



Harvest Energy Trust

Harvest Energy Trust – News Release (HTE.UN – TSX)

HARVEST ENERGY TRUST AND STORM ENERGY LIMITED ANNOUNCE AGREEMENT TO COMBINE THROUGH A PLAN OF ARRANGEMENT, AND THE CREATION OF A NEW GROWTH- ORIENTED JUNIOR PRODUCER

Calgary, April 19, 2004 (TSX: HTE.UN) – Harvest Energy Trust ("Harvest") (HTE.UN - TSX) and Storm Energy Limited ("Storm") (SEM -TSX) announced today that they have entered into an agreement to effect a business combination through a Plan of Arrangement (the "Arrangement") whereby Harvest will acquire all the outstanding shares of Storm for approximately \$189 million, including assumed net debt of approximately \$64 million. The Arrangement contemplates Harvest and Storm combining their assets into Harvest and transferring certain of Storm's growth assets to a separate growth-oriented junior exploration and production company ("ExploreCo").

Each Storm shareholder will receive \$4.15 of consideration per Storm share from Harvest, in addition to other consideration from Storm, pursuant to the Arrangement. The consideration from Harvest will be in the following form, at the election of the Storm shareholder:

- \$4.15 per share in cash to a maximum aggregate cash amount of \$75 million; or
- 0.281 of an exchangeable share of Harvest Operations Corp., exchangeable into Harvest trust units, to a maximum aggregate of 2 million exchangeable shares; or
- 0.281 of a Harvest trust unit, to a maximum aggregate of 8 million units and exchangeable shares combined.

Should Storm shareholders elect to receive more than 2 million exchangeable shares, each Storm shareholder will receive a pro rata amount based on their elected amount as a percentage of the total amount elected, and trust units for the remainder. Should the number of trust units and exchangeable shares elected exceed 8 million, in aggregate, each Storm shareholder who elected to receive such consideration will receive a pro rata amount and cash for the remainder. Should all Storm shareholders elect cash, each Storm common share will be exchanged for \$2.51 cash and 0.111 of a Harvest trust unit.

Each exchangeable share will be exchangeable into a Harvest trust unit at any time following completion of the Plan of Arrangement, at no additional consideration. This exchange ratio will increase by the amount of monthly distributions made by Harvest subsequent to that date. Non-resident and tax exempt shareholders of Storm will only be eligible to receive trust units or cash from Harvest.

In addition, each Storm shareholder will receive one common share of ExploreCo and approximately 0.053 common shares of Rock Energy Inc. ("Rock") for each common share of Storm held.

The shareholders of Storm will be asked to approve the Arrangement at a special meeting to be held in June 2004.

Arrangement Highlights (net of ExploreCo assets):

- current production of approximately 4,200 BOE per day (acquisition parameter of \$45,000 per BOE per day), concentrated primarily in the Red Earth area of North Central Alberta;
- proven plus probable reserves at January 1, 2004, as determined by McDaniel & Associates and Paddock Lindstrom & Associates, of 14.2 million BOE (acquisition parameter of \$13.30 per BOE);
- reserve life index of 9.2;
- recycle ratio of approximately 2x;
- light gravity crude oil averaging 38° API and natural gas;
- predominately high quality, mature production from large original-oil-in-place reservoirs supported by waterflood;
- 80% of the acquired production is operated;
- an inventory of property enhancement projects including infill drilling, fluid handling optimization, waterflood opportunities and natural gas development; and
- included with these properties, Harvest will acquire the following complementary assets:
 - approximately 10,048 net acres of undeveloped land;
 - 8 central processing batteries 2 natural gas processing facility.

