

**Via Electronic Correspondence to Addressees Indicated in Schedule A**

March 30, 2007

The British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
New Brunswick Securities Commission

Dear Sirs:

**Re: Comments on Proposed National Instrument 41-101 *General Prospectus Requirements* ("NI 41-101")**

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We are responding to your notice and request for comment dated December 21, 2006 (the "Notice") on NI 41-101, the forms prescribed by NI 41-101 and the companion policy to NI 41-101.

***Penn West Energy Trust***

Penn West Energy Trust is an open-end investment trust created on April 22, 2005 under the laws of the Province of Alberta pursuant to a declaration of trust. CIBC Mellon Trust Company has been appointed as trustee under the declaration of trust. The beneficiaries of the trust are holders of the trust units. We commenced operations on June 30, 2005 as a trust entity as a result of the completion of a plan of arrangement under the *Business Corporations Act* (Alberta). Pursuant to this plan of arrangement, holders of common shares of Penn West Petroleum Ltd. received trust units for their common shares.

Penn West Energy Trust is a reporting issuer in each of the province of Canada. Our trust units are listed on the Toronto Stock Exchange and New York Stock Exchange.

Our controlled entities are actively engaged in the business of oil and natural gas exploration, development, acquisition and production in Canada with current production of approximately 130,000 barrels of oil equivalent per day. We have a current market capitalization of approximately \$8.3 billion, an enterprise value of approximately \$9.6 billion and book asset value of approximately \$7.0 billion.

***Comments***

We have two areas of substantial concerns relating to NI 41-101:

## **Trustee Certification**

We have a concern with respect to the prospectus certification requirements for trusts provided for in Sections 5.5(1) and (2) of Schedule 1 to NI 41-101. As Penn West Energy Trust has a corporate trustee, CIBC Mellon Trust Company, the requirement that the CEO and CFO of CIBC Mellon Trust Company and two directors of CIBC Mellon Trust Company execute any prospectus certificate is impracticable.

Our declaration of trust, like most public energy trusts, provides that the trustee is a corporate trustee appointed by our unitholders. Our declaration of trust delegates, among other things, the authority to make all decisions relating to public offerings, including the responsibility for executing prospectus certificates, to the board of directors of Penn West Petroleum Ltd., a subsidiary of Penn West Energy Trust. In addition, the board of directors of Penn West Petroleum Ltd. oversees all operations of the controlled entities of Penn West Energy Trust, including Penn West Petroleum Ltd., and all public reporting by Penn West Energy Trust. CIBC Mellon Trust Company's primary responsibilities are to hold the assets of Penn West Energy Trust (shares, subsidiary trust units, debt and net profit interests issued by Penn West Energy Trust's various controlled entities) and managing the cash distributions to unitholders. In performing its responsibilities under the declaration of trust CIBC Mellon Trust Company and its officer and directors would not be in a position to execute a prospectus certificate. We submit that requiring the certification of CIBC Mellon Trust Company would not add meaningful protection for investors.

We note that Section 5.5(3) of Schedule 1 to NI 41-101 provides an exemption from the requirements of Sections 5.5(1) and (2) of Schedule 1 to NI 41-101 to issuers that are investment funds in similar circumstances. We would submit that a similar exemption should be provided to trusts that meet the same criteria.

If no exemption is provided, we would submit that a reasonable transition period should be provided so that a meeting of unitholders of Penn West Energy Trust can be called to substantially reorganize the trust in order that we may have continued access to the public markets.

## **Certification of Substantial Beneficiaries**

We have serious concerns with respect to the prospectus certification requirements for a "significant beneficiary of the offering" provided for in Section 5.13 of Schedule 1 to NI 41-101. We believe that requiring a third party seller, dealing at arm's length with Penn West Energy Trust, to certify our prospectus will materially impair our ability to compete in making substantial acquisitions. In addition, if NI 41-101 is implemented in its current form our disposition practises will have to change to exclude any issuer from a sales process who will require Penn West Energy Trust to certify its prospectus.

We have grown our business through a combination of internally generated exploration and development activity as well as strategic acquisitions. In making acquisitions we compete with many public and private entities including large multinational corporations, senior Canadian and U.S. independents, trusts and junior issuers many of whom would not be effected by NI 41-101.

We are required to compete both on price and terms, including risk allocation between the buyer and seller. We have no ability to arbitrarily allocate risk to the seller. NI 41-101 would require the seller to not only accept greater risk relating to its properties than is common in the marketplace, but also have to assume risk with respect to Penn West Energy Trust's disclosure. Even if a seller were willing to accept this level of risk, which is unlikely, we would no doubt be required to increase the purchase price to compensate the seller for the assumption of this risk. We do not believe that paying an above market price for assets would be in the best interest of our unitholders.

We of course could seek other methods of financing such as private debt or private placements. These would have a number of disadvantages including potentially higher costs, assumption of greater leverage risk and exclusion of our retail unitholders from participating in such financings.

In the case of dispositions, we cannot envision any circumstances where we would be willing to execute a prospectus certificate of an issuer dealing at arm's length of us. No reasonable premium could be paid by an issuer to compensate us for this risk of executing such issuers prospectus compared to the price which could be paid by another buyer not subject to these rules. We also believe that it would be impracticable for Penn West Energy Trust to undertake the level of due diligence on such an issuer to comply with our disclosure and internal control requirements. By excluding potential buyers from a sale process we reduce the likelihood of receiving the highest price for our assets, which ultimately will adversely affect return to unitholders.

We respectfully submit that the negative impact of NI 41-101 on us, and ultimately our public unitholders who will bear the cost of NI 41-101, will far outweigh the additional investor protection provided to investors.

We respectfully submit that the provisions of Section 5.13 of Schedule 1 to NI 41-101 should be withdrawn or, if not withdrawn, modified to only apply to situations where the parties do not deal at arm's length.

Thank you for your consideration of the issues we have raised.

Yours truly,

**PENN WEST ENERGY TRUST**

A handwritten signature in black ink, appearing to read 'T. Takeyasu', with a long horizontal stroke extending to the right.

Todd Takeyasu  
Senior Vice-President and Chief Financial Officer  
Penn West Petroleum Ltd.

**SCHEDULE A**

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