

INSIDER TRADING AND BLACKOUT POLICY

(Policy on Trading in Securities by Directors, Officers, Employees and Consultants)

Purpose

The purpose of this Policy is to ensure (a) compliance with applicable Canadian and United States securities laws governing trading in securities of Provident Energy Trust (the "Trust") Provident Energy Ltd. (the "Corporation") or their subsidiaries (collectively, the Trust, the Corporation and their subsidiaries are referred to herein as "Provident") while in possession of material non public information concerning Provident, and tipping or disclosing material non-public information to outsiders; and (b) avoidance of embarrassment by preventing the appearance of improper trading or tipping.

In conjunction with regulatory requirements, it is the policy of Provident that, once a person becomes an insider (as described below), his or her security holdings in Provident, and any change therein, must be reported to the appropriate securities commissions. The responsibility for compliance with insider reporting obligations rests with the insiders and not with Provident. However, Provident has an interest in monitoring the holdings of its insiders and ensuring that insider holdings are accurately reported, as the identity of insiders and the size of their holdings may be relevant in determining whether Provident is permitted, under applicable securities laws and stock exchange rules, to undertake certain types of transactions.

Scope

1. This policy covers all officers and directors of the Corporation and all employees and consultants of Provident, except the sections entitled "Insiders" and "Reporting by Insiders" which apply only to insiders of Provident. Directors, officers, employees and consultants are responsible for ensuring compliance by their families and other members of their households.
2. This policy applies to any transactions in any securities of Provident, including trust units, debentures, options or other securities exchangeable or exercisable into trust units, as well as exchange-traded options or other derivative securities that are not issued by Provident but are based on securities of Provident (collectively, the "Covered Securities").
3. This policy applies not only to the Covered Securities of Provident which a director, officer, employee or consultant owns, but also those over which control or direction is exercised (for example as a trustee or executor of an estate) and also to the Covered Securities of Provident that are indirectly owned (for example by a corporation controlled by a director, officer, employee or consultant or by an immediate family member of a director, officer, employee or consultant).
4. This policy applies not only during the course of a director's, officer's, employee's or consultant's service to Provident, but also after the completion of such service to the extent the relevant person possesses material non-public information at the time such service is completed.
5. This Policy will not restrict predetermined trades under Provident's Employee Trust Unit Purchase Plan and Distribution Reinvestment and Optional Trust Unit Purchase Plan. Additionally, trades made pursuant to pre-existing "trading plans" provide a "safe harbour" that permit persons having material, non-public information to make purchases or sales

during periods when they are aware of such material, non-public information provided that the trading plan (1) constitutes an irrevocable, written contract to buy or sell a predetermined amount of securities on specified dates (note that amounts should be designated in securities or provide dollar value, and dates should be specifically identified or determined based on a pre-specified written formula or algorithm), (2) such trading plan was executed when the person was not in possession of any material, not public information and approved as prescribed below, and (3) such trading plan was not entered into during a blackout period (as defined below). A director, officer or employee who wants to enter into a trading plan must submit the trading plan to either of Provident's President & Chief Executive Officer, Executive Vice President Operations and Chief Financial Officer, the Senior Vice President Finance and Chief Financial Officer or Assistant Corporate Secretary for approval prior to the adoption of his or her trading plan if the requirements of this paragraph are met.

Insiders

The directors and senior officers of the Corporation are considered to be insiders of Provident pursuant to applicable securities laws and as such are subject to a higher standard of scrutiny and disclosure requirements than other people who may trade in securities of Provident. Insiders should contact either of the President & Chief Executive Officer, Executive Vice President Operations and Chief Operations Officer, the Senior Vice President Finance and Chief Financial Officer or Assistant Corporate Secretary *of the Corporation when considering a transaction in securities of Provident to ensure that there is no material non-public information which has not been widely disseminated. See "Trading Windows and Blackout Periods - Prior Authorization Required for All Trades by Officers" herein.*

Reporting by Insiders – Canadian Requirements

1. Initial Reports

An initial report must be filed within ten days of the date on which a person or corporation becomes an insider. An initial report is not required, however, when a person becomes an insider if he or she has no direct or indirect beneficial ownership, control or direction over the Covered Securities of Provident.

2. Changes in Beneficial Ownership

A person or corporation who is an insider must report any changes in his or her direct or indirect beneficial ownership of, or control over, the Covered Securities of Provident within ten days of the date such change takes place.

