

ENTERRA ENERGY TRUST
Form 6-K
October 25, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934**

For the months of January 2004 through October 2004

- fluctuations in foreign exchange or interest rates and stock market volatility;
- failure to realize the anticipated benefits of acquisitions; and
- the other factors discussed under "Risk Factors".

These factors should not be construed as exhaustive. We do not undertake any obligation to publicly update or revise any forward looking statements.

GLOSSARY OF TERMS

The following are defined terms used in this Annual Information Form:

"**board of directors**" or "**Enterra board**" means the board of directors of Enterra;

"**CT Note**" means the unsecured promissory note issued by EEC Trust to the Trust pursuant to the Arrangement;

"**EEC Trust**" means Enterra Energy Commercial Trust, an unincorporated trust governed by the laws of Alberta and a wholly-owned subsidiary of the Trust;

"**EEC Trust Units**" means trust units of EEC Trust;

"**Enterra Debt**" means the Series A Notes and any other indebtedness of Enterra to the Trust from time to time.

"**Exchangeco**" means Enterra Exchangeco Ltd., a corporation incorporated pursuant to the laws of Alberta and a wholly-owned subsidiary of EEC Trust;

"**McDaniel**" means McDaniel & Associates Ltd., independent petroleum engineering consultants of Calgary, Alberta;

"**McDaniel Report**" means the independent engineering evaluation of certain oil, NGL and natural gas interests of the Trust prepared by McDaniel dated February 27, 2004 and effective December 31, 2003;

"**Non-Resident**" means (a) a Person who is not a resident of Canada for the purposes of the Tax Act; or (b) a partnership that is not a Canadian partnership for the purposes of the Tax Act;

"**Note Indenture**" means the indenture between Enterra and the Note Trustee governing the Series A Notes;

"**Note Trustee**" means Olympia Trust Company or any successor thereto, in its capacity as the trustee for the holders of Series A Notes;

"**Partnerco**" means Enterra Energy Partner Corp., a corporation incorporated pursuant to the ABCA and a wholly-owned subsidiary of Enterra;

"**Partnership**" means the Enterra Production Partnership, a partnership organized pursuant to the laws of Alberta, the partners of which are Enterra (99.99%) and Partnerco (0.01%);

"**Series A Notes**" means interest-bearing subordinated promissory notes issued by Enterra pursuant to the Arrangement and currently held by the Trust;

"**Special Resolution**" means a resolution proposed to be passed as a special resolution at a meeting of holders of Trust Units and holders of Special Voting Rights (including an adjourned meeting) duly convened for the purpose and passed by the affirmative votes of the holders of not less than 66 2/3% of the Trust Units and Special Voting Rights represented at the meeting and voted on a poll upon such resolution;

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1. (5th Supp), as amended, including the regulations promulgated thereunder;

"**Trust Unit**" or "**Unit**" means a unit of the Trust issued by the Trust;

"**Trustee**" means Olympia Trust Company, the initial trustee of the Trust, or such other trustee from time to time of the Trust;

"**Unitholders**" means holders from time to time of the Trust Units;

"**U.S. Person**" means a U.S. person as defined in Rule 902(k) under Regulation S, including, but not limited to, any natural person resident in the United States;

"**U.S. Unitholder**" means any Unitholder who is either in the United States or a U.S. Person;

"Voting and Exchange Trust Agreement" means the voting and exchange trust agreement entered into on November 25, 2003 between the Trust, Enterra Acquisition Ltd. and the Voting and Exchange Agreement Trustee; and

"Voting and Exchange Trust Agreement Trustee" means Olympia Trust Company, the initial trustee under the Voting and Exchange Trust Agreement, or such other trustee from time to time appointed thereunder.

"1933 Act" means the United States *Securities Act of 1933*, as amended;

"1934 Act" means the United States *Securities Exchange Act of 1934*, as amended; and

Conventions

Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars. All financial information herein has been presented in Canadian dollars in accordance with generally accepted accounting principles in Canada.

