enerPLUS

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March 2, 2007

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Dear Mr. Wells/Ms. Beaudoin:

Re: Request for Comment on Proposed Amendments to National Policy 41-201

This letter is in response to the request for comments on the proposed amendments to National Policy 41-201 Income Trusts and Other Indirect Offerings.

General Comments

The same concerns you are addressing in this policy also apply to corporations (for example; comparability, cash flow sustainability, and ability to pay dividends). If you believe in the value of this policy, that being to provide investors with sufficient information to make their investment decisions, then it should be equally applied to corporations.

If the Conservative Government's proposal to tax income trusts is passed without amendment, then you can expect the only trusts existing after 2011 will be real estate investment trusts ("REIT"). You may want to focus your efforts specifically on the REIT sector in light of this.

Applicability to Trusts that don't use Non-GAAP Measures or Claim Sustainability

We question whether the regulations of NP 41-201 will be "forced" on trusts that:

- do not use non-GAAP measures in their financial disclosure;
- explicitly state that their distributions will fluctuate from current levels and are not necessarily sustainable or guaranteed; and
- disclose that they have declining asset bases and that their business model does not necessarily require them to maintain future productive capacity.

Enerplus does not use non-GAAP measures in its financial disclosure. We reference "cash flow from operating activities" and "distributions to unitholders". Both of these measures are from our Consolidated Statements of Cash Flows.

Enerplus makes no claims that its monthly cash distributions are "sustainable". Our public documentation includes numerous references to the fact that distributions can fluctuate with commodity prices (among other things). The history of our distribution payments over the last 21 years demonstrates this trend.

Enerplus states in its financial disclosure that its oil and gas properties naturally decline over time and that it relies on capital spending and acquisitions to replenish this asset base. It is impossible to predict the size, cost or nature of future acquisitions. Furthermore, there are no assurances that we will be able to maintain production and reserves in the future. The business model for energy trusts anticipates and allows investors to achieve superior returns to that of alternative investments even as the overall asset base declines.

You state that: *"we intend the guidance regarding distributable cash contained in the policy to apply to all disclosure about cash available for distribution, regardless of the terminology used".* We strongly disagree with the notion that we are expected to reference non-GAAP measures such as "distributable cash", "non-recurring adjustments" and "cash required to maintain productive capacity" when we utilize cash flow from operating activities. Many of these measures are not appropriate for an energy trust as they involve forward-looking estimates and broad assumptions that defeat the purpose of comparability and consistency among issuers. Furthermore, these measures will be impossible to audit and we question how a CEO or CFO could "certify" financial disclosure of that nature. The lack of empirical support and forward-looking nature of these measures would only increase officers and company's exposure to litigation.

Distributable Cash

With reference to Section 2.1, distributable cash is considered a non-GAAP measure without any standardized meaning. We would suggest that the most comparable figure across all income trusts as well as all corporations would be the GAAP measure "cash flow from operating activities". Furthermore we oppose adding discretionary adjustments to this measure.

The deduction of discretionary "non-recurring adjustments" will defeat the objective of comparability. This will be open to wide interpretation and practice.

Maintenance Capital

The deduction of "maintenance capital" is extremely difficult for energy trusts. Firstly, our business model acknowledges the declining nature of our asset base and makes no claim of sustainability. Under National Instrument 51-101, energy trusts are required to provide extensive disclosure of their reserves in their Annual Information Forms. This information is provided for proven, probable, and recoverable reserves at constant and future pricing assumptions under a multitude of regulations. With all this reserve disclosure available to the public, investors have the opportunity to make their own assessment of our reserve status, and the future productive capacity of our assets. To attempt to summarize this information into a one-line adjustment to a non-GAAP measure for "Distributable Cash" is completely redundant and potentially very misleading.

