



TSX: CR

CREW ENERGY INC. (TSX-CR) OF CALGARY, ALBERTA IS PLEASED TO PRESENT ITS FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2006.

## Highlights

- First quarter production averaged 5,731 boe/d, an increase of 50% over the first quarter of 2005 and 21% over the fourth quarter of 2005;
- Increased production per share by 38% over the first quarter of 2005 and 15% over the fourth quarter of 2005;
- Completed a successful first quarter capital program including the drilling of 20 (16.8 net) wells with a 100% success rate and the acquisition of a 15% interest in a 90 mmcf per day gas facility and associated production and reserves;
- Exited the first quarter with in excess of 1,400 boe per day of production awaiting production start-up;
- Funds from operations in the first quarter totalled \$15.1 million, a 44% increase over the first quarter of 2005;
- Maintained operating costs of \$5.07 per boe and total cash costs of \$6.24 per boe which is among the lowest in the Company's peer group;

FINANCE (\$ thousands, except per share amounts)	Three months ended March 31, 2006	Three months ended March 31, 2005	% Chg
<b>Petroleum and natural gas sales</b>	24,792	16,035	55
<b>Funds from operations</b> (note 1)	15,063	10,463	44
Per share - basic	0.45	0.39	15
- diluted	0.44	0.33	33
<b>Net income</b>	3,594	4,288	(16)
Per share - basic	0.11	0.16	(31)
- diluted	0.11	0.14	(21)
Exploration and development capital expenditures	40,242	21,640	86
Acquisitions (net of dispositions)	15,929	-	N/A
<b>Total capital expenditures</b>	56,171	21,640	160
Working capital deficiency (excl. bank loan)	11,844	9,063	31
Bank loan	35,904	6,038	495
<b>Net debt</b>	47,748	15,101	216
<b>Weighted average shares</b> (thousands)			
Basic	33,284	26,781	24
Diluted	34,101	31,393	9

Notes:

- (1) Funds from operations is calculated as cash provided by operating activities from the statement of cash flows, adding change in non-cash working capital and asset retirement expenditures. Funds from operations is used to analyze the Company's operating performance and leverage. Funds from operations does not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations of similar measures for other companies.

OPERATIONS	Three months ended March 31, 2006	Three months ended March 31, 2005	% Chg
<b>Daily production</b>			
Light oil and ngl (bbl/d)	825	928	(11)
Natural gas (mcf/d)	29,436	17,432	69
Oil equivalent (boe/d @ 6:1)	5,731	3,833	50
<b>Average prices</b>			
Light oil and ngl (\$/bbl)	59.77	56.08	7
Natural gas (\$/mcf)	7.68	7.24	6
Oil equivalent (\$/boe)	48.07	46.48	3
<b>Operating expenses</b>			
Light oil and ngl (\$/bbl)	5.24	4.05	29
Natural gas (\$/mcf)	0.84	0.64	31
Oil equivalent (\$/boe)	5.07	3.87	31
<b>Operating netback (\$/boe)</b>	30.36	31.07	(2)
G&A (\$/boe)	0.77	0.82	(6)
Interest and other (\$/boe)	0.40	(0.08)	N/A
<b>Funds from operations netback (\$/boe)</b>	29.19	30.33	(4)
<b>Drilling Activity</b>			
Gross wells	20	8	150
Working interest wells	16.8	6.8	147
Success rate, net wells	100%	100%	

Notes:

(1) Operating netback equals total revenue less royalties and operating costs calculated on a boe basis. Operating netback and funds from operations netback do not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations of similar measures for other companies.

## OPERATIONAL UPDATE

### Edson, Alberta

Crew finalized the acquisition of a 15% working interest in a 90 mmcf/d sour gas processing facility in the first quarter for \$12.0 million. Subsequently, the Company completed the construction of a six inch 19 km pipeline connecting its Edson gas production to this facility and in mid-April, the pipeline became operational.