Abbreviations

| | <i>Oil and Natural Gas Liquids</i> | | <i>Natural Gas</i> |
|--------|------------------------------------|--------|-------------------------------|
| bbl | Barrel | mcf | thousand cubic feet |
| bbls | Barrels | mmcf | million cubic feet |
| mbbls | thousand barrels | bcf | billion cubic feet |
| bbls/d | barrels per day | mcf/d | thousand cubic feet per day |
| NGLs | natural gas liquids | mmcf/d | million cubic feet per day |
| GJ | Gigajoule | MMBTU | million British Thermal Units |
| GJ/d | gigajoule per day | | |

Other

| | |
|----------------|--|
| AECO-C | Intra-Alberta Nova Inventory Transfer Price (NIT net price) |
| API | American Petroleum Institute |
| °API | an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28 °API or higher is generally referred to as light crude oil |
| ARTC | Alberta Royalty Tax Credit |
| BOE | barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 (unless otherwise stated) mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices) |
| BOE/D | barrel of oil equivalent per day |
| M ³ | cubic metres |
| MBOE | 1,000 barrels of oil equivalent |
| WTI | |

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West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

MW/h Megawatts per hour

Conversion

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

| To Convert From | To | Multiply By |
|------------------------|--------------|--------------------|
| mcf | Cubic metres | 28.174 |
| Cubic metres | Cubic feet | 35.494 |
| bbls | Cubic metres | 0.159 |
| Cubic metres | Bbls oil | 6.290 |
| Feet | Metres | 0.305 |
| Metres | Feet | 3.281 |
| Miles | Kilometres | 1.609 |
| Kilometres | Miles | 0.621 |
| Acres | Hectares | 0.405 |
| Hectares | Acres | 2.47 |

CURRENCY OF INFORMATION

The information set out in this renewal annual information form is stated as at December 31, 2003 unless otherwise indicated. Capitalized terms used but not defined in the text are defined in the Glossary.

ORGANIZATIONAL STRUCTURE

Enterra Energy Trust

Enterra Energy Trust (the "Trust" and, together with its direct and indirect subsidiaries and partnerships, "we", "our" or "us") is an open ended unincorporated investment trust governed by the laws of the Province of Alberta and created pursuant to an indenture (the "Trust Indenture") dated as of October 24, 2003, between Enterra Energy Corp. and Olympia Trust Company. Our head and principal office is located at 2600, 500 4th Avenue S.W., Calgary, Alberta, T2P 2V6.

As a result of the completion of a plan of arrangement involving the Trust, Enterra Energy Corp. ("Old Enterra"), Enterra Acquisition Corp. and Enterra Energy Commercial Trust ("EEC Trust") on November 25, 2003 (the "Arrangement"), former holders of common shares of Old Enterra received two Trust Units or two Exchangeable

Shares of Enterra Acquisition Corp., in accordance with the elections made by such holders, and Old Enterra became a wholly-owned subsidiary of the Trust. Old Enterra was subsequently amalgamated with Enterra Acquisition Corp., Big Horn Resources Ltd. and Enterra Sask. Ltd. to form Enterra Energy Corp. ("Enterra").

The principal undertaking of the Trust is to issue Trust Units and to acquire and hold debt instruments, royalties and other interests. The direct and indirect wholly-owned subsidiaries of the Trust carry on the business of acquiring and holding interests in petroleum and natural gas properties and assets related thereto. See "Description of the Business of the Trust - General".

Olympia Trust Company has been appointed as trustee under the Trust Indenture. The beneficiaries of the Trust are holders of the outstanding Trust Units. The principal and head office of Olympia Trust Company is located at 2300, 125 9th Avenue S.E., Calgary, Alberta T2G 0P6.

Enterra

Enterra is the principal operating subsidiary of the Trust. Enterra was formed on the amalgamation of Enterra Acquisition Corp., Big Horn Resources Ltd., Enterra Sask. Ltd. and Old Enterra on November 25, 2003 pursuant to the Arrangement and is governed by the laws of the Province of Alberta. EEC Trust is the sole holder of voting shares of Enterra. All of the crude oil and natural gas properties and related assets in which the Trust has an interest are held, directly or indirectly, through Enterra.

The Partnership

Enterra Production Partnership (the "Partnership") was formed as a general partnership under the laws of the Province of Alberta on August 16, 2001. The Partnership currently holds all of our producing crude oil and natural gas properties from which the Trust ultimately derives its cash flow. The partners of the Partnership are Enterra (as to 99.99%) and Partnerco (as to 0.01%).

EEC Trust

EEC Trust is an unincorporated commercial trust governed by the laws of the Province of Alberta. The Trust holds all of the issued and outstanding trust units of EEC Trust.

Our Organizational Structure

The following diagram describes the intercorporate relationships among the Trust and its subsidiaries as well as the flow of cash from the oil and gas properties held by such subsidiaries to the Trust and, ultimately, from the Trust to the Unitholders. Reference should be made to the appropriate sections of this Annual Information Form for a complete description of our structure.