Secondly, it is impossible to distinguish between capital spent to maintain capacity and capital spent on increasing capacity. The independent reserve reporting system used throughout the industry does not provide information that distinguishes this concept. The reserve reporting process is already fraught with significant variances due to professional judgment, well performance assumptions, commodity price assumptions, foreign exchange assumptions, inflation factors, estimates of future capital requirements and different risk tolerance classifications to name a few. It is naïve to think that an energy trust can simply include a provision for maintaining or replacing oil and gas reserves as some "hypothetical" calculation in the MD&A when it takes over 20 pages to summarize the nature of our reserves in our AIF.

You might consider making the disclosure of "maintenance capital" voluntary for those trusts that claim they have a sustainable business model. In some industries it may be easier to estimate the cost of maintaining future production capacity (infrastructure trusts and REITs come to mind). Even in these business sectors, we worry that there will be a broad variance in practices in this regard. We all know that unforeseen events can and do happen that challenge every business. It is impossible for management to capture these unforeseen risks in their estimate of maintenance capital. We believe that the CSA is overstepping the bounds of reasonableness when it asks CEO and CFO to forecast this future information and expose themselves to unnecessary litigation risks that are not common to all business ventures.

Cash Distributions and Future-Oriented Financial Information

Enerplus is opposed to providing guidance surrounding future-oriented financial information such as future cash distributions and future operating cash flows. Our cash flow is highly dependent on the commodities market and as a result we encourage investors to utilize their own commodity price assumptions to forecast future cash flows and cash distributions. As a policy, Enerplus does not predict future commodity prices nor does it predict future distribution levels.

The CEO and CFO are required to certify that the interim and annual filings do not contain any untrue statement or make a statement not misleading in light of the circumstances under which it was made. In addition, we certify that the other financial information fairly present in all material respects the financial condition, results of operations and cash flows of the trust. It is extremely difficult to certify with any degree of confidence future-oriented financial information. This policy would increase our legal liability exposure.

Net Income compared to cash available for distribution

We have included discussion and tabular analysis as suggested in Section 6.5.2 in our Management Discussion and Analysis ("MD&A"), however we believe the discussion of cash flow from operating activities compared to net income is not indicative of the productive capacity of an oil and gas trust. Net income includes non-cash items such as future income tax and depletion, depreciation, amortization and accretion ("DDA&A"); none of which should be used as a proxy for the cost of maintaining our productive capacity. DDA&A is based on the historical costs of our property plant and equipment ("PP&E") and not the fair market value of replacing those assets in the current environment. Furthermore, the level of investment in a given period may not be sufficient to replace productive capacity given the natural declines associated with oil and natural gas assets.

Promoter and Vendor Liability in Prospectus Offerings

We are uncertain as to your intentions with respect to Sections 4.3 and 4.4. Energy trusts are acquisitive by nature, and we regularly purchase properties and companies to supplement our reserve declines. Furthermore, we finance these acquisitions by issuing new equity. We hope that you don't intend to require a vendor to certify the prospectus disclosure of a trust issuer with respect to these types of transactions. If so, this would seriously restrict our ability to acquire properties and put us at a major competitive disadvantage relative to the oil & gas companies that we compete with for acquisitions.

Admittedly, the vendor in these circumstances indirectly receives a portion of the offering proceeds, however it is up to us to perform our due diligence on the acquisition and if the acquisition is significant, then NI 41-101 requires us to include audited results for the properties in question. This should be sufficient.

Other Comments

We offer the following comments in regards to the proposed amendments to NP 41-201:

- Section 2.4: We generally agree with your prospectus cover page disclosure

- Section 2.5: If a trust references the non-GAAP measure "distributable cash" then we agree with recommendations in S.2.5. However, we do not believe that this section should apply to a trust that does not use this non-GAAP measure.

- Section 2.6: If a trust references "distributable cash" then we agree they should reconcile it to cash flow from operating activity. We do not believe that deductions should be made for "non-recurring adjustments" or "other adjustments including discretionary items". This defeats the objective on enhancing comparability and minimizing divergent practices.

- Section 3.2 Material Debt: We agree with the proposed disclosure on Material Debt.