The Edson area was Crew's most active in the first quarter of 2006 with the Company drilling seven (7.0 net) wells and re-entering one (1.0 net) well with 100% success. Only one of these wells is currently on production with the other seven at various stages of tie-in and completion. Crew has plans to drill another 12 wells in the area before year-end. The Company is in the process of installing additional compression in the area to increase its take away capacity to 21 mmcf/d. Crew has grown its acreage position at Edson to over 60 net sections of land which is expected to fuel continued growth.

### Ferrier, Alberta

At Ferrier, in west central Alberta, Crew has been actively acquiring land on several exploration projects. The Company now owns over 50 net sections of land in this area and has plans to drill up to seven wells at Ferrier in 2006.

#### **Laprise/Inga, British Columbia**

The Company completed the acquisition of 15 square miles of 3-D seismic in Laprise and Inga in northeast British Columbia. Final interpretation of the data is in progress and Crew expects to drill two to three wells in these areas in 2006.

#### **Viking-Kinsella/Plain Lake**

Crew drilled three (3.0 net) gas wells in the Viking-Kinsella area in the first quarter of 2006. All three wells have been cased and are awaiting completion and tie-in. The Company expects to drill another 15 wells in this area prior to year-end. Crew's land position in this area now totals over 100 sections.

#### **Wimborne-Drumheller**

Crew drilled six (3.5 net) gas wells in the Wimborne area in the first quarter of 2006. These wells targeted the Belly River, Viking and Glauconite Formations. One of these wells is now on production with the remaining five scheduled to start production late in the second quarter or early in the third quarter of 2006.

Crew's lands in the Wimborne area are surrounded by new natural gas developments targeting the Horseshoe Canyon coals. Typical Horseshoe Canyon natural gas developments would incorporate the drilling of four to eight wells per section with production rates of 70-300 mcf/d per well.

#### **EXPLORATION**

At Hanlan, Alberta, Crew is planning to spud a 4,200 meter Winterburn test well targeting gas condensate from the Nisku Formation. If successful, the Company controls additional land on which to drill follow-up wells.

At Ferrier, Crew is planning to drill a 2,400 meter Viking test well for light oil. A well on trend in the area was drilled in 2005 and is producing over 300 bopd of light sweet oil from the Viking Formation. If successful, Crew could drill up to six wells on this prospect.

At Medicine River, Alberta, Crew is planning to drill a 2,400 meter exploration test targeting gas/condensate from the Elkton Formation. This well will also evaluate the Ellerslie and Rock Creek Formations which are prospective in the area. Also at Medicine River, Crew has plans to drill a 3,200 meter Leduc reef prospect.

#### **OUTLOOK**

Crew's successful first quarter drilling program has increased the Company's current production capability to over 7,000 boe/d. Once road bans are removed in the second half of the quarter, the Company is preparing to bring on approximately 1,200 boe/d out of 1,400 boe/d of production currently awaiting tie-in and production start-up. The majority of this volume is planned to be on stream late in June and into July. Crew's 2006 average production forecast remains at 6,500 to 7,000 boe/d with a planned production exit rate of 7,500 to 8,000 boe/d.

The Company's successful winter drilling and seismic acquisition program has resulted in the addition of several new exploration and development locations being added to our 2006 and 2007 capital program. As a result, the Company has never had a stronger inventory of drillable prospects. In addition, several "high impact" exploration wells are planned throughout the remainder of 2006 that could, if successful, add substantially to the Company's production and reserve base. Crew is looking forward to its summer drilling program and updating shareholders on its exploration and development drilling program in its second quarter report.

On behalf of the Board,

Dale Shwed  
President and C.E.O.

May 10, 2006

## Management's Discussion and Analysis

Management's discussion and analysis ("MD&A") is the Company's explanation of its financial performance for the period covered by the financial statements along with an analysis of the Company's financial position. Comments relate to and should be read in conjunction with the consolidated financial statements of the Company for the three month period ended March 31, 2006 and 2005 and the audited consolidated financial statements and MD&A for the year ended December 31, 2005. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

Barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. All boe conversions in this report are derived by converting natural gas to oil in the ratio of six thousand cubic feet ("mcf") of gas to one barrel ("bbl") of oil. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Certain financial values are presented on a per boe basis. Such measurements may not be consistent with those used by other companies.