GENERAL DEVELOPMENT OF THE BUSINESS OF THE TRUST

History

History of Old Enterra Prior to the Arrangement

Old Enterra (formerly Westlinks Resources Ltd.) was organized on June 30, 1998 by the statutory amalgamation of Temba Resources Ltd. and PTR Resources Ltd. pursuant to the provisions of the Business Corporations Act (Alberta). Temba Resources Ltd. was incorporated in Alberta on July 31, 1996. Immediately prior to the amalgamation which created Old Enterra, Temba Resources Ltd. amalgamated with its wholly-owned subsidiary, Rainee Resources Ltd. PTR Resources Ltd. was incorporated in Alberta on September 18, 1992 as 542275 Alberta Ltd., changed its name to Ablevest Holdings Ltd. on June 14, 1993, and to PTR Resources Ltd. on December 1, 1997.

In 1998, Old Enterra acquired a non-operated working interest averaging approximately 20% in a Dina sand pool located in the Sounding Lake area of Alberta, consisting of 1,270 acres and approximately 35 producing wells.

In September 1999, Old Enterra acquired a 94% working interest in four producing oil wells and a saltwater disposal well in the Sylvan Lake area of Alberta.

In May 2000, Old Enterra acquired, effective January 1, 2000, further working interests in the Sounding Lake area of Alberta, consisting of a further 36% working interest in the Dina sand pool as well as working interests averaging approximately 91% in 21 producing oil wells. The purchase price for such interests was \$11,900,000.

On November 15, 2000, Old Enterra sold, effective October 1, 2000, all of its interests in the Bigoray area of Alberta for cash consideration of \$4,494,500. Proceeds from the sale were used to reduce Old Enterra's bank debt and to fund its 2001 acquisition program.

On December 6, 2000, Old Enterra acquired a 25% working interest in a producing gas well in the Altares area of northeast British Columbia for cash consideration of \$1,000,000.

On January 17, 2001, Old Enterra completed a secondary public offering in the United States of 1,000,000 units, each unit consisting of one common share and one share purchase warrant, for U.S. \$4.55 per unit. The share purchase warrants were exercisable for six months at U.S. \$4.50 per share. Net proceeds from the offering were used for Old Enterra's 2001 acquisition and drilling program.

On February 28, 2001, Old Enterra entered into a farm-out and option agreement whereby it was granted the ability to earn an interest in over 12,000 acres of land in the Altares region of northeast British Columbia. Under the terms of the farm-out and option agreement, Old Enterra was obligated to drill a minimum of two wells and had an option to drill up to four more wells to earn an interest in all of the lands.

On March 27, 2001, Old Enterra acquired an average 67% working interest in 8,705 gross acres of land and 34 producing oil wells in the Grand Forks area of southern Alberta for cash consideration of \$5,500,000. The effective date of the acquisition was January 1, 2001.

On April 23, 2001, Old Enterra entered into the EuroGas Agreement. On June 5, 2001, Old Enterra completed the acquisition of an aggregate of 8,275,500 Big Horn shares from EuroGas.

On June 12, 2001, Old Enterra entered into an agreement with a private company to acquire certain oil and gas assets in the Superb area of Saskatchewan. The purchase price for the assets was \$2,800,000, which amount was satisfied by the payment of \$1,500,000 in cash and through the issuance of Common Shares. Through this acquisition, Old Enterra acquired a 91% working interest in four existing Waseca heavy oil wells with a combined production rate of approximately 180 Bbls/d.

Effective August 16, 2001, Westlinks and Big Horn Resources Ltd. entered into an agreement under Section 192 of the *Canada Business Corporations Act*, whereby Big Horn shareholders were issued Westlinks common shares and

options in exchange for Big Horn common shares and options. Big Horn was incorporated under the laws of the Province of Saskatchewan on February 16, 1960 as Contact Gold Mines Ltd. On July 7, 1969, Big Horn changed its name to Contact Ventures Ltd. Big Horn was continued under the *Business Corporations Act* (Saskatchewan) on December 28, 1979 and subsequently continued under the *Canada Business Corporations Act* on September 9, 1982. On April 15, 1988, Big Horn changed its name to West Pride Industries Corp. and on April 2, 1991 Big Horn consolidated its common shares on a 4 for 1 basis. Effective September 7, 1993 Big Horn further consolidated its common shares on a 7 for 1 basis and changed its name to Big Horn Resources Ltd.

