 15 wells producing from overlapping pool orders that were not identified in Appendix 1, for a total of 44 MMcf/d of production net to PET. Current production from the 43 wells which will be shut-in on September 1, 2003 is 8 to 9 MMcf/d, or 9 percent of the Trust's current daily production of approximately 90 MMcf/d. The wells submitted for exemption include 31 wells previously approved for production under ID 99-1 since July 1, 1998.

The filing of the exemption notifications provides for the temporary continuance of natural gas production pending completion of a regional geological study. A provision exists whereby objections to a filed exemption can be initiated by an oil sands leaseholder, EUB staff or other parties which will trigger an expedited review. Upon finalization of the regional geological study, anticipated to be completed through a collaborative process with industry by December 31, 2003, the EUB will notify parties of its intention to vary the gas production status of specific wells. The EUB intends to decide the status of all gas production within the area of concern by April 1, 2004. If any affected party objects to the proposed gas well status the EUB will convene a hearing regarding the matter.

There are a number of wells which will be shut-in effective September 1, 2003 which are producing gas from zones which are not geologically in association with potentially recoverable bitumen. PET will be able to undertake field operations to segregate gas production from zones which may be in communication with potentially recoverable bitumen during the next few months. These operations are expected to reduce the aggregate shut-in volume as additional exemption notifications are filed. Total affected production volumes will not be determinable until such time as the field work is completed in individual wells.

PET further advises that the AEUB has approved its applications to commence production from seven wells drilled during the past winter. These wells commenced production at 2-3 MMcf/d during the last week of August. Exemption notifications have also been filed with respect to these wells.

The Trust is complying with the regulators requirements but at the same time continues to pursue all potential avenues to preserve its Unitholders' value and reach a fair and reasonable outcome, including participation in a variety of joint industry and government meetings regarding the gas/bitumen issue. The Trust believes there is, or will be, technical solutions to alleviate any risk to bitumen recovery from gas production. The potential impact on our business is being addressed on all fronts and we will actively work with industry and government to seek a resolution.

This news release contains forward-looking information. Implicit in this information, particularly in respect of cash distributions, are assumptions regarding natural gas prices, production, royalties and expenses which, although considered reasonable by PET at the time of preparation, may prove to be incorrect. These forward-looking statements are based on certain assumptions that involve a number of risks and uncertainties and are not guarantees of future performance. Actual results could differ materially as a result of changes in PET's plans, changes in commodity prices, general economic, market and business conditions, changing regulatory and other requirements as well as production, development and operating performance and other risks associated with oil and gas operations. There is no guarantee by PET that actual results achieved will be the same as those forecast herein.

Paramount Energy Trust is a natural gas-focussed Canadian energy trust. PET's Trust Units are listed on the Toronto Stock Exchange under the symbol "PMT.UN". Further information with respect to PET can be found at its website at [www.paramountenergy.com](http://www.paramountenergy.com).

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:

Paramount Energy Operating Corp, administrator of Paramount Energy Trust  
Suite 500, 630 – 4 Avenue SW, Calgary, AB T2P 0J9  
Telephone: (403) 269-4400 Fax: (403) 269-6336 Email: [info@paramountenergy.com](mailto:info@paramountenergy.com)

Clayton H. Riddell, Chief Executive Officer  
Susan L. Riddell Rose, President and Chief Operating Officer  
Cameron R. Sebastian, Vice President, Finance and CFO  
Gary C. Jackson, Vice President, Land, Legal and Acquisitions

Media please contact Paul Hagel at 403-266-2000