Crew evaluates performance based on net income and funds from operations. Funds from operations is a measure not based on GAAP and is commonly used in the oil and gas industry. It represents cash provided by operating activities before changes in non-cash working capital and asset retirement expenditures. The Company considers it a key measure as it demonstrates the ability of the business to generate the cash flow necessary to fund future growth through capital investment and to repay debt. In addition, management uses netbacks, a non-GAAP term to analyze operating performance. Operating netback equals total revenue less royalties and operating costs calculated on a boe basis.

Certain of the statements set forth under "Management's Discussion and Analysis" and elsewhere in this press release, including statements which may contain words such as "could", "expect", "believe", "will", "budgeted", "forecasted" and similar expressions and statements relating to matters that are not historical facts, are forward-looking and are based upon the Company's current belief as to the outcome and timing of such future events. There are numerous risks and uncertainties that can affect the outcome and timing of such events, including many factors beyond the control of the Company. These factors include, but are not limited to the matters described under the heading "Risk and Risk Management" in the Company's December 31, 2005 MD&A. Should one or more of these events occur, or should any of the underlying assumptions prove incorrect, the Company's actual results and plans for 2006 and beyond could differ materially from those expressed in the forward-looking statements. The Company does not undertake to update, revise or correct any of the forward-looking information except as required by law or regulations. Such forward-looking statements should be read in conjunction with the Company's disclosures under the heading: "CAUTIONARY STATEMENT" contained in this release.

**PRODUCTION** Production for the quarter ended March 31, 2006 averaged 5,731 boe/d, an increase of 50% over the 3,833 boe/d produced in the first quarter of 2005. Natural gas volumes grew to 29.4 mmcf/d, a 69% increase over the 17.4 mmcf/d for the first quarter of 2005. Increased gas production came from new wells at Edson and Viking-Kinsella, Alberta and Inga, British Columbia. Light oil and natural gas liquids ("ngl") production decreased 11% to 825 bbl/d in the first quarter compared to 928 bbl/d in the first quarter of 2005. Light oil and ngl production decreased as a result of regulatory restrictions on light oil production at Laprise, British Columbia.

**REVENUE** Revenue for the first quarter totalled \$24.8 million including natural gas revenue of \$20.4 million and light oil and ngl revenue of \$4.4 million. These amounts compared to first quarter 2005 revenue of \$16.0 million including natural gas revenue of \$11.4 million and light oil and natural gas liquids revenue of \$4.6 million. The increased 2006 natural gas revenue was the result of the 69% increase in natural gas production and a 6% increase in natural gas prices from \$7.24 in the first quarter of 2005 to \$7.68 in 2006. The decrease in oil and ngl revenue was the result of the 11% decrease in production partially offset by a 7% increase in oil and ngl pricing from \$56.08 in 2005 to \$59.77 in the first quarter of 2006.

**ROYALTIES** Royalties for the first quarter of 2006 totalled \$6.1 million (\$6.0 million net of \$0.12 million of Alberta royalty tax credits) or 24.6% of revenue compared to \$3.7 million or 22.8% of revenue for the first quarter of 2005. Royalty rates as a percentage of revenue have increased in 2006 due to certain crown royalty incentive programs expiring and increased production from new natural gas wells which attract higher royalty rates.

**OPERATING COSTS** Operating costs for the three months ended March 31, 2006 totalled \$2.6 million or \$5.07 per boe compared to \$1.3 million or \$3.87 for the same period in 2005. Oil and ngl operating costs have increased to \$5.24 per bbl in the first quarter of 2006 from \$4.05 per bbl in the first quarter of 2005 as a result of inflationary pressures within the industry. Natural gas operating costs per unit have increased in the first quarter of 2006 to \$0.84 per mcf from \$0.64 in the first quarter of 2005. This increase was the result of continued inflationary pressures seen throughout the industry and an increase in the amount of the Company's natural gas production being processed at a higher cost through third party facilities. Operating costs are expected to decrease over the remainder of 2006 due to the transfer of processing of the Company's Edson production from a third party facility to a Company owned facility commencing in April 2006.