- Section 3.3: We disagree that debt agreements are material contracts that need to be filed on SEDAR. They are normal course contracts in our daily business just as they are for corporations. If investors have access to the debt covenants and terms as suggested in Section 3.2 then filing the agreements on SEDAR is redundant. These contracts are typically hundreds of pages long and without appropriate legal advice they can confuse and overwhelm the reader. Furthermore, they contain disclosure confidentiality conditions imposed by the lenders.

- Section 3.4: We agree with the proposed disclosure of debt as a risk factor.

- Section 3.5: We agree that a trust should disclose its stability rating provided the rating has been solicited. We also agree that trusts should not have to disclose unsolicited ratings.

- Section C Executive Compensation: We generally agree with your proposals. We question whether management contracts and incentive plans must be filed on SEDAR if the key details are adequately disclosed elsewhere.

Summary

In summary, we disagree with prescribing a set of discretionary calculations that continue to result in non-GAAP measures that will not be comparable across income trusts. The standardization of a distributable cash measure across the trust industry is a very difficult task given the diversity of businesses operating as trusts.

A trust that does not use non-GAAP measures for cash flow should not be forced to do so. Similarly, a trust that does not claim sustainability of its distributions or asset base should not be forced to disclose future-oriented and unsupportable non-GAAP forecasts in that regard. It is unreasonable to ask CEO's and CFO's to certify this type of information.

Furthermore, we would suggest the Commission review these recommendations in light of the disclosures currently required for dividend paying corporate entities.

We sincerely appreciate the opportunity to comment on the proposal for NI 41-201. We have attached excerpts from our 2006 MD&A (Appendix I) and AIF (Appendix II), in the hope it will demonstrate our approach to the issues at hand without attracting undue attention from your file reviewers.

I can be reached at (403) 298-1295 if you have any further questions.

Sincerely,

Robert J. Waters
Senior VP and CFO

cc: Gordon J. Kerr, President and CEO
Lara Gaede, Alberta Securities Commission
Jennifer Wong, Alberta Securities Commission
Chris Hicks, CICA

Appendix I – Excerpts from 2006 MD&A Disclosure

Liquidity and Capital Resources

Sustainability of our Distributions and Asset Base

As an oil and gas trust we have a declining asset base and therefore rely on acquisitions and ongoing development activities to replace production and add additional reserves. Our future oil and natural gas production and reserves are highly dependent on our success in exploiting our asset base and acquiring additional reserves. To the extent we are unsuccessful in these activities our cash distributions could be reduced.

Acquisitions and development activities may be funded internally by withholding a portion of cash flow or through external sources of capital such as debt or the issuance of equity. To the extent that we withhold cash flow to finance these activities, the amount of cash distributions will be reduced. Should external sources of capital become limited or unavailable, our ability to make the necessary acquisitions and development expenditures to maintain or expand our asset base may be impaired and the amount of cash distributions may be reduced.

Distribution Policy

The amount of cash distributions is proposed by management and approved by the Board of Directors. We continually assess distribution levels with respect to forecasted cash flows, debt levels and capital spending plans. The level of cash withheld has historically varied between 10% and 40% of annual cash flow from operating activities and is dependent upon numerous factors, the most significant of which are the prevailing commodity price environment, our current levels of production, debt obligations, our access to equity markets and funding requirements for our development capital program. Although we intend to continue to make cash distributions to our unitholders, these distributions are not guaranteed.

Cash Flow from Operating Activities, Cash Distributions and Payout Ratio

Cash flow from operating activities and cash distributions are reported on the Consolidated Statements of Cash Flows.

During 2006 cash distributions of $614.3 million were funded entirely through cash flow of $863.7 million. Our payout ratio, which is calculated as cash distributions divided by cash flow, was 71% for 2006 compared to 64% in 2005.

After consideration of cash distributions, the balance of our 2006 cash flow of $249.4 million was used to fund approximately 47% of our net capital expenditures. Our remaining net capital expenditures of $296.5 million were financed from the proceeds of our March 2006 equity issue and through additional debt. For more information, refer to the Capital Expenditures section of the MD&A.

