

RESERVES DATA AND OTHER OIL AND GAS INFORMATION

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RESERVES DATA AND OTHER OIL AND GAS INFORMATION

For information in relation to the presentation of our reserves data and other oil and gas information, see the Oil and Gas Reserves and Resources section of our MD&A. We hold significant freehold title rights which generate production for our account from third parties leasing those lands. The Before Royalty volumes presented do not include reserves associated with this Royalty Interest production. The After Royalty volumes presented include our Royalty Interest reserves.

For definitions of the terms used in our oil and gas disclosure, please refer to the Additional Advisory on page 132.

Classifications of reserves as proved or probable are only attempts to define the degree of certainty associated with the estimates. There are numerous uncertainties inherent in estimating quantities of bitumen, oil and natural gas reserves. **It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves.** There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. For additional information on our pricing assumptions, reserves data and other oil and gas information, readers should review “Reserves Data and Other Oil and Gas Information” and “Risk Factors – Uncertainty of Reserves, Resources and Future Net Revenue Estimates”, each within our AIF for the year ended December 31, 2010, available at www.sedar.com and at www.cenovus.com.

SUMMARY OF OIL AND GAS RESERVES AT DECEMBER 31, 2010 (FORECAST PRICES AND COSTS)

COMPANY INTEREST BEFORE ROYALTIES ⁽¹⁾

Reserves Category	Bitumen (MMbbls)	Heavy Oil (MMbbls)	Light & Medium Oil & NGLs (MMbbls)	Natural Gas & CBM (Bcf)
Proved Reserves				
Developed Producing	126	111	79	1,292
Developed Non-Producing	20	13	5	62
Undeveloped	1,008	45	27	36
Total Proved Reserves	1,154	169	111	1,390
Probable Reserves	523	97	49	410
Total Proved plus Probable Reserves	1,677	266	160	1,800

Note:

⁽¹⁾ Does not include Royalty Interest reserves associated with Royalty Interest production received by Cenovus.

COMPANY INTEREST AFTER ROYALTIES ⁽¹⁾

Reserves Category	Bitumen (MMbbls)	Heavy Oil (MMbbls)	Light & Medium Oil & NGLs (MMbbls)	Natural Gas & CBM (Bcf)
Proved Reserves				
Developed Producing	96	92	67	1,292
Developed Non-Producing	14	10	4	61
Undeveloped	760	36	21	36
Total Proved Reserves	870	138	92	1,389
Probable Reserves	404	72	39	391
Total Proved plus Probable Reserves	1,274	210	131	1,780

Note:

⁽¹⁾ Includes Royalty Interest reserves associated with Royalty Interest production received by Cenovus.

**SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE AT DECEMBER 31, 2010
(FORECAST PRICES AND COSTS)**

Reserves Category	Before Income Taxes Discounted at %/year (\$ millions)					Unit Value Before Income Tax Discounted at 10% ⁽¹⁾
	0%	5%	10%	15%	20%	\$/BOE
Proved Reserves						
Developed Producing	16,118	12,796	10,619	9,102	7,986	22.60
Developed Non-Producing	1,423	888	604	435	325	15.53
Undeveloped	36,936	13,789	6,302	3,300	1,872	7.66
Total Proved Reserves	54,477	27,473	17,525	12,837	10,183	13.16
Probable Reserves	21,163	12,192	6,879	4,031	2,466	11.84
Total Proved plus Probable Reserves	75,640	39,665	24,404	16,868	12,649	12.76

Note:

⁽¹⁾ Unit values have been calculated using the Company Interest After Royalties reserves

Reserves Category	After Income Taxes ⁽¹⁾ Discounted at %/year (\$ millions)						
	0%	5%	10%	15%	20%		
Proved Reserves							
Developed Producing			12,683	10,153	8,480	7,308	6,443
Developed Non-Producing			1,070	666	454	328	245
Undeveloped			27,637	10,359	4,720	2,442	1,349
Total Proved Reserves			41,390	21,178	13,654	10,078	8,037
Probable Reserves			15,783	9,073	5,076	2,923	1,737
Total Proved plus Probable Reserves			57,173	30,251	18,730	13,001	9,774

Note:

⁽¹⁾ After income tax values are calculated by considering the Company's existing tax pools

The estimates of future net revenue presented do not represent fair market value.