**TRANSPORTATION** Transportation costs for the first quarter of 2006 were \$0.5 million or \$1.06 per boe compared to \$0.4 million or \$1.28 per boe in the first quarter of 2005. Oil transportation costs per unit have decreased in 2006 due to decreased production from Laprise, which attracts a higher transportation charge. Gas transportation costs per unit have increased to \$0.17 per mcf from \$0.14 per mcf in 2005 due to increased production from Inga which attracts a higher transportation charge as well as a one time retroactive transportation charge for the Company's British Columbia natural gas production.

#### OPERATING NETBACKS

	Three months ended March 31, 2006			Three months ended March 31, 2005		
	Oil and ngl (\$/bbl)	Natural Gas (\$/mcf)	Total (\$/boe)	Oil and ngl (\$/bbl)	Natural Gas (\$/mcf)	Total (\$/boe)
Revenue	\$ 59.77	\$ 7.68	\$ 48.07	\$ 56.08	\$ 7.24	\$ 46.48
Royalties	(13.33)	(1.93)	(11.82)	(10.54)	(1.77)	(10.62)
Alberta royalty tax credit			0.24			0.36
Operating costs	(5.24)	(0.84)	(5.07)	(4.05)	(0.64)	(3.87)
Transportation costs	(1.24)	(0.17)	(1.06)	(2.65)	(0.14)	(1.28)
Operating netbacks	\$ 39.96	\$ 4.74	\$ 30.36	\$ 38.84	\$ 4.69	\$ 31.07

**GENERAL AND ADMINISTRATIVE** General and administrative expenses for the first quarter of 2006 totalled \$0.4 million or \$0.77 per boe compared to \$0.3 million or \$0.82 per boe for the first quarter of 2005. The Company's general and administrative costs per boe have decreased in 2006 as a result of the Company's increased production volumes. Crew follows the full cost method of accounting for its petroleum and natural gas operations under which \$0.4 million (2005 – \$0.3 million) of corporate expenses were capitalized during the first quarter.

**STOCK-BASED COMPENSATION** For the first three months of 2006, the Company has recorded a stock-based compensation expense totalling \$0.5 million or \$1.07 per boe compared to \$0.1 million or \$0.28 per boe for the first quarter of 2005. The increase in stock-based compensation is a result of granting stock options to new and existing employees in 2005 combined with an increase in the Company's share price. In conjunction with its full cost method of accounting for its petroleum and natural gas operations, the Company has capitalized \$0.5 million (2005 - \$0.1 million) of compensation costs.

**DEPLETION, DEPRECIATION AND ACCRETION** The provision for depletion, depreciation and accretion was \$8.9 million or \$17.23 per boe for the three months ended March 31, 2006. This compares to a first quarter 2005 provision of \$3.8 million or \$11.04 per boe. Per unit depletion has increased in 2006 due to an increase in the average cost of the Company adding reserves over the past year and increased capital expenditures on facilities in the first quarter of 2006.

**NET INCOME** Net income in the first quarter of 2006 was \$3.6 million compared with \$4.3 million in the first quarter of 2005. On a per share basis net income was \$0.11 per basic share and \$0.11 per diluted share compared to \$0.16 basic and \$0.14 diluted in the first quarter of 2005. The Company's decrease in net income was predominantly the result of increased operating expenses and depletion and depreciation expense.

**LIQUIDITY AND CAPITAL RESOURCES** At March 31, 2006, the Company had drawn \$35.9 million on its bank lines and had a working capital deficiency of \$11.8 million. The Company currently has a demand operating facility of \$90 million.

The Company's capital budget for 2006 is \$115 million. The Company intends to finance its 2006 capital expenditures through a combination of cash flow from operations and the Company's available bank facility.

In February, the Company renounced \$10.0 million of Canadian tax deductions to purchasers of the Company's December 2005 flow-through share issue. The future tax impact of this renouncement was charged to the Company's future tax liability and share capital in the first quarter.

As at May 10, 2006, 33,317,882 Common Shares and 787,000 Class C Performance Shares of the Company were outstanding along with 1,811,500 options to acquire Common Shares of the Company.