Effective December 10, 2001, Westlinks Resources Ltd. changed its name to Enterra Energy Corp.

On March 26, 2002, Old Enterra redeemed 6,123,870 of its Series I Preferred Shares for \$2,300,000, resulting in a gain of \$2,905,290.

On April 12, 2002, Old Enterra was granted a 30-day extension for the 1,000,000 share purchase warrants which were exercisable until April 17, 2002. The expiry date was extended to May 17, 2002. The warrants expired on May 17, 2002 without being exercised.

On October 8, 2002, Old Enterra raised \$5 million for a sale-leaseback arrangement on some of its production equipment.

On October 8, 2002, Old Enterra purchased 3,300 acres of land in one of its core areas for \$2.5 million.

Old Enterra received \$18.3 million in 2003 as proceeds on the sale of miscellaneous non-core properties. These proceeds were applied to reduce bank debt and improve working capital.

On June 20, 2003, Old Enterra's common shares commenced trading on the Toronto Stock exchange under the symbol "ENT". They were previously trading on the TSX Venture Exchange.

On August 5, 2003 Old Enterra announced its intention to reorganize itself into an oil and gas income trust.

On September 30, 2003, Old Enterra redeemed all 611,803 outstanding Series I Preferred Shares for \$520,032.

On October 27, 2003 The American Stock Exchange began trading in options in Old Enterra under the symbol "EMU".

The Arrangement

The Arrangement received the approval of 99.37% of the votes cast by shareholders at a special meeting held on November 24, 2003. The Arrangement also received the approval of the Court of Queen's Bench of Alberta ont:14pt; margin-top:0pt; margin-bottom:12pt; font-size:12pt" align=center>Commission File Number: 0-32115

Enterra Energy Trust

(Translation of registrant's name into English)

2600, 500-4th Avenue S.W.

Calgary, Alberta T2P 2V6

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Canada

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

The Issuer is filing material documents not previously filed.

TABLE OF CONTENTS

The following documents are filed as part of this Form 6-K:

| <u>Exhibit</u> | <u>Description</u> |
|----------------|--|
| 99.1 | Material Change Report dated January 20, 2004 |
| 99.2 | Initial Annual Information Form dated May 19, 2004 |
| 99.3 | Revised Initial Annual Information Form dated May 19, 2004 |
| 99.4 | Cover letter dated September 29, 2004 |
| 99.5 | Form 52-109FT2 Certification of Interim Filings CEO dated August 4, 2004 |
| 99.6 | Form 52-109FT2 Certification of Interim Filings CFO dated August 4, 2004 |
| 99.7 | Cover Letter dated October 27, 2004 |
| 99.8 | Material Change Report dated October 28, 2004 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 26, 2005

Enterra Energy Trust

By:

/s/ E. Keith Conrad

Name:

E. Keith Conrad

Title

President and Chief Executive Officer

EXHIBIT INDEX

Under the terms of the Arrangement, Old Enterra was reorganized into the Trust and Enterra, which resulted in all of the assets of Old Enterra being transferred to the Partnership. Enterra manages the operations of the Partnership.

Pursuant to the Arrangement, the outstanding common shares of Old Enterra were exchanged by the holders thereof for an aggregate of 18,951,556 Trust Units.

Also, as part of the Arrangement, Enterra issued an aggregate of 2,000,000 Exchangeable Shares to former holders of Old Enterra common shares in accordance with elections made by such holders under the Arrangement. Each Exchangeable Share is exchangeable into Trust Units at any time. See "Additional Information Respecting Enterra Description of Share Capital Exchangeable Shares".

Events Occurring Following the Completion of the Arrangement

The Trust Units of Enterra Energy Trust commenced trading on the Nasdaq under the symbol "EENC" and the Toronto Stock Exchange ("TSX") under the symbol "ENT.UN" on Friday November 28, 2003.

On January 16, 2004 the Trust entered into a financing agreement whereby it will issue 1,650,000 Trust Units at a price of US\$10.00 per unit for gross proceeds of US\$16,500,000. Payment will be received pending registration of the Trust Units. The funds received from this financing will

applied to pay down debt and for general corporate purposes.

On February 20, 2004 the Trust completed a private placement of 1,049,400 Trust Units at a price of US\$11.25 per unit for gross proceeds of US\$11,805,750 (US\$10,265,463 net of financing costs). Funds received were applied to repay debt.