In aggregate, our 2006 cash distributions of $614.3 million and our net capital expenditures of $526.4 million totaled $1,140.7 million, or approximately 132% of our cash flow of $863.7 million. We rely on access to capital markets to the extent cash distributions and net capital expenditures exceed cash flow. Over the long term we would expect to support our distributions and capital expenditures with our cash flow; however, we would continue to fund acquisitions and growth through additional debt and equity. There will be years, especially when we are investing capital in opportunities that do not immediately generate cash flow (such as our Joslyn oil sands project) that this relationship will vary. In the oil and gas sector, because of the nature of reserve reporting, the natural reservoir declines and the risks involved in capital investment, it is difficult to distinguish between capital spent on maintaining productive capacity and capital spent on growth opportunities. Therefore we do not disclose maintenance capital separate from development capital spending.

For the year ended December 31, 2006 our cash distributions exceeded our net income by $69.5 million (2005 - $66.2 million). Net income includes $318.9 million of non-cash items (2005 - $342.6 million) such as DDA&A and future income taxes that do not reduce our cash flow from operations. Charges such as DDA&A are not a good proxy for the cost of maintaining our productive capacity as they are based on the historical costs of our PP&E and not the fair market value of replacing those assets within the context of the current commodity price environment. Future income taxes can fluctuate from period to period as a result of changes in tax rates, or based on the royalty, interest and dividends from our operating subsidiaries to the Fund, all of which are not indicative of the productive capacity of our entity. The level of investment in a given period may not be sufficient to replace productive capacity given the natural declines associated with oil and natural gas assets. In these instances a portion of the cash distributions paid to unitholders may represent a return of the unitholders' capital.

The following table compares cash distributions to cash flow and net income.

($ millions, except per unit amounts)	2006	2005
Cash flow from operating activities:	**$863.7**	$774.6
Use of cash flow:		
Cash distributions	**$614.3**	$498.2
Capital expenditures	**249.4**	276.4
	$863.7	$774.6
Excess of cash flow over cash distributions	**$249.4**	$276.4
Net income	**$544.8**	$432.0
Shortfall of net income over cash distributions	**$(69.5)**	$(66.2)
Cash distributions per weighted average trust unit	**$5.05**	$4.57
Payout ratio [1]	**71%**	64%

[1] Based on cash distributions divided by cash flow from operating activities.

Asset Retirement Costs

Actual asset retirement costs incurred in the period are deducted for purposes of calculating cash flow. Differences between actual site restoration costs incurred and the amortization of the capitalized asset retirement cost and accretion of the asset retirement obligation are discussed in the Asset Retirement Obligations section of the MD&A and Note 4.

Risk Factors and risk management

Enerplus investors are participating in the net cash flow from a portfolio of crude oil and natural gas producing properties. As such, the cash distributions and the value of Enerplus units are subject to numerous risk factors. These risk factors, many of which are associated with the oil and gas industry, include, but are not limited to, the following influences:

Commodity Price Risk

Enerplus' operating results and financial condition are dependent on the prices we receive for our crude oil and natural gas production. These prices may fluctuate widely in response to a variety of factors including global and domestic economic conditions, weather conditions, the supply and price of imported oil and liquefied natural gas, the production and storage levels of North American natural gas, political stability, transportation facilities, the price and availability of alternative fuels and government regulations.

We may use financial derivative instruments and other hedging mechanisms to help limit the adverse effects of natural gas and oil price volatility. However, we do not hedge all of our production and expect there will always be a portion that remains unhedged. Furthermore, we may use financial instruments that offer only limited protection within selected price ranges. To the extent price exposure is hedged, we may forego the

benefits that would otherwise be experienced if commodity prices increase. Refer to the price risk management section.

Oil and Gas Reserves Risk

The value of our trust units are based on the underlying value of the oil and gas reserves. Geological and operational risks can affect the quantity and quality of reserves and the cost of ultimately recovering those reserves. Lower oil and natural gas prices may increase the risk of write-downs of our oil and gas property investments. Regulatory changes to reserve reporting practices can also result in reserve write-downs.