RESERVES RECONCILIATION

The following tables provide a reconciliation of our company interest reserves Before Royalties for bitumen, heavy oil, light and medium oil and NGLs, and natural gas for the year ended December 31, 2010, presented using forecast prices and costs. All reserves are located in Canada.

RESERVES RECONCILIATION BY PRINCIPAL PRODUCT TYPE AND RESERVES CATEGORY (FORECAST PRICES AND COSTS)

COMPANY INTEREST PROVED – BEFORE ROYALTIES

	Bitumen (MMbbls)	Heavy Oil (MMbbls)	Light & Medium Oil & NGLs (MMbbls)	Natural Gas & CBM (Bcf)
December 31, 2009 (SEC) ⁽¹⁾	866	165	112	1,529
Transition to NI 51-101 Standards ⁽²⁾	–	(1)	(3)	128
December 31, 2009 (NI 51-101)	866	164	109	1,657
Extensions and Improved Recovery	270	9	11	45
Discoveries	–	–	–	–
Technical Revisions	40	15	1	60
Economic Factors	–	–	–	(18)
Acquisitions	–	–	–	–
Dispositions	–	(5)	–	(87)
Production ⁽³⁾	(22)	(14)	(10)	(267)
December 31, 2010	1,154	169	111	1,390

COMPANY INTEREST PROBABLE – BEFORE ROYALTIES

	Bitumen (MMbbls)	Heavy Oil (MMbbls)	Light & Medium Oil & NGLs (MMbbls)	Natural Gas & CBM (Bcf)
December 31, 2009 (SEC) ⁽¹⁾	479	104	53	436
Transition to NI 51-101 Standards ⁽²⁾	–	(1)	(2)	52
December 31, 2009 (NI 51-101)	479	103	51	488
Extensions and Improved Recovery	132	5	(1)	12
Discoveries	–	–	–	–
Technical Revisions	(88)	(10)	(1)	(82)
Economic Factors	–	–	–	7
Acquisitions	–	–	–	–
Dispositions	–	(1)	–	(15)
Production	–	–	–	–
December 31, 2010	523	97	49	410

COMPANY INTEREST PROVED PLUS PROBABLE – BEFORE ROYALTIES

	Bitumen (MMbbls)	Heavy Oil (MMbbls)	Light & Medium Oil & NGLs (MMbbls)	Natural Gas & CBM (Bcf)
December 31, 2009 (SEC) ⁽¹⁾	1,345	269	165	1,965
Transition to NI 51-101 Standards ⁽²⁾	–	(2)	(5)	180
December 31, 2009 (NI 51-101)	1,345	267	160	2,145
Extensions and Improved Recovery	402	14	10	57
Discoveries	–	–	–	–
Technical Revisions	(48)	5	–	(22)
Economic Factors	–	–	–	(11)
Acquisitions	–	–	–	–
Dispositions	–	(6)	–	(102)
Production ⁽³⁾	(22)	(14)	(10)	(267)
December 31, 2010	1,677	266	160	1,800

Notes:

⁽¹⁾ References in the tables to December 31, 2009 (SEC) numbers are to the previously disclosed estimates as of that date prepared by the IQREs in accordance with U.S. disclosure requirements using constant prices and costs as prescribed by the SEC.

⁽²⁾ The change in reserves disclosed in the transition from SEC to NI 51-101 is a result of (i) the forecast prices and costs used under NI 51-101 were higher than the SEC prescribed constant prices and costs, restoring previously uneconomic gas reserves, and (ii) the removal of Royalty Interest reserves from the Before Royalties reserves totals.

⁽³⁾ Production used for the reserves reconciliation differs from reported production. Company Interest Before Royalties production for reserves includes Cenovus's share of gas volumes provided to Cenovus's share of the FCCL partnership for steam generation, but does not include royalty interest production, as prescribed by NI 51-101.

ECONOMIC CONTINGENT AND PROSPECTIVE RESOURCES

Company Interest Before Royalties, Billions of barrels, Bitumen	December 31, 2010 ⁽¹⁾	December 31, 2009 ⁽²⁾
Economic Contingent Resources ⁽³⁾		
Low Estimate	4.4	3.9
Best Estimate	6.1	5.4
High Estimate	8.0	7.3
Prospective Resources ⁽⁴⁾		
Low Estimate	7.3	7.8
Best Estimate	12.3	12.6
High Estimate	21.7	21.4

Notes:

⁽¹⁾ Refers to estimates prepared by McDaniel using the same forecast prices and costs as used in the 2010 reserves estimates, McDaniel January 1, 2011 forecast prices and costs.