Significant Acquisitions

The Trust did not make any significant acquisitions or dispositions during the year ended December 31, 2003 other than the reorganization of assets occurring pursuant to the Arrangement.

DESCRIPTION OF THE BUSINESS OF THE TRUST

General

The principal undertaking of the Trust is to issue Trust Units and to acquire and hold debt instruments, securities, royalties and other interests. The direct and indirect subsidiaries of the Trust carry on the business of acquiring and holding interests in petroleum and natural gas properties and assets related thereto. Cash flow from the properties is flowed from Enterra to the Trust primarily through (i) payments of interest and principal in respect of the Enterra Debt, and (ii) dividends declared on the common shares of Enterra and/or redemptions of preferred shares of Enterra, which amounts are transferred from EEC Trust to the Trust as payments of interest or principal on the CT Note. Cash flow received by the Trust is distributed to the Unitholders on a monthly basis. See "Distributions".

Under the terms of the Trust Indenture, the Trust was created for the purposes of:

-

acquiring the Series A Notes and CT Note pursuant to the Arrangement;

-

investing in the CT Units;

-

acquiring, holding, transferring and disposing of, investing in and otherwise dealing with assets, securities (whether debt or equity) and other interests (including royalty interests) or properties of whatever nature or kind of, or issued by, Enterra, EEC Trust or any other entity in which the Trust owns, directly or indirectly, 50% or more of the outstanding voting securities, including, without limitation, bodies corporate, partnerships or trusts;

-

borrowing funds or otherwise obtaining at any time and from time to time or otherwise incurring any indebtedness for any of the purposes set forth in the Trust Indenture;

-

disposing of any part of the property of the Trust;

-

temporarily holding cash and other short term investments in connection with and for the purposes of the Trust's activities, including paying administration and trust expenses, paying any amounts required in connection with the redemption of Trust Units and making distributions to Unitholders;

-

issuing Trust Units, instalment receipts, and other securities (whether debt or equity) of the Trust (including securities convertible into or exchangeable for Trust Units or other securities of the Trust, or warrants, options or other rights to acquire Trust Units or other securities of the Trust), for the purposes of:

(i)

obtaining funds to conduct the activities described above, including raising funds for further acquisitions;

(ii)

repaying of any indebtedness or borrowings of the Trust or any affiliate thereof, including the Series A Notes and the CT Note;

(iii)

establishing and implementing Unitholder rights plans, distribution reinvestment plans, Trust Unit purchase plans, and incentive option and other compensation plans of the Trust, if any;

(iv)

satisfying obligations to deliver securities of the Trust, including Trust Units, pursuant to the terms of securities convertible into or exchangeable for such securities of the Trust, whether or not such convertible or exchangeable securities have been issued by the Trust; and

(v)

making non-cash distributions to Unitholders as contemplated by the Trust Indenture including distributions pursuant to distribution reinvestment plans, if any, established by the Trust;

•

guaranteeing the obligations of its affiliates pursuant to any debt for borrowed money or any other obligation incurred by such entity in good faith for the purpose of carrying on its business, and pledging securities and other property owned by the Trust as security for any obligations of the Trust, including obligations under any guarantee;

-

repurchasing or redeeming Trust Units or other securities of the Trust, subject to the provisions of the Trust Indenture and applicable law; and

-

engaging in all activities incidental or ancillary to any of the foregoing.

Strategy

Our business strategy is to grow our reserves and distributions by acquiring properties which provide additional production and potential for development upside. We are focused on per Unit growth. We will finance acquisitions with both debt and equity, the optimal mix being one which minimizes Unitholders dilution while maintaining a strong balance sheet. Our ability to replace and grow our reserves over time is the key success factor in our business strategy.

We intend to distribute approximately 80% of our available cash flow to our Unitholders. See "Distributions". Future growth will be financed with a combination of additional Trust Units and bank debt. The level of distribution to Unitholders will fluctuate depending on a number of factors, including future commodity prices and operating results. The portion of cash not distributed to Unitholders will be used for maintenance of capital or reduction of bank debt.

Risk Management and Marketing

We are exposed to all of the normal risks inherent within the oil and gas sector, including commodity price risk, foreign-currency rate risk, interest rate risk and credit risk. We manage our operations in a manner intended to minimize our exposure to such risks.

Credit Risk

Credit risk is the risk of loss resulting from non-performance of contractual obligations by a customer or joint venture partner. A substantial portion of our accounts receivable are with customers in the energy industry and are subject to normal industry credit risk. We assess the financial strength of our customers and joint venture partners through regular credit reviews in order to minimize the risk of non-payment.