3. Trust Unit Options

A person or corporation who is an insider is reminded that the grant of an option, or the exercise of an option, gives rise to reporting obligations and an insider report must be filed with respect to these matters within ten days of the date such transaction takes place.

4. Filing

A person or corporation who is an insider is required to use the System for Electronic Disclosure by Insiders ("SEDI") for reporting insider trades. Reporting through SEDI can be completed by insiders themselves through the internet or through an agent, such as Provident's legal counsel, Macleod Dixon LLP. Insiders are referred to the internet website for SEDI at www.sedi.ca. As well, insiders are encouraged to contact the Assistant Corporate Secretary with respect to any questions about filing through the SEDI system.

Definition of Material Information and Non-public Information

1. Material Information

Securities legislation and this policy make frequent reference to "material information". In this policy, "**material information**" is any information relating to the business and affairs of Provident if it is likely that a reasonable investor would consider such information to be important in making a decision to buy, sell or hold a Covered Security or where the information results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the Covered Securities. Material information can be positive or negative and can relate to virtually any aspect of Provident's business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) facts concerning: a significant acquisition, disposition or merger, a new issue of securities or significant change in capital structure, a significant change in financing arrangements, a significant change in expected earnings in the near future (such as in the next fiscal quarter), significant operational events or incidents, changes in ownership that may affect control of Provident, significant changes in management or the Board of Directors of Provident, changes in the nature Provident's business and major litigation developments. Moreover, material information does not have to be related to the Provident's business. For example, the contents of a forthcoming newspaper column or investment newsletter that is expected to affect the market price of Provident's securities can be material.

2. Non-public Information

Material information is "**non-public**" if it has not been generally disclosed. Information is considered to have been generally disclosed if: (i) the information has been disseminated in a manner calculated to effectively reach the marketplace, and (ii) public investors have been given a reasonable amount of time to analyze the information. For the purposes of this policy, *information will be considered public; i.e., no longer non-public, after information has been generally disclosed by means of a broadly disseminated press release and the trading has closed on the first full trading day following such press release.*

If you are unsure whether the information that you possess is material or non-public, the President & Chief Executive Officer, Executive Vice President Operations and Chief Financial Officer, the Senior Vice President Finance and Chief Financial Officer or the Assistant Corporate Secretary of the Corporation should be consulted before trading in any securities of Provident.

Statement of Policy and Procedures

1. Prohibited Activities

- a) No insider, employee or consultant may trade in Covered Securities of Provident while in possession of material non-public information concerning Provident.
- b) No insider, employee or consultant may trade in Covered Securities of Provident outside of the "trading windows" described below, or during any designated special trading blackout periods.
- c) No insider, employee or consultant may trade in Covered Securities of Provident during any trading blackout period imposed on employees and consultants of Provident generally.

- d) No insider, employee or consultant may disclose material non-public information concerning Provident to any outside person (including family members, analysts, individual investors and members of the investment community and news media) unless such disclosure is necessary in the course of business and in accordance with Provident's Disclosure Policy or to any other person at Provident other than on a need-to-know basis. In any instance where such information is disclosed to outsiders, the outsider must be advised that they must not disclose the information to anyone else, other than in the necessary course of business, and they may not trade in Covered Securities of Provident until the information has been generally disclosed.
- e) No insider, employee or consultant may give trading advice of any kind relating to Covered Securities of Provident to anyone while possessing material non-public information about Provident, except that insiders, employees and consultants should advise others not to trade Covered Securities of Provident if such trade might violate the law or this policy.
- f) No insider, employee or consultant may (a) trade in securities of any other public company, trust, partnership or other entity (a "company") while possessing material non-public information concerning that company; (b) "tip" or disclose material non-public information concerning any company to anyone; or (c) give trading advice of any kind to anyone concerning any other company while possessing material non-public information about that company that such insider, employee or consultant learned in the course of service to Provident.
- g) In order to avoid possible inadvertent conflict with this policy, it is recommended that, outside of any pre-existing trading plans that qualify for safe harbour treatment (see paragraph E under the section entitled "Scope" above), no insider, employee or consultant may leave with a broker any outstanding sell or purchase orders.
- h) No insider, employee or consultant may (a) engage in short sales of Covered Securities of Provident, or (b) buy or sell puts, calls or other derivatives in respect of Covered Securities of Provident.