⁽²⁾ Refers to previously disclosed estimates prepared by McDaniel, using 2009 constant prices and costs.

⁽³⁾ There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

⁽⁴⁾ There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources. Prospective resources are not screened for economic viability.

EXPLORATION AND DEVELOPMENT ACTIVITY

The following tables summarize our gross participation and net interest in wells drilled for the periods indicated.

EXPLORATION WELLS DRILLED

	Oil		Gas		Dry & Abandoned		Total Working Interest		Royalty	Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Gross	Net
2010:											
Oil Sands	–	–	–	–	–	–	–	–	–	–	–
Conventional	26	26	–	–	1	1	27	27	21	48	27
Total Canada	26	26	–	–	1	1	27	27	21	48	27
2009:											
Oil Sands	–	–	–	–	–	–	–	–	–	–	–
Conventional	4	4	–	–	–	–	4	4	8	12	4
Total Canada	4	4	–	–	–	–	4	4	8	12	4
2008:											
Oil Sands	–	–	–	–	–	–	–	–	–	–	–
Conventional	1	1	5	3	2	1	8	5	34	42	5
Total Canada	1	1	5	3	2	1	8	5	34	42	5

DEVELOPMENT WELLS DRILLED

	Oil		Gas		Dry & Abandoned		Total Working Interest		Royalty	Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Gross	Net
2010:											
Oil Sands	82	47	–	–	–	–	82	47	8	90	47
Conventional	160	154	499	495	–	–	659	649	204	863	649
Total Canada	242	201	499	495	–	–	741	696	212	953	696
2009:											
Oil Sands	50	29	8	8	8	8	66	45	10	76	45
Conventional	102	101	555	502	2	2	659	605	261	920	605
Total Canada	152	130	563	510	10	10	725	650	271	996	650
2008:											
Oil Sands	41	21	13	13	4	4	58	38	41	99	38
Conventional	105	92	1,489	1,372	7	7	1,601	1,471	503	2,104	1,471
Total Canada	146	113	1,502	1,385	11	11	1,659	1,509	544	2,203	1,509

In addition to the disclosure above, we drilled stratigraphic test wells during the year ended December 31, 2010, with Oil Sands having drilled 259 gross wells (178 net wells) and Conventional having drilled 11 gross wells (9 net wells).

In addition to the disclosure above, we drilled service wells during the year ended December 31, 2010, with Oil Sands having drilled 68 gross wells (44 net wells) and Conventional having drilled 30 gross wells (20 net wells).

INTEREST IN MATERIAL PROPERTIES

The following table summarizes our developed, undeveloped and total landholdings at December 31, 2010.

(thousands of acres)	Developed		Undeveloped ⁽¹⁾		Total ⁽²⁾	
	Gross	Net	Gross	Net	Gross	Net
Alberta:						
Oil Sands						
– Crown ⁽³⁾	696	597	1,845	1,455	2,541	2,052
Conventional						
– Fee ⁽⁴⁾	1,913	1,913	440	440	2,353	2,353
– Crown ⁽³⁾	1,571	1,463	372	306	1,943	1,769
– Freehold ⁽⁵⁾	51	42	35	32	86	74
Total Alberta	4,231	4,015	2,692	2,233	6,923	6,248
Saskatchewan:						
Conventional						
– Fee ⁽⁴⁾	69	69	437	437	506	506
– Crown ⁽³⁾	47	34	162	141	209	175
– Freehold ⁽⁵⁾	13	9	28	25	41	34
Total Saskatchewan	129	112	627	603	756	715
Manitoba:						
Conventional – Fee ⁽⁴⁾	3	3	261	261	264	264
Total Manitoba	3	3	261	261	264	264
Total	4,363	4,130	3,580	3,097	7,943	7,227

Notes:

⁽¹⁾ Undeveloped includes land that has not yet been drilled, as well as land with wells that have never produced hydrocarbons or that do not currently allow for the production of hydrocarbons.

⁽²⁾ This table excludes approximately 2.4 million gross acres under lease or sublease, reserving to us, royalties or other interests.