Operational Inflation Risk

Over the last few years we have experienced inflationary pressures on both our development capital costs and our operating costs. Higher costs decrease the amount of cash flow from our operating activities which may affect the amount of distributions to unitholders.

Production Replacement Risk

Oil and natural gas reserves naturally deplete as they are produced over time. Our ability to replace production depends on our success in acquiring new reserves and developing existing reserves. Acquisitions of oil and gas assets depend on our assessment of value at the time of acquisition. Incorrect assessments of value can adversely affect distributions to unitholders and the value of our trust units.

Access to Capital Markets

Our access to capital has allowed us to fund a portion of our acquisitions and development capital program through equity and debt, and as a result distribute the majority of our cash flow to our unitholders. As such, we are dependent on continued access to the capital markets to fund our activities directed towards maintaining and increasing value for our unitholders. To the extent the cash flow retained by the Fund together with new equity and debt financing is not sufficient to cover required capital expenditures then cash distributions to unitholders may be reduced.

Appendix II – Excerpts from 2006 Draft AIF Disclosure

RISK FACTORS

Trust Units are inherently different from capital stock of a corporation, although many of the business risks to which Enerplus is subject are similar to those that would be faced by a corporation engaged in the oil and gas business. Prospective investors should carefully consider the following risk factors, together with other information contained in this Annual Information Form and the information incorporated by reference, before investing in the Trust Units. The following risk factors have been organized into separate sections dealing with risks related to Enerplus' business and operations, risks relating to ownership of the Trust Units and Enerplus' structure and risks specifically applicable to Unitholders who are not residents of Canada.

Risks Related to Enerplus' Business and Operations

Volatility in oil and natural gas prices could have a material adverse effect on Enerplus' results of operations and financial condition which, in turn, could affect the market price of Trust Units and the amount of distributions to unitholders.

Enerplus' results of operations and financial condition are dependent on the prices it receives for the oil and natural gas it sells. Oil and natural gas prices have fluctuated widely during recent years and are likely to continue to be volatile in the future. Oil and natural gas prices may fluctuate in response to a variety of factors beyond Enerplus' control, including:

- global energy policy, including the ability of OPEC to set and maintain production levels and prices for oil;
- political conditions, including the risk of hostilities in the Middle East and global terrorism;
- currency fluctuations;
- global and domestic economic conditions;
- weather conditions;
- the supply and price of imported oil and liquefied natural gas;
- the production and storage levels of North American natural gas;
- the level of consumer demand;
- the price and availability of alternative fuels;
- the proximity of reserves to, and capacity of, transportation facilities;
- the effect of world-wide energy conservation measures; and
- government regulations.

Any decline in crude oil or natural gas prices may have a material adverse effect on Enerplus' operations, financial condition, borrowing ability, reserves and the level of expenditures for the development of Enerplus' oil and natural gas reserves. Any resulting decline in Enerplus' cash flow could reduce distributions paid to the Fund's unitholders.

Enerplus may use financial derivative instruments and other hedging mechanisms to try to limit a portion of the adverse effects resulting from volatility in natural gas and oil commodity prices. To the extent Enerplus hedges its commodity price exposure, it may forego the benefits it would otherwise experience if commodity prices were to increase. In addition, Enerplus' commodity hedging activities could expose it to losses. These losses could occur under various circumstances, including if the other party to Enerplus' hedge does not perform its obligations under the hedge agreement.

An increase in operating costs or a decline in Enerplus' production level could have a material adverse effect on results of operations and financial condition and, therefore, could reduce distributions to unitholders.

Higher operating costs for the underlying properties of Enerplus will directly decrease the amount of cash flow received by the Fund and, therefore, may reduce distributions to Enerplus' unitholders. Electricity, chemicals, supplies, reclamation and abandonment, energy services and labour costs are a few of Enerplus' operating costs that are susceptible to material fluctuation.

The level of production from Enerplus' existing properties may decline at rates greater than anticipated due to unforeseen circumstances, many of which are beyond Enerplus' control. A significant decline in production could result in materially lower revenues and cash flow and, therefore, could reduce the amount of cash distributions to unitholders.

