

Enterra Energy Governance Guidelines

The term “Trust” refers to Enterra Energy Trust, the term “Corporation” refers to Enterra Energy Corp., the term “Enterra” refers collectively to the Trust, the Corporation and their subsidiaries, the term “Board” refers to the board of directors of the Corporation, and the term “Chair” refers to the chair of the Board.

I. Introduction

- A. The Board believes that the principal objective of the Corporation, in its capacity as administrator of the Trust, is to generate economic returns to the unitholders of the Trust. The Board believes that good governance practices provide an important foundation for a timely response by the Board to situations that may directly affect unitholder value.
- B. The Board wishes to emphasize that the substance of good corporate governance is more important than its form; adoption of a set of guidelines or principles or any particular practice or policy is not a substitute for, and does not itself assure, good corporate governance.

II. Board Administration Guidelines

The mandate of the Board defines its role. The following outlines the key guidelines governing how the Board will operate to carry out its duties of stewardship and accountability, referred to as the “Guidelines”.

A. The Board-Management Relationship

- (1) While the Board is called upon to manage or to supervise the management of the business by law, this is done by proxy through the President and CEO, who is charged with the day-to-day leadership and management of the Corporation.
- (2) The CEO’s prime responsibility is to lead the Corporation. The CEO formulates the policies and proposed actions and presents them to the Board for approval.

B. Business Strategy

Management is responsible for the development of an overall strategy to be presented to the Board. The Board’s role is to ensure there is a strategic planning process, and then review, question, validate, and ultimately approve the strategy and monitor its implementation.

C. Business Risks

The Board should have a continuing understanding of the principal risks associated with the Business, and it is the responsibility of management to ensure the Board and its committees are kept well informed of the principle risks and the implementation of the systems to manage these risks. The principal mechanisms through which the Board reviews risks are:

- (1) on-going reports by the CEO and management;
- (2) the strategic planning process; and
- (3) through the work of the Audit Committee.

D. Succession Planning

The Board considers succession planning and management development to be an ongoing process, including annual reports to the Board by the CEO. The succession planning process is within the mandate of the Governance and Nominating Committee. The CEO’s views as to a successor in the event of unexpected incapacity should be discussed regularly with the Governance and Nominating Committee.

E. Board Communication Policy

- (1) The Board approves the content of the Trust's major communications to unitholders and the investing public, including quarterly and annual reports, management proxy circulars, annual information forms and any prospectuses that may be issued.
- (2) However, the Board believes that it is the function of senior management to speak for Enterra in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that the Chairman or other individual directors may, from time to time, be requested by the CEO to assist with such communications.
- (3) It is expected that when communications from stakeholders are made to the Board Chair or to other individual directors, the CEO, if appropriate, will be informed and consulted to determine any appropriate response to be made by the Board Chair or management, as the case may be.

F. Evaluation of the CEO

The Board is committed to an annual performance evaluation of the CEO. The CEO evaluation process is within the mandate of the Compensation Committee.

G. Board Composition

- (1) The Board shall be composed of at least three members appointed by the unitholders at the annual meetings.
- (2) A majority of the Board must qualify as "independent" directors in accordance with the definition of "independent" director from time to time under the requirements or guidelines for board service under applicable securities laws and the rules of any stock exchange on which the units of the Trust are listed for trading. Currently, the applicable definitions of independence are National Instrument 58-101 of the Canadian Securities Administrators and Section 303A.02 of the Corporate Governance Rules of the New York Stock Exchange ("NYSE")
- (3) Any director who is an independent director and whose circumstances change such that he or she might be considered to be a non-independent director shall promptly advise the Board of the change in circumstances.
- (4) At its meeting to approve the Information Circular for the annual meeting of the unitholders of the Trust each year, the Board will consider and determine whether a director or nominee to be a director is an independent director.
- (5) The Board prefers to have the CEO as the only management member on the Board, although there may be times when it is appropriate to have an additional management member on the Board. The maximum number of management or inside directors on the Board will be two.

H. Criteria for Board Membership

- (1) The Governance and Nominating Committee will review each year the general and specific criteria applicable to candidates to be considered for nomination to the Board.
- (2) The objective of this review will be to maintain the composition of the Board in a way that provides the best mix of skills and experience to guide the long-term strategy and ongoing business operations of Enterra.
- (3) This review will take into account the desirability of maintaining a reasonable diversity of background skills and experience and personal characteristics among the directors, along with the key common characteristics required for effective Board participation.

I. Selection of New Directors

- (1) The Board is responsible for identifying suitable candidates to be recommended for election to the Board at the direction of the unitholders.
- (2) The Governance and Nominating Committee has the responsibility of gathering the names of potential nominees, screening their qualifications against the current skill and experience needs of the Board and making recommendations to the full Board.

- (3) All directors are encouraged to identify potential candidates for consideration by the Governance and Nominating Committee.
- (4) The Chairman and the CEO may provide additional input to the Governance and Nominating Committee in connection with the process.
- (5) An invitation to stand as a nominee for election to the Board will normally be made to a candidate by the Board through the Chairman.