Trading Windows and Blackout Periods

1. Definition of Blackout Period and Trading Window

A "**blackout period**" is any time where an insider, employee or consultant is restricted by the terms of this policy or applicable securities law from trading in Covered Securities of Provident. Alternatively, a "**trading window**" is the period of time between blackout periods where an insider, employee or consultant is not restricted by the terms of this policy or applicable securities law from trading in Covered Securities of Provident, unless the insider, employee or consultant is otherwise in possession of material, non-public information concerning Provident. Provident will use reasonable efforts to notify insiders, employees and consultants by e-mail when a general blackout period is in effect. However, it is the obligation of every insider, employee and consultant to ensure, prior to effecting a trade, that a blackout period is not in effect or such person is not otherwise restricted from trading in Covered Securities of Provident. If a person is unsure whether a blackout period is in effect, they may contact a senior officer of Provident.

2. Trading Windows for Insiders

After receipt of the required approval as set forth below, as applicable, insiders may trade in securities of Provident only during the period beginning after the close of business one day

following widespread public release of quarterly or year-end operating results and ending at the close of trading on the earlier to occur of the seventh calendar day preceding a meeting of the board of directors of the Corporation or the Audit Committee to approve any distribution or earnings press release or any financial statements reflecting Provident's operating results. However, such trading windows may be modified at any time.

3. Trading Windows for Employees and Consultants

All other employees and consultants who are not insiders may trade in securities of Provident only during the period beginning after the close of business one calendar day following widespread public release of quarterly or year-end operating results and ending at the close of trading on the earlier to occur of the seventh calendar day preceding a meeting of the board of directors of the Corporation or the Audit Committee to approve any distribution or earnings press release or any financial statements reflecting Provident's operating results. However, such trading windows may be modified at any time.

4. No Trading While in Possession of Material Non-public Information or During Blackout Periods

No insider, employee or consultant possessing material non-public information concerning Provident may trade in Covered Securities of Provident even during applicable trading windows. Persons possessing such information may trade during a trading window only after the close of trading on the next full trading day following the widespread public release of the information.

No insider, employee or consultant may trade in Covered Securities of Provident outside of applicable trading windows or during any designated blackout periods. No insider, employee or consultant may disclose to any outside third party that a special blackout period has been designated.

5. Prior Authorization Required for all Trades by Directors and Officers

Prior to effecting any trades of Covered Securities of Provident, all directors and officers (other than the President & Chief Executive Officer) of the Corporation shall be required to receive the written or electronic authorization and approval of either the President & Chief Executive Officer, Executive Vice President or Chairman of the Board of Directors or Chairman of the Governance, Human Resources and Compensation Committee.

Prior to effecting any trades of securities of Provident by the President & Chief Executive Officer of the Corporation, he shall be required to receive written or electronic authorization and approval of either the Chairman of the Board of Directors or the Chairman of the Governance, Human Resources and Compensation Committee.

6. Priority of Statutory or Regulatory Trading Restrictions

The trading prohibitions and restrictions set forth in this policy are superseded by any greater prohibition or restrictions prescribed by applicable Canadian and United States securities laws and regulations.

Enforcement

The consequences of prohibited insider trading or tipping can be severe. Below are the penalties under Canadian and United States securities legislation for insider trading.

1. Penalties Under Canadian Securities Laws

Under securities laws, persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by trading, pay the loss suffered by the persons who purchased securities from or sold securities to the insider tippee, pay fines up to the greater of \$1,000,000 and three times the profit made or loss avoided, pay administrative penalties of up to \$500,000 and serve a jail term of up to five years less a day. Provident may also be required to pay penalties and could, under certain circumstances, be subject to private lawsuits by traders for damages suffered as a result of illegal insider trading or tipping by persons under Provident's control.

2. Penalties Under United States Securities Laws

Under United States federal securities laws, individuals violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by trading, and pay the loss suffered by the persons who purchased securities from or sold securities to the insider tippee. Violators may also be subject to a civil penalty of up to the greater of \$1,000,000 and three times the profit gained or loss avoided, a criminal fine (no matter how small the profit) of up to US\$5,000,000 for individuals and US\$25,000,000 for entities and a jail term of up to 20 years.

3. Discipline of Insider, Officer, Employee or Consultant by Provident

Violation of this policy or Canadian or United States insider or tipping laws by any insider, employee or consultant may subject such person to disciplinary action up to and including termination for cause in the case of an insider or employee or termination of the consulting contract in the case of a consultant.

If it is discovered that anyone subject to these policies has violated applicable securities laws, the matter may be referred to the appropriate regulatory authorities.