PROVIDENT ENERGY LTD.
ARCHIVED TAX INFORMATION

PEMBINA

Effective April 2, 2012, Pembina Pipeline Corporation acquired all the issued and outstanding common shares of Provident Energy Ltd. ("Provident") pursuant to a plan of arrangement (the "Arrangement") under Section 193 of the Business Corporations Act (Alberta). The following commentary refers to tax information applicable to Provident prior to April 2, 2012 and does not constitute and is not intended to be legal or tax advice.

CANADIAN SHAREHOLDERS (UNITHOLDERS FOR PERIODS PRIOR TO JANUARY 1, 2011)

INFORMATION REGARDING PACE OIL AND GAS SHARES

Subject to the limitations outlined in Provident's May 10, 2010 Information Circular, as specified in the section entitled "Canadian federal Income Tax Considerations," the following consequences should result to Canadian unitholders:

Canadian residents will receive proceeds of disposition for a portion of their Provident shares equal to the number of Pace shares they receive, multiplied by their value. Pursuant to the terms of the Plan of Arrangement, the "Share Consideration Percentage" was 15.96%, which represents the portion of Provident units disposed of by each unitholder.

EXAMPLE

The following example uses the weighted average trading value (Cdn$8.44) for Pace's first three days of trading on the TSX. This determination of value is not binding on the Canada Revenue Agency and it is possible that the Canada Revenue Agency could take a different view. Provident expresses no opinion as to the value of the Pace shares for these purposes.

A Canadian resident unitholder who owns 1,000 units of Provident at an aggregate cost of Cdn $8,000. The unitholder's gain or loss would be calculated as follows:

1,000 PVE units x .12225 = 122 Pace shares
The value received = 122 x $8.44 (Pace 3 day weighted average)= $1,029.68

Adjusted cost base (ACB) of the Provident units disposed equals the aggregate ACB of the unitholder's Provident units multiplied by the Share Consideration Percentage = $8,000 x 15.96% = $1,276.80

This generates a loss on the Provident units so disposed of equal to $1,029.68 - $1,273.80 = $247.12

The ACB of the Pace shares received would be equal to the proceeds received of $1,029.68 or ($8.44 per share), and ACB of the Provident Units following the completion of the Arrangement would be equal to $8,000 - $1,276.80 = $6,723.20.

ANNUAL TAX REPORTING

There are some minor changes to Provident investor taxation subsequent to the conversion on January 1, 2011. The differences mainly relate to the character of the distributions subsequent to this conversion.

Units and Shares are treated the same for Canadian unitholders (or shareholders after Jan 1, 2011) that hold their Provident Investment in a RESP, RRIF, or DPSP. These unitholders should not report any income relating to the distribution on their annual income tax returns.

Provident Investors holding their investments outside such plans will be treated differently depending upon whether during the period they held units or shares. Similar to previous years, unit holders should receive a T3 supplementary Information Slip (T3), postmarked before the end of March for the previous tax year. Provident's Canadian registered unitholders should receive a T3 from Provident's transfer agent, Computershare Trust Company of Canada. And unitholders that hold their units through a broker or other intermediary should receive a T3 directly from their broker or intermediary and not from Provident or Provident's transfer agent. Unitholders are to report the taxable portion of distributions as "other income" on their annual income tax return.

Canadian Shareholders (investors holding Provident Energy Ltd. shares after December 31, 2010.)

Provident designates all dividends paid by Provident Energy Ltd. after January 31, 2011 to be "eligible dividends" unless otherwise notified by Provident Energy Ltd. An eligible dividend paid to a Canadian resident entitles the investor to qualified dividend treatment and the enhanced dividend tax credit.

This means that Shareholders will receive a slightly different treatment than did the unitholders.

Subsequent to the 2010 calendar year, Provident investors will no longer receive T3's but instead will receive T5 Supplementary Information Slips (T5's). That slip will detail what portion of the distribution will be an eligible dividend. Although there is no guarantee, Provident believes that most if not all of its dividends will be eligible dividends for the purposes of the ITA.

The table below indicates the qualified dividend portion and the tax deferred return of capital portion for each tax year.

Canadian Shareholders (reported on a T3)			
Tax Year	**Dividends (Cdn$)**	**Taxable Portion**	**Tax Deferred Return of Capital Portion**
2010	$0.72	100%	0%
2009	$0.75	100%	0%
2008	$1.38	100%	0%
2007	$1.44	94.81%	5.19%
2006	$1.44	93.18%	6.82%
2005	$1.44	76.50%	23.50%
2004	$1.44	71.00%	29.00%
2003	$2.06	59.00%	41.00%
2002	$2.03	48.00%	52.00%