⁽³⁾ Crown/Federal lands are those lands owned by the federal or provincial government or the First Nations, in which we have purchased a working interest lease.

⁽⁴⁾ Fee lands are those lands in which we have a fee simple interest in the mineral rights and have either: (i) not leased out all of the mineral zones; or (ii) retained a working interest. The current fee lands summary now includes all fee titles owned by us, that have one or more zones that remain unleased or available for development.

⁽⁵⁾ Freehold lands are those lands owned by individuals (other than a government or Cenovus) in which Cenovus holds a working interest lease.

ADDITIONAL ADVISORY

OIL AND GAS INFORMATION

The following definitions are applicable to our oil and gas disclosure in this Annual Report. For definitions related to our contingent and prospective resources disclosure, see "Oil and Gas Information" in the Advisory section of our MD&A. For additional definitions that are not included here, please see "Reserves Data and Other Oil and Gas Information" within our AIF for the year ended December 31, 2010, available at www.sedar.com and at www.cenovus.com.

After Royalties means volumes after deduction of royalties and including any royalty interests.

Before Royalties means volumes before deduction of royalties and excluding any royalty interests.

Bitumen initially-in-place

Discovered bitumen initially-in-place (56 Bbbls) is the quantity of bitumen estimated, as at December 31, 2009 by an independent qualified reserves evaluator, to be contained in known accumulations prior to production. The recoverable portion of discovered bitumen initially-in-place includes production, reserves, and contingent resources; the remainder is categorized as unrecoverable. There is no certainty that it will be commercially viable to produce any portion of the estimate.

Total bitumen initially-in-place (BIIP) (137 Bbbls) is the quantity of bitumen estimated, as at December 31, 2009 by an independent qualified reserves evaluator, to exist originally in naturally occurring accumulations. It includes Discovered BIIP (56 Bbbls) plus Undiscovered BIIP (82 Bbbls) which includes those estimated quantities, as at December 31, 2009, in accumulations yet to be discovered. There is no certainty that any portion of the estimate will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the estimate.

Bitumen initially-in-place estimates include unrecoverable volumes and are not an estimate of the volume of the substances that will ultimately be recovered. For further information regarding these estimates and all subcategories thereof, please see our June 16, 2010 news release, available at www.sedar.com and www.cenovus.com.

Company Interest means, in relation to production, reserves, resources and property, the interest (operating or non-operating) held by Cenovus.

Royalty Interest means:

- (a) in relation to reserves, those reserves related to our royalty entitlement on lands to which we hold freehold title which have been leased to third parties, or reserves related to other royalty interests, such as overriding royalties to which we are entitled.
- (b) in relation to production, the production generated for Cenovus's account pursuant to leasing agreements of our freehold title lands, and other royalty entitlement agreements.

FINDING AND DEVELOPMENT COSTS

Finding and development costs disclosed on pages 25 and 33 of this Annual Report do not include changes in estimated future development costs and exclude the effects of acquisitions and dispositions. Cenovus uses finding and development costs without changes in estimated future development costs as an indicator of relative performance to be consistent with the methodology accepted within the oil and gas industry. Finding and development costs excluding the effects of acquisitions and dispositions and without changes in future development costs is equal to finding and development capital investment divided by finding and development reserves additions. Finding and development reserves additions are calculated by summing revisions, improved recovery, extensions and discoveries.

Finding and development costs for proved reserves, excluding the effects of acquisitions and dispositions but including the change in estimated future development costs were \$10.55/BOE for the year ended December 31, 2010, \$16.01/BOE for the year ended December 31, 2009 and averaged \$16.95/BOE for the three years ended December 31, 2010. Finding and development costs for proved plus probable reserves, excluding the effects of acquisitions and dispositions but including the change in estimated future development costs were \$9.78/BOE for the year ended December 31, 2010, \$81.70/BOE for the year ended December 31, 2009 and averaged \$24.43/BOE for the three years ended December 31, 2010. These finding and development costs were calculated by dividing the sum of exploration costs, development costs and changes in future development costs in the particular year by the reserves additions (the sum of discoveries, extensions and improved recovery and technical revisions) in that year. The aggregate of the exploration and development costs incurred in a particular year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

For additional information about our finding and development costs, capital investment and reserves additions, please see our February 18, 2011 news release available at www.sedar.com and www.cenovus.com.