

PEYTO

Energy Trust

January 14, 2009

International Accounting Standards Board
30 Cannon Street
London, United Kingdom
EC4M 6XH

RE COMMENTS ON EXPOSURE DRAFT FOR IFRS PROPOSED AMMENDMENTS

Dear IASB,

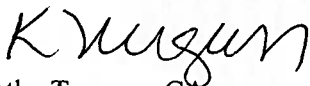
Peyto Energy Trust is a publicly traded natural gas exploration and production company with operations in Canada which has been in business for a period of ten years. We have grown our business organically through drilling activities and have spent more than \$1.5 billion dollars on building assets during this time. Peyto currently uses the full cost method of accounting to account for its fixed asset accounts as permitted under Canadian GAAP and therefore all costs associated with the exploration and development of natural gas properties is recorded in a single pool. All depletion, depreciation, the measurement of impairment provisions are all recorded directly to the full cost pool. As a result, costs recorded to the pool lose their identity as specific assets for both accounting and tax purposes.

The conversion to IFRS as it is currently published would result in a very costly and difficult process of creating new records from historical information as at the transition date. The users of our financial statements, being investors, bankers and creditors rely not on our book value of assets but rather our volume of natural gas reserves, the discounted and undiscounted value of those reserves and our ability to generate cash flow from these reserves. The re-creation of historical records related to fixed asset accounts would be of no benefit to the users as noted above.

As outlined in the Canadian joint industry associations submission of January 30, 2008 to Mr. Paul Cherry, Chair of the Accounting Standards Board at the Canadian Institute of Chartered Accountants and to Ms. Liz Hickey, Director of Technical Activities at the International Accounting Standards Board, it was requested that the IASB consider amending IFRS 1 to allow the historic net book value of the fixed assets accounts to be allocated at the IFRS transition date between exploration and evaluation assets and property, plant and equipment, subject to capitalization limits imposed by impairment testing.

Our company strongly endorses the exemption for full cost oil and gas companies as specifically outlined in the September 25, 2008 IASB Exposure Draft titled "Additional Exemptions for First-time Adopters – Proposed amendments to IFRS 1". Attached are our detailed responses to the questions posed in the Exposure Draft.

Yours truly,



Kathy Turgeon, CA
Chief Financial Officer

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Attachment: Peyto Energy Comments on Exposure Draft for IFRS 1 Proposed Amendments

Question 1: Do you agree with the proposed deemed cost option for entities using full cost accounting under previous GAAP? Why or why not? If not, what alternative do you propose and why?

Response: Peyto Energy Trust strongly agrees and endorses the proposed deemed cost option. As outlined in the cover letter above, even with our ability to grow our business organically the change from the full cost method of accounting to a more specific asset approach on adoption would be costly, difficult and would not be of benefit to the users of our financial statements. All costs (more than \$1.5 billion) have been recorded into a single pool under full cost accounting; these assets no longer have their specific identity for accounting or taxation purposes.

As the users of our financial statements rely heavily on our volume of natural gas reserves, the discounted and undiscounted value of those reserves and our ability to generate cash flow from these reserves, this costly exercise would be of benefit to no one.

Question 2: Do you agree with the proposed disclosure requirements relating to the deemed cost option for oil and gas assets? Why or why not?

Response: Peyto Energy Trust agrees with the proposed disclosure requirements relating to the deemed cost options for oil and gas assets. Disclosure of the election to use the exemption outlined in the exposure draft, and the basis of carrying value allocations to the new categories of fixed asset accounts provides stakeholders with the information to understand the effects of the transition from the previous GAAP to IFRS.

Question 3: Do you agree with the proposed deemed cost option for entities with operations subject to rate regulation? Why or why not? If not, what alternative do you propose and why?

Response: Peyto Energy Trust has no opinion on this as it does not affect our users.

Question 4: Do you agree with the proposal not to require the reassessment of whether an arrangement contains a lease in the circumstances described in this exposure draft? Why or why not?

Response: Peyto Energy Trust has no opinion on this as it does not affect our users.

Question 4: Do you agree with the situation referred to in Question 4 is the only one in which additional relief of this type is needed? If not, in what other situations is relief necessary and why?

Response: Peyto Energy Trust has no opinion on this as it does not affect our users.