



## NEWS RELEASE

### PARAMOUNT ENERGY TRUST CONFIRMS OCTOBER 2006 DISTRIBUTION

**Calgary, AB** – October 20, 2006 (TSX – PMT.UN) - Paramount Energy Trust (“PET” or the “Trust”) is pleased to confirm that its distribution to be paid on November 15, 2006 in respect of income received by PET for the month of October 2006, for Unitholders of record on October 31, 2006, will be \$0.20 per Trust Unit. The ex-distribution date is October 27, 2006. The October distribution brings cumulative distributions paid since the inception of the Trust in February 2003 to \$10.024 per Trust Unit.

The Trust currently has in place a hedging strategy designed at this time to provide a degree of gas price certainty for approximately half of its production for the next year and a half. The following is a summary of PET’s current and physical forward sales arrangements:

#### Volumes at AECO

Type of Contract	GJ/d	Price (\$/GJ)			Term	% of Current Production
		Fixed	Floor	Ceiling		
Financial	35,000	\$ 8.60	-	-	November 2006 – March 2007	
Financial	5,000	-	\$ 9.50	\$ 11.00	November 2006 – March 2007	
Financial	5,000	-	\$ 9.00	\$ 10.00	November 2006 – March 2007	
Physical	27,500	\$ 8.94	-	-	November 2006 – March 2007	
Physical	5,000	-	\$ 9.00	\$ 11.00	November 2006 – March 2007	
Physical	5,000	-	\$ 9.00	\$ 10.00	November 2006 – March 2007	
Physical	5,000	-	\$ 8.50	\$ 11.00	November 2006 – March 2007	
<b>Period Total</b>	<b>87,500</b>		<b>\$ 8.82<sup>(1)</sup></b>		<b>November 2006 – March 2007</b>	<b>55%</b>
Financial	40,000	\$ 7.96	-	-	April – October 2007	
Physical	42,500	\$ 7.96	-	-	April – October 2007	
<b>Period Total</b>	<b>82,500</b>		<b>\$ 7.96</b>		<b>April – October 2007</b>	<b>52%</b>
Financial	35,000	\$ 9.40	-	-	November 2007 – March 2008	
Physical	37,500	\$ 9.69	-	-	November 2007 – March 2008	
<b>Period Total</b>	<b>72,500</b>		<b>\$ 9.55</b>		<b>November 2007 – March 2008</b>	<b>45%</b>

(1) Average price calculated using fixed price and floor price for collars

The forward market for natural gas sales in November 2006 through March 2007, Summer 2007 and November 2007 through March 2008 is currently trading at an average price of \$7.47, \$7.32 and \$8.52 per GJ at AECO respectively.

PET reduced its monthly distribution earlier this year to \$0.20 with the July 2006 distribution following a significant drop in natural gas prices and remains cautious in its outlook with respect to near term natural gas prices given the persistent unprecedented high inventory of natural gas in North American gas storage. PET reviews distributions on a monthly basis based on cash flow projections which incorporate PET’s base production forecasts, current hedges and physical forward natural gas sales, the forward market for natural gas prices, and the Trust’s capital spending program and projected production additions. Future distributions are subject to change as dictated by changes in commodity price markets, operations and future business development opportunities.

**Forward-Looking Information**

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, regulatory 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.

Paramount Energy Trust is a natural gas-focused Canadian energy trust. PET's Trust Units and Convertible Debentures are listed on the Toronto Stock Exchange under the symbol "PMT.UN", "PMT.DB", "PMT.DB.A" and "PMT.DB.B", respectively. 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:

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