Enerplus' distributions may be reduced during periods in which it makes capital expenditures or debt repayments using cash flow.

To the extent that Enerplus uses cash flow from its Operating Subsidiaries to finance acquisitions, development costs and other significant capital expenditures, the net cash flow that the Fund receives will be reduced. Hence, the timing and amount of capital expenditures may affect the amount of net cash flow received by the Fund and, as a consequence, the amount of cash distributions Enerplus' unitholders. To the extent that external sources of capital, including the issuance of additional Trust Units, becomes limited or unavailable, Enerplus' ability to make the necessary capital investments to maintain or expand its oil and gas reserves and to invest in assets, as the case may be, will be impaired. To the extent that Enerplus is required to use cash flow to finance capital expenditures, property acquisitions or asset acquisitions, as the case may be, the level of its cash distributions will be reduced or even eliminated.

The board of directors of EnerMark has the discretion to determine the extent to which cash flow from the Fund's Operating Subsidiaries will be allocated to the payment of debt service charges as well as the repayment of outstanding debt. Funds used for such purposes will not be payable to the Fund. As a consequence, the amount of funds retained by the Fund's Operating Subsidiaries to pay debt service charges or reduce debt will reduce the amount of cash distributed to the Fund's unitholders during those periods in which funds are so retained. In addition, variations in interest rates and scheduled principal repayments, if required under the terms of banking agreements, could result in significant changes in the amount required to be applied to debt service before payment of any amounts by the Operating Subsidiaries to the Fund. Certain covenants in agreements with lenders may also limit payments by these subsidiaries to the Fund. Although lines of credit are believed to be sufficient, there can be no assurance that the amount will be adequate for the financial obligations of Enerplus or that additional funds can be obtained. Furthermore, if the Fund's Operating Subsidiaries are unable to pay their debt service charges or otherwise commit an event of default such as bankruptcy, lenders may rank senior to securities or royalties of the Operating Subsidiaries which are held by the Fund, which will result in a decrease of the amount of cash paid to the Fund and subsequently distributed from the Fund to its unitholders.

The retention of cash flow in the Operating Subsidiaries of the Fund to finance capital expenditures or debt repayments may result in current income taxes being incurred by the Canadian Operating Subsidiaries and/or increased incomes taxes payable by the U.S. Operating Subsidiary or other direct or indirect subsidiaries of the Fund. Payment of cash income taxes may in turn reduce the cash distribution made by the Fund to unitholders.

A return on an investment in the Fund is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment in the Fund is at risk, and the anticipated return on such investment is based on many performance assumptions. Although the Fund intends to make distributions of its available cash to unitholders of the Fund, these cash distributions may be reduced or suspended. Cash distributions are not guaranteed. The actual amount distributed will depend on numerous factors including: the financial performance of the Operating Subsidiaries of the Fund, debt obligations, commodity prices, production levels, working capital requirements, future capital requirements, applicable law (including income tax laws and environmental laws) and other factors beyond the control of the Fund. In addition, the market value of the Fund's Trust Units may decline if the Fund's cash distributions decline in the future, and that decline may be material.

If Enerplus is unable to add additional reserves, the value of the Trust Units and the Fund's distributions to unitholders would be expected to decline.

Enerplus adds to its oil and natural gas reserves primarily through acquisitions and ongoing development, together with certain exploration activities. As a result, Enerplus' future oil and natural gas reserves are highly dependent on its success in exploiting its reserve base and acquiring additional reserves. Exploitation and development risks arise for Enerplus and, as a result, may affect the value of the Trust Units and distributions to unitholders due to the uncertain results of searching for and producing oil and natural gas using imperfect scientific methods. Enerplus also has historically distributed the majority of its net cash flow to unitholders rather than reinvest it in reserve additions. Therefore, if capital from external sources is not available on commercially reasonable terms, Enerplus' ability to make the necessary capital investments to maintain or expand its oil and natural gas reserves will be impaired. Even if the necessary capital is available, Enerplus cannot assure prospective investors that it will be successful in acquiring additional reserves on terms that meet its investment objectives. Without these reserve additions, Enerplus' reserves will deplete and, as a consequence, either its production or the average life of its reserves will decline. Either decline may result in a reduction in the value of the Trust Units and in a reduction in cash distributions to the Fund's unitholders.