**OPERATIONS AND CAPITAL EXPENDITURES** During the first quarter, Crew successfully drilled 20 (16.8 net) natural gas wells and completed 23 (20.2 net) wells, some of which had been drilled in previous quarters. The Company also continued to add to its infrastructure, acquiring a 15% working interest in a 90 mmcf/d gas facility in the Edson area. In addition, the Company spent \$3.5 million acquiring prospective lands in its main operating areas in central Alberta through Crown land sales. Total exploration and development expenditures for the first quarter of 2006 were \$40.2 million compared to \$21.7 million for the first three months of 2005. The expenditures are detailed below:

(thousands)	Three months ended March 31, 2006	Three months ended March 31, 2005
Land	\$ 3,546	\$ 3,015
Seismic	2,710	960
Drilling and completions	24,171	10,560
Facilities, equipment and pipelines	9,438	6,767
Other	377	338
Total exploration and development	40,242	21,640
Property acquisitions	15,929	-
Total capital expenditures	\$ 56,171	\$ 21,640

**QUARTERLY ANALYSIS** The following table summarizes the Crew's key quarterly financial results for the last eight quarters:

(\$ thousands, except per share amounts)	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004
Petroleum and natural gas sales	24,792	30,520	22,304	18,673	16,035	12,721	9,194	8,328
Funds from operations	15,063	21,084	15,423	12,521	10,463	8,330	5,906	5,171
Per share – basic	0.45	0.69	0.56	0.47	0.39	0.33	0.23	0.21
– diluted	0.44	0.65	0.48	0.40	0.33	0.28	0.20	0.18
Net income	3,594	8,746	6,328	5,279	4,288	3,358	2,064	1,840
Per share – basic	0.11	0.28	0.23	0.20	0.16	0.13	0.08	0.07
– diluted	0.11	0.27	0.20	0.17	0.14	0.11	0.07	0.07
Total daily production (boe/d)	5,731	4,730	4,093	4,217	3,833	3,112	2,428	2,160

Prior to the first quarter of 2006, the Company's petroleum and natural gas sales, funds from operations and net income all grew quarter over quarter as a result of increasing production complemented by increasing commodity prices. In the first quarter of 2006, all three performance measures declined from the previous quarter despite continued production growth. The decline in petroleum and natural gas sales, compared to the fourth quarter of 2005, was directly related to the significant decline in natural gas pricing from \$11.86/mcf in the fourth quarter to \$7.68/mcf in the first quarter. Funds from operations and net income were also impacted by declining natural gas prices along with an increase in the Company's cost structure resulting from the inflationary pressures that have been experienced throughout the oil and gas sector over the past year.

Dated as of May 10, 2006

## Consolidated Balance Sheets

<i>(thousands)</i>	March 31, 2006 (unaudited)	December 31, 2005
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalent	\$ -	\$ 16,302
Accounts receivable	13,310	18,874
	<b>13,310</b>	<b>35,176</b>
Property, plant and equipment (note 2)	211,547	162,428
	<b>\$ 224,857</b>	<b>\$ 197,604</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 25,155	\$ 41,751
Bank loan (note 3)	35,904	-
	<b>61,059</b>	<b>41,751</b>
Asset retirement obligations (note 4)	8,379	7,182
Future income tax liability	24,575	19,177
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 5)	89,315	92,653
Contributed surplus (note 5)	2,781	1,687
Retained earnings	38,748	35,154
	<b>130,844</b>	<b>129,494</b>
	<b>\$ 224,857</b>	<b>\$ 197,604</b>

See accompanying notes to the consolidated financial statements.