J. Directors who Change Their Present Job Responsibility

- (1) A director, including the CEO, if he/she is serving on the Board and has a change in personal circumstances which would reasonably interfere with his or her ability to serve as a Director, including a conflict of interest, or which would reflect poorly on the Trust shall offer his or her resignation to the Board for consideration. It is not intended that directors who retire or whose professional positions change should necessarily leave the Board.
- (2) The sense of the Board is that there should be an opportunity for the Board to review, through the Governance and Nominating Committee, the continued appropriateness of Board membership under such circumstances.

K. Director Terms

Each director is elected annually by the unitholders.

L. Director Responsibilities

- (1) Directors should endeavour to understand the oil and gas business in which Enterra operates and carries on business.
- (2) Directors should review all meeting materials and endeavour to attend all meetings of the Board as well as all committees in which they are members.
- (3) Directors should act with a view to the best interests of Enterra.

M. Board Independence

- (1) The independence of the Board from management is included in the mandate of the Governance and Nominating Committee.
- (2) At any time any director may request that a meeting of the Board or any committee thereof be held without representatives of management.

N. Board Meetings

- (1) The Board meets a minimum of four times per year, usually every quarter.
- (2) The Board Chair and the CEO, in consultation with the CFO, develop the agenda for each Board meeting. Under normal circumstances, management will endeavour to distribute materials to the directors not less than three business days before each meeting. All directors are free to suggest additions to the agenda.

O. Board Information

- (1) Materials distributed to the directors in advance of Board meetings will be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered.
- (2) Reports may be presented during Board meetings by directors, management or employees, or by invitation to outside advisors. Presentations on specific subjects at Board meetings will briefly summarize the material sent to directors, so as to maximize the time available for discussion on questions regarding the material.
- (3) It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

P. Non-Directors at Board Meetings

- (1) The Board appreciates the value of having certain members of management and other experts as appropriate attend each Board meeting to provide information and advice to assist the directors in their deliberations.
- (2) The Board Chair and the CEO will determine who shall attend Board meetings and for which agenda items.

Q. Committees of the Board

- (1) Committees analyze in depth policies and strategies developed by management, which are consistent with their terms of reference or mandates. They examine proposals and where appropriate, make recommendations to the full Board. Committees do not take actions or make decisions on behalf of the Board unless specifically mandated to do so.
- (2) Each committee operates according to a Board approved written mandate outlining its role and responsibilities.
- (3) The Committee structure may be subject to change as the Board considers from time-to-time which of its responsibilities can best be fulfilled through more detailed review of matters in committee.
- (4) The current committee structure includes:
 - (a) Audit Committee;
 - (b) Compensation Committee;
 - (c) Governance and Nominating Committee;
 - (d) Reserves Committee.
- (5) The Board favours a periodic rotation in committee leadership and membership in a way that recognizes and balances the need for new ideas, continuity and maintenance of functional expertise.
- (6) The Governance and Nominating Committee is responsible to the Board for proposing the leadership and membership of each committee on an annual basis. In preparing its recommendations the Governance and Nominating Committee will consult with the Board Chair and with the CEO, and take into account the preferences of individual directors.

R. Board Contact with Senior Management

- (1) All of the directors have open access to the Company's senior management. It is expected that directors will exercise judgment to ensure that their contacts with senior management will not distract from the Company's business operations.
- (2) Written communications from directors to members of management will be copied to the CEO and to the Board Chair.
- (3) The Board also encourages individual directors to make themselves available for consultation with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

S. Directors Orientation and Continuing Education

- (1) New directors will be provided with an orientation and education program that will include written information about the duties and obligations of directors, and the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the company expects from its directors), the role and responsibilities of the Board and its committees, the business and operations of Enterra, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors. The details of the orientation of each new director will be tailored to that director's individual needs and areas of interest.
- (2) With the approval of the Governance and Nominating Committee or its designee, directors may, at the expense of the Corporation, participate in continuing education programs that

are designed to maintain or enhance their skills and abilities as directors or to enhance their knowledge and understanding of Enterra's business and operations.

T. Assessing the Board's Performance

- (1) The Governance and Nominating Committee is responsible for ensuring that an annual assessment of the overall performance of the Board and its committees, including the Governance and Nominating Committee, is made.
- (2) The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. It is expected that the results of such reviews will be to identify any areas where the directors and/or management believe that the Board could make a better collective contribution to oversee the affairs of Enterra in such as way as to add unitholder value.

U. Director Compensation

The Governance and Nominating Committee will review the form and amount of compensation of the directors each year in view of issues relating to independence and directors' compensation of peer companies. The Committee will make recommendations to the Board for consideration when it believes changes in compensation are warranted.

V. Limits to Management Authority

From time to time, the Board establishes limits on management's authority depending on the nature and size of proposed transactions. These limits permit some flexibility within approved budgets but otherwise must not be exceeded without Board approval.

W. Outside Advisors for Individual Directors

Individual directors may need the services of an advisor to assist on matters involving their responsibilities as a Board member. Except as specifically permitted in a committee's mandate, the Board has determined that any director who wishes to engage an outside advisor at the expense of the Company, obtain the authorization to the Board Chair or the Governance and Nominating Committee.

X. Guidelines Review

The Governance and Nominating Committee will review these Guidelines annually and determine if any changes to the Guidelines should be made; and recommendations will be submitted to the Board for approval.

Amended Governance Guidelines was approved by the Board on December 12, 2006.