



## PRESS RELEASE

### **PARAMOUNT ENERGY TRUST ANNOUNCES IMPACT OF GOVERNMENT OF ALBERTA INTERIM FINANCIAL ASSISTANCE FOR PRODUCTION SHUT-IN AS A RESULT OF THE GAS/BITUMEN ISSUE IN NE ALBERTA**

**October 23, 2003.** The Alberta Department of Energy (“ADOE”) today announced an interim financial assistance package for gas producers affected by Alberta Energy and Utilities Board (“EUB”) Shut-In Order 03-001 and earlier decisions related to the Chard/Leismer area, subject to the P&NG agreements having been issued prior to December 11, 1996. Paramount Energy Trust (“PET or the Trust”) (TSX – PMT.UN) holds lands which had 8.5 MMcf/d of natural gas sales shut-in on September 1, 2003 as a result of General Bulletin 2003-28 (“GB 2003-28”) and 0.1 MMcf/d of natural gas sales shut-in on May 1, 2003 as a result of the Chard/Leismer Decision Report 2003-023. Approximately 0.7 MMcf/d of natural gas sales recommenced production during September after the filing of additional exemption requests with the EUB and restored operations at a third-party operated facility in the Winefred area. The Trust currently has approximately 7.9 MMcf/d of natural gas sales shut-in as a result of the EUB’s decisions.

The interim assistance package includes:

1. A one-year rental remission for agreements that have had a well or wells shut-in by EUB GB 2003-28 or the EUB Decision Reports for Chard/Leismer. The one-year rental waiver, as it applies to PET’s land agreements, is estimated at \$90,000.
2. P&NG agreement extensions for all agreements effected by EUB GB 2003-28. This resulted in no additional PET land being continued as all PET agreements effected by GB 2003-28 were already continued until the moratorium on Crown land sales is lifted under Section 8-1-h of the Mines and Minerals Act.
3. A royalty deferral equal to \$0.60/Mcf of foregone production. The first royalty deferral credit for production from wells shut-in during the month of September 2003, based on an estimate calculated by the ADOE, will appear on the October 2003 Gas Crown Royalty invoice. With respect to PET, at the current level of shut-in production, this royalty deferral program is expected to result in royalty deferral of approximately \$160,000 per month, equating to \$0.004 per Trust Unit per month or approximately \$0.045 per Trust Unit annually. The deferral will continue until such time as any final assistance package is put in place, or the well recommences production, or another date as determined by the Minister of Energy. The amount deferred through this interim assistance will be deducted from any final assistance package.

The Trust’s understanding is that this interim assistance has been designed to assist producers in carrying on plant and field operations and therefore reflects the average fixed operating cost for the area. This will act to maintain area operating costs on a unit-of-production basis at current levels. Although the interim package does not adequately replace losses suffered by gas producers as a result of the EUB’s decisions, directionally PET is encouraged that the ADOE and the Minister of Energy are working with all stakeholders to establish a fair and equitable solution.

Since August 2003, consultation meetings have been conducted on a weekly basis with a subset of the gas and bitumen stakeholder group and ADOE representatives. This group, called the Fair and Equitable

Solutions Working Committee ("FES"), has the primary objective of determining a final assistance solution for stakeholders affected by the gas/bitumen issue in NE Alberta. Key target dates include November 2003 for a recommendation to the broad stakeholder group with a final recommendation to government in December 2003.

Further information with respect to the gas/bitumen issue and its possible effects on the Trust can be found on PET's website at [www.paramountenergy.com/investor\\_relations/Gas-Bitumen\\_Issue](http://www.paramountenergy.com/investor_relations/Gas-Bitumen_Issue).

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).

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, regulatory changes, general economic, market and business conditions 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.

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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