Enerplus' actual reserves will vary from its reserve estimates, and those variations could be material.

The value of the Trust Units depends upon, among other things, the reserves attributable to Enerplus' properties. Estimating reserves is inherently uncertain. Ultimately, actual reserves attributable to Enerplus' properties will vary from estimates, and those variations may be material. The reserve information contained in this Annual Information Form is only an estimate. A number of factors are considered and a number of assumptions are made when estimating reserves. These factors and assumptions include, among others:

historical production in the area compared with production rates from similar producing areas;

future commodity prices, production and development costs, royalties and capital expenditures;

initial production rates;

production decline rates;

ultimate recovery of reserves;

success of future exploitation activities;

marketability of production;

effects of government regulation; and

other government levies that may be imposed over the producing life of reserves.

Reserve estimates are based on the relevant factors, assumptions and prices on the date the evaluations were prepared. Many of these factors are subject to change and are beyond Enerplus' control. If these factors, assumptions and prices prove to be inaccurate, Enerplus' actual reserves could vary materially from its reserve estimates. Additionally, all such estimates are, to some degree, uncertain and classifications of reserves are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the economically recoverable quantities of oil and natural gas, the classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially.

Estimates with respect to reserves that may be developed and produced in the future (particularly oil sands reserves) are often based upon volumetric calculations and upon analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history may result in variations in the estimated reserves.

Reserve estimates may require revision based on actual production experience. Such figures have been determined based upon assumed oil, natural gas and NGLs prices and operating costs. Market price fluctuations of commodity prices may render uneconomic the recovery of certain categories of petroleum or natural gas or grades of bitumen. Moreover, short term factors relating to oil sands [resources] may impair the profitability of the Joslyn Project in any particular period. No assurance can be provided as to the gravity or quality of bitumen produced from the Joslyn Project

When making acquisitions, Enerplus forms estimates of future performance of the assets to be acquired that may prove to be inaccurate.

When acquiring assets, Enerplus is subject to inherent risks associated with predicting the future performance of those assets. Enerplus makes certain estimates and assumptions respecting the prospectivity and characteristics of the assets it acquires which may not be realized over time. As such, assets acquired may not possess the value Enerplus attributed to them, which could adversely impact Enerplus' cash flows and distributions to its unitholders.

An initial assessment of an acquisition may be based on a report by engineers or firms of engineers that have different evaluation methods, approaches and assumptions than those of Enerplus' engineers, and these initial assessments may differ significantly from Enerplus' subsequent assessments.

Enerplus' indebtedness may limit the timing or amount of the distributions that the Fund pays to unitholders.

The payments of interest and principal with respect to Enerplus' indebtedness ranks ahead of payments of cash from Enerplus' Operating Subsidiaries to the Fund and therefore reduces the amount of cash available to fund cash distributions to unitholders. Enerplus has an unsecured credit facility available to it at variable interest rates. In addition, Enerplus has swapped US$175 million of its U.S. dollar denominated senior unsecured notes with fixed interest rates into Canadian dollar denominated floating rate debt. Variations in interest rates and scheduled principal repayments could result in significant changes to the amount of the cash flows required to be applied by the Operating Subsidiaries to their debt before payment of any amounts by them to the Fund. The agreements governing this credit facility and the senior unsecured notes each stipulate that if Enerplus is in default or fails to comply with certain covenants, the Fund's ability to make distributions to unitholders may be restricted. In addition, the Fund's right to receive payments from its Operating Subsidiaries is expressly subordinated to the rights of the lenders under the credit facility and the holders of the senior unsecured notes. See "Debt of Enerplus".

Enerplus' credit facility and any replacement credit facility may not provide sufficient liquidity.