Foreign Exchange Risk

We are exposed to market risk from changes in the exchange rate between U.S. and Canadian dollars. The price we receive for oil and natural gas production is based on a benchmark expressed in U.S. dollars, which is the standard for the oil and natural gas industry worldwide. Our monthly distributions are also based on a value expressed in U.S. dollars. However, we pay our operating expenses, drilling expenses and general overhead expenses in Canadian dollars. Changes to the exchange rate between U.S. and Canadian dollars can adversely affect us. When the value of the U.S. dollar increases, we receive higher revenue and when the value of the U.S. dollar declines, we receive lower revenue on the same amount of production sold at the same prices. A change of \$0.01 in the U.S. to CDN dollar would impact Enterra's earnings by approximately \$193,000 and its cash flow by approximately \$394,000.

Commodity Price Risk

Our financial condition, results of operations and capital resources are highly dependent upon the prevailing market prices of oil and natural gas. These commodity prices are subject to wide fluctuations and market uncertainties due to a variety of factors that are beyond our control. Factors influencing oil and natural gas prices include the level of global demand for crude oil, the foreign supply of oil and natural gas, the establishment of and compliance with production quotas by oil exporting countries, weather conditions which determine the demand for natural gas, the price and availability of alternative fuels and overall economic conditions. It is impossible to predict future oil and natural gas prices with any degree of certainty. Sustained weakness in oil and natural gas prices may adversely affect our financial condition and results of operations, and may also reduce the amount of oil and natural gas reserves that we can produce economically. Any reduction in our oil and natural gas reserves, including reductions due to price fluctuations, can have an adverse affect on our ability to obtain capital for our development activities. Similarly, any improvements in oil and natural gas prices can have a favorable impact on our financial condition, results of operations and capital resources. If the WTI oil price were to change by US\$1.00 per bbl, the impact on Enterra's earnings would be approximately \$869,000 and the impact on Enterra's cash flow would be approximately \$1,774,000. If natural gas prices were to change by US\$0.50 per mcf, the impact on Enterra's earnings would be approximately \$873,000 and the impact on Enterra's cash flow would be approximately \$1,781,000.

We periodically use hedges with respect to a portion of our oil and natural gas production to mitigate our exposure to price changes. While the use of these derivative arrangements limits the downside risk of price declines, such use may also limit any benefits which may be

derived from price increases.

Enterra had several costless collars and forward contracts in place during the year in order to minimize the volatility in crude oil pricing. Below is a summary of our hedging operations:

Hedging Summary

| Description | Quantity | Pricing | Gain (loss) on Contract |
|---|----------------------------|--------------------------------------|--|
| Oil Contract Oct. 1, 2000 To Sept 30, 2003 (Sold In January 2001) | 350/650 bbls of oil/day | US\$24.15 to US\$27.19 | \$1,680,000 |
| Zero collar f r o m November 1, 2001 to April 30, 2002 | 500 bbls of oil/day | Floor US\$20 Ceiling US\$24 | (\$41,878) |
| Zero collar f r o m October 1, 2 0 0 2 t o March 31, 2003 | 500 bbls of oil/day | Floor US\$22 Ceiling US\$28 | (\$65,440) |
| Natural gas c o n t r a c t from Nov 1, 2 0 0 2 t o March 31, 2003 | 1,500 mcf of gas/day | C\$4.60 per mcf | (\$486,225) |
| Natural gas c o n t r a c t from Nov 1, 2 0 0 2 t o March 31, 2003 | 1,500 mcf of gas/day | C\$4.45 per mcf | (\$520,200) |
| O i c o n t r a c t s from April | 12,000 bbls of oil/day | <u>Description</u> | |

1, 2003 to
December
31, 2003

- 99.1 Material
Change
Report dated
January 20,
2004
- 99.2 Initial
Annual
Information
Form dated
May 19,
2004
- 99.3 Revised
Initial
Annual
Information
Form dated
May 19,
2004
- 99.4 Cover letter
dated
September
29, 2004
- 99.5 Form
52-109FT2
Certification
of Interim
Filings CEO
dated August
4, 2004
- 99.6 Form
52-109FT2
Certification
of Interim
Filings CFO
dated August
4, 2004
- 99.7 Cover Letter
dated
October 27,
2004
- 99.8 Material
Change
Report dated
October 28,
2004