## Consolidated Statements of Operations and Retained Earnings

<i>(unaudited) (thousands, except per share amounts)</i>	Three months ended March 31, 2006	Three months ended March 31, 2005
<b>Revenue</b>		
Petroleum and natural gas sales	\$ 24,792	\$ 16,035
Royalties	(5,973)	(3,539)
Other revenue	41	49
	<b>18,860</b>	<b>12,545</b>
<b>Expenses</b>		
Operating	2,614	1,336
Transportation	545	441
General and administrative	395	283
Interest	199	8
Stock-based compensation	551	98
Depletion, depreciation and accretion	8,885	3,808
	<b>13,189</b>	<b>5,974</b>
Income before taxes	5,671	6,571
Taxes		
Current	44	14
Future	2,033	2,269
	<b>2,077</b>	<b>2,283</b>
<b>Net income</b>	<b>3,594</b>	<b>4,288</b>
Retained earnings, beginning of period	35,154	10,513
Retained earnings, end of period	\$ 38,748	\$ 14,801
Net income per share amounts (note 5(d))		
Basic	\$ 0.11	\$ 0.16
Diluted	\$ 0.11	\$ 0.14

See accompanying notes to the consolidated financial statements.

## Consolidated Statements of Cash Flows

<i>(unaudited, thousands)</i>	Three months ended March 31, 2006	Three months ended March 31, 2005
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net income	\$ 3,594	\$ 4,288
Items not involving cash:		
Stock-based compensation	551	98
Depletion, depreciation & accretion	8,885	3,808
Future income taxes	2,033	2,269
Asset retirement expenditures	(85)	-
Change in non-cash working capital	804	(1,813)
	15,782	8,650
<b>Financing activities:</b>		
Increase in bank loan	35,904	6,038
Increase (decrease) in common shares	19	(42)
	35,923	5,996
<b>Investing activities:</b>		
Exploration and development	(40,242)	(21,640)
Property acquisitions	(15,929)	-
Change in non-cash working capital	(11,836)	(75)
	(68,007)	(21,715)
<b>Change in cash and cash equivalents</b>	<b>(16,302)</b>	<b>(7,069)</b>
Cash and cash equivalents, beginning of period	16,302	7,069
Cash and cash equivalents, end of period	\$ -	\$ -

See accompanying notes to the consolidated financial statements.

# Notes to Consolidated Financial Statements

For the three months ended March 31, 2006 and March 31, 2005  
(unaudited) (Tabular amounts in thousands)

## 1. SIGNIFICANT ACCOUNTING POLICIES:

The interim consolidated financial statements of Crew Energy Inc. have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended December 31, 2005. The disclosure which follows is incremental to the disclosure included with the December 31, 2005 consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2005.

Certain comparative amounts have been reclassified to conform to current period presentation.

## 2. PROPERTY, PLANT AND EQUIPMENT:

March 31, 2006	Cost	Accumulated depletion & depreciation	Net book value
<b>Petroleum and natural gas properties and equipment</b>	<b>\$ 250,413</b>	<b>\$ 38,866</b>	<b>\$ 211,547</b>

  

December 31, 2005	Cost	Accumulated depletion & depreciation	Net book value
Petroleum and natural gas properties and equipment	\$ 192,573	\$ 30,145	\$ 162,428

The cost of unproven lands at March 31, 2006 of \$23,779,000 (2005 – \$12,346,000) has been excluded from the depletion calculation.

During the three months ended March 31, 2006, \$946,000 (2005 – \$384,000) of corporate costs related to exploration and development activities were capitalized.

## 3. BANK LOAN:

Crew has a \$90 million demand operating facility with a Canadian chartered bank, which is available by way of prime rate based loans or bankers acceptances. The facility revolves at the Company's discretion, is repayable on demand of the bank and is secured by a first floating charge debenture over all of Crew's petroleum and natural gas assets.

Cash interest expense paid during the three months ended March 31, 2006 totalled \$251,000 (2005 – nil).

## 4. ASSET RETIREMENT OBLIGATIONS:

Crew has estimated the net present value of its total asset retirement obligation as at March 31, 2006 to be \$8,379,000 (December 31, 2005 – \$7,182,000) based on a total future liability of \$16,315,000 (December 31, 2005 – \$13,414,000). These payments are expected to be made over the next 39 years. An 8% (2005 – 8%) credit adjusted risk free discount rate and 2% (2005 – 2%) inflation rate were used to calculate the present value of the asset retirement obligation.