The amounts available under Enerplus' credit facility may not be sufficient for future operations, or Enerplus may not be able to obtain additional financing on attractive economic terms, if at all. Enerplus' credit facility is available on a three year term, extendable each year with a bullet payment required at the end of three years if the facility is not renewed. If this occurs, Enerplus may need to obtain alternate financing. Additionally, Enerplus must repay principal in five equal annual instalments on approximately $268.3 million of senior notes commencing June 19, 2010 and on US$54.0 million of senior notes commencing October 1, 2011. See "Debt of Enerplus". Any failure to obtain replacement financing, or financing on favourable terms, may have a material adverse effect on Enerplus' business, and distributions to unitholders may be materially reduced or eliminated, as repayment of such debt has priority over the payment of cash from the Operating Subsidiaries to the Fund, and as a result, from the Fund to unitholders.

A decline in Enerplus' ability to market oil and natural gas production could have a material adverse effect on its production levels or on the price that Enerplus receives for production which, in turn, could reduce distributions to its unitholders.

Enerplus' business depends in part upon the availability, proximity and capacity of natural gas gathering systems, pipelines and processing facilities. Canadian federal and provincial, as well as United States federal and state, regulation of oil and gas production, processing and transportation, tax and energy policies, general economic conditions, and changes in supply and demand could adversely affect Enerplus' ability to produce and market oil and natural gas. If market factors change and inhibit the marketing of Enerplus' production, overall production or realized prices may decline, which could reduce distributions to unitholders.

Delays in business operations could adversely affect the Fund's distributions to unitholders.

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of Enerplus' properties, and the delays of those operators in remitting payment to Enerplus, payments between any of these parties may also be delayed by:

restrictions imposed by lenders;

accounting delays;

delays in the sale or delivery of products;

delays in the connection wells to a gathering system;

blowouts or other accidents;

adjustments for prior periods;

recovery by the operator of expenses incurred in the operation of the properties; or

the establishment by the operator of reserves for these expenses.

Any of these delays could reduce the amount of cash distributions to Enerplus' unitholders in a given period and expose Enerplus to additional third party credit risks.

Risks Related to Enerplus' Structure and the Ownership of the Trust Units

The rights of an Enerplus unitholder differ from those associated with other types of investments.

The Trust Units do not represent a traditional investment in the oil and natural gas sector and should not be viewed by investors as shares in a corporation involved in the oil and gas business. The Trust Units represent an equal fractional beneficial interest in the Fund. Although the Trust Indenture generally provides a unitholder of the Fund with substantially all of the material protections, rights and remedies as a shareholder would have under the Business Corporations Act (Alberta), the ownership of the Trust Units does not provide unitholders with the statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring "oppression" or "derivative" actions. Additionally, the Fund and/or its unitholders may not be able to benefit from or utilize insolvency or restructuring legislation to the same extent as if the Fund were a corporation as the Fund is not a legally recognized entity within the definitions of statutes such as the Bankruptcy and Insolvency Act (Canada) or the Companies' Creditors Arrangement Act (Canada). The unavailability of these statutory rights may also reduce the ability of the Fund's unitholders to seek legal remedies against other parties on Enerplus' behalf.

The Trust Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although the Fund qualified at Closing as a "mutual fund trust" as defined by the Tax Act, the Fund is not a "mutual fund" as defined by applicable securities legislation.

The Trust Units are also unlike conventional debt instruments in that there is no principal amount owing directly to unitholders. The Trust Units will have no value when reserves from Enerplus' properties can no longer be economically produced or marketed. Unitholders will only be able to obtain a return of the capital they invested during the period when reserves may be economically recovered and sold. Accordingly, the distributions unitholders receive over the life of an investment may not meet or exceed the initial capital investment.

Changes in market-based factors may adversely affect the trading price of the Trust Units.

The market price of the Trust Units is primarily a function of anticipated distributions to unitholders and the value of the properties owned by Enerplus. The market price of the Trust Units is therefore sensitive to a variety of market based factors including, but not limited to, interest rates and the comparability of the Fund's Trust Units to other yield-oriented securities. Any changes in these market-based factors may adversely affect the trading price of the Trust Units.