
NOTICE TO INDUSTRY

NOTICE IS HEREBY GIVEN of the following transactions that took place in the order set out below:

1. Pursuant to a plan of arrangement (the "**Arrangement**") approved by the Court of Queen's Bench of Alberta on May 26, 2010, Baytex Energy Trust, through its wholly-owned subsidiary, Baytex Energy Ltd., acquired all of the outstanding common shares of Serrano Energy Ltd. ("**Serrano**").
2. Pursuant to the Arrangement, Baytex Energy Ltd. and Serrano Energy Ltd. amalgamated on May 26, 2010 to form Baytex Energy Ltd. ("**BEL**").
3. Effective May 26, 2010, BEL contributed its beneficial interest in and to all of the petroleum and natural gas properties and related assets formerly owned by Serrano to Baytex Energy Partnership (the "**Partnership**") in exchange for additional partnership interests and other consideration.
4. Pursuant to a Nominee and Agency Agreement dated and effective January 1, 2010 between BEL and the Partnership, BEL agreed to, and was appointed and authorized by the Partnership to, hold title to all of the Partnership's petroleum and natural gas properties and related assets as nominee, agent and bare trustee for the Partnership and to represent the Partnership in all respects as to such petroleum and natural gas properties and related assets.

As a result of the foregoing, please amend your records accordingly and note the following:

- (a) The Partnership, effective May 26, 2010, is the beneficial owner of all of the petroleum and natural gas properties and related assets formerly owned by Serrano.
- (b) BEL, effective May 26, 2010, holds title to all of the petroleum and natural gas properties and related assets formerly owned by Serrano as nominee, agent and bare trustee for the Partnership. For all industry purposes, from and after May 26, 2010, BEL shall be the recognized holder of all of the petroleum and natural gas properties and related assets formerly owned by Serrano.
- (c) For any agreement that contemplates recognition of assignment upon receipt of notification without further documentation, please accept this Notice to Industry as such notification and amend your records to recognize BEL.
- (d) To the extent that any preferential rights of third parties are triggered by the above restructuring, notices of disposition and exception letters are being prepared and will be circulated in the near future. To the extent that any agreement requires that your consent to the above transactions be obtained, please consider this Notice as our request for such consent, upon and subject to the terms of the applicable agreement.
- (e) All notices, correspondence, invoices or payments previously sent to Serrano in respect of the petroleum and natural gas properties and related assets formerly owned by Serrano