Benefits to Harvest Unitholders:

Harvest believes the properties acquired through the Arrangement will enhance value for Unitholders by providing the following strategic and financial benefits:

- accretive to Harvest's 2004 cash flow per trust unit;
- diversify Harvest's production base by adding current production of approximately 4,200 BOE/d (1.4 mmcfd, 4,000 bpd) of natural gas and light oil production;
- increase Harvest's reserve weighting to light/medium oil to 68%, reducing heavy oil weighting to approximately 28%;
- increase Harvest's proved plus probable reserve base to approximately 47 million BOE;
- based on current production, increase Harvest's proved plus probable reserve life index from approximately 6 to 6.7;
- enhance Harvest's netbacks as a result of the average lower operating cost of the Storm properties and higher per BOE realizations;
- provide an expanded base of production compatible with Harvest's proven operating competencies; and
- add a new core area for additional low cost growth in the form of property enhancement and consolidation of additional interests through acquisitions.

Although the Arrangement is accretive to cash flow per trust unit, Harvest currently forecasts that it will maintain its monthly distribution at \$0.20 per trust unit. Additional cash flow derived from the Arrangement will be used to fund Harvest's ongoing property enhancement program, acquisition strategy and to repay debt.

Reserves Summary:

An evaluation of the properties being acquired through the Arrangement has been performed by McDaniel & Associates Consultants ("McDaniel") and Paddock Lindstrom & Associates ("PLA") adjusted to give effect to reserve additions achieved in the first quarter and certain assets to be assigned to ExploreCo. The following table outlines the reserves forecast to be acquired effective January 1, 2004:

	Oil (mbbl)	NGL (mbbl)	Natural Gas (mmcf)	BOE (mboe) ⁽²⁾
Total Proven	9,162	660	7,635	11,094
Proved Plus Probable	11,842	776	9,410	14,186

Property Summary:

The properties being acquired through the Arrangement are predominantly comprised of a producing area located in the Red Earth area of North Central Alberta as well as minor properties located in West Central Alberta and Northeast British Columbia. The Red Earth area is comprised of large operated oil pools produced into predominately company-operated facilities. The majority of the drilling has occurred during the 1990s, with subsequent modern facilities construction. In addition to the stable, predictable base of existing production, Harvest has identified 38 additional infill-drilling locations and other production optimization and cost reduction opportunities. Harvest senior management has direct experience in the Red Earth area of Alberta and possesses considerable expertise in both the operational and technical features of this area.

Arrangement Summary:

The Directors of each of Harvest and Storm have approved the Arrangement. Storm management and Directors, representing approximately 23% of the issued and outstanding Storm common shares, have indicated they intend to vote in favour of the Arrangement. The Board of Directors of Storm has agreed to pay Harvest a fee of \$6.0 million if the Arrangement is not completed under certain conditions. Storm has agreed to terminate any discussions with other parties and will not solicit any other proposals. As well, Harvest has agreed to pay Storm \$1.6 million in the event the Arrangement does not proceed due to a breach of certain conditions by Harvest.

The Board of Directors of Storm has concluded, based on considerations including the recommendation of a committee of independent Directors that the Arrangement is in the best interests of the shareholders and has unanimously resolved to recommend that shareholders vote their shares in favour of the Arrangement. FirstEnergy Capital Corp. is acting as financial advisor to Storm and has also provided an opinion to the Board of Directors of Storm that the consideration to be received by the shareholders of Storm, pursuant to the Arrangement, is fair from a financial point of view, to Storm shareholders.

Storm anticipates mailing an Information Circular with details of the Arrangement in May and expects to call a shareholder meeting to consider the Arrangement in June. The effective date of the Arrangement is expected to be in June 2004. The Arrangement will be subject to the receipt of all necessary shareholder, court and regulatory approvals and consents.

2004 Full Year Guidance:

Combining the incremental production from the properties being acquired through the Arrangement, for the period from July 1, 2004 to December 31, 2004 with Harvest's existing base of production, Harvest expects average production for 2004 to be between 16,750 and 17,500 BOE/d, with an estimated exit rate in 2004 of between 18,750 and 19,250 BOE/d.

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