The following table reconciles Crew's asset retirement obligations:

	Three months ended Mar. 31, 2006	Year ended Dec. 31, 2005
Carrying amount, beginning of period	\$ 7,182	\$ 4,984
Liabilities incurred	882	1,581
Liabilities acquired	236	-
Accretion expense	164	474
Change in estimate	-	242
Liabilities settled	(85)	(99)
<b>Carrying amount, end of period</b>	<b>\$ 8,379</b>	<b>\$ 7,182</b>

## 5. SHARE CAPITAL:

### (a) Common Shares:

	Number of shares	Amount
Common shares, December 31, 2005	33,282	\$ 92,645
Exercise of stock options	3	19
Stock-based compensation		8
Flow through shares tax adjustment		(3,365)
<b>Common shares, March 31, 2006</b>	<b>33,285</b>	<b>\$ 89,307</b>

### (b) Contributed Surplus:

	Amount
Contributed surplus, December 31, 2005	\$ 1,687
Stock-based compensation	1,102
Conversion of stock options	(8)
<b>Contributed surplus, March 31, 2006</b>	<b>\$ 2,781</b>

### (c) Stock-based compensation:

During the first three months of 2006, the Company recorded \$1,102,000, (2005 – \$195,000) of compensation expense related to the performance shares and stock options, of which \$551,000, (2004 – \$98,000) was capitalized in accordance with the Company's full cost accounting policy.

#### (i) Performance shares

	Number of shares	Amount
Class C, performance shares, December 31, 2005	787	\$ 8
<b>Class C, performance shares, March 31, 2006</b>	<b>787</b>	<b>\$ 8</b>

#### (ii) Stock options

	Number of Options	Price Range	Weighted average exercise price
Balance December 31, 2005	1,848	\$3.50 to \$18.60	\$ 15.65
Exercised	3	\$3.60 to \$7.44	\$ 6.16
<b>Balance March 31, 2006</b>	<b>1,845</b>	<b>\$3.50 to \$18.60</b>	<b>\$ 15.67</b>

**(d) Per share amounts:**

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the period ended March 31, 2006 was 33,284,000 (March 31, 2005 – 26,781,000).

In computing diluted earnings per share for the three months ended March 31, 2006, 817,000 (March 31, 2005 – 4,612,000) shares were added to the weighted average number of common shares outstanding for the dilution added by the performance shares and stock options.

**(e) Flow through shares**

On December 20, 2005, the Company closed a public offering in which 1,790,600 shares were issued for gross proceeds of \$35,006,000. Of the shares issued, 416,700 shares were issued on a flow-through basis in which the Company has committed to renounce to the purchasers certain Canadian tax deductions totalling \$10,000,800. Pursuant to the terms of the flow-through arrangement, the Company renounced \$10,000,800 of Canadian tax deductions and recorded the future tax liability associated with this renouncement in the first quarter of 2006. As at March 31, 2006, the Company had \$2.0 million of expenditures to incur under this arrangement.

# Corporate Information

## HEAD OFFICE

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## ABBREVIATIONS

bbl	barrels
bbl/d	barrels per day
bcf	billion cubic feet
boe	barrels of oil equivalent (6 mcf: 1 bbl)
bopd	barrels of oil per day
mmbtu	million British thermal units
mboe	thousand barrels of oil equivalent (6 mcf: 1 bbl)
mmboe	million barrels of oil equivalent (6 mcf: 1 bbl)
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mmcf	million cubic feet
mmcf/d	million cubic feet per day
ngl	natural gas liquids

## CAUTIONARY STATEMENT

This press release contains forward-looking statements relating to Management's approach to operations, expectations relating to the number of wells, amount and timing of capital projects, company production, commodity prices, foreign exchange rates, royalties, operating costs and funds flow. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by Crew at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; fluctuations in oil and gas prices; the ability to produce and transport crude oil and natural gas to markets; the result of exploration and development drilling and related activities; fluctuation in foreign currency exchange rates; the imprecision of reserve estimates; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; decisions or approvals of administrative tribunals; change in environmental and other regulations; risks associated with oil and gas operations; the weather in the Company's areas of operations; and other factors, many of which are beyond the control of the Company. There is no representation by Crew that actual results achieved during the forecast period will be the same in whole or in part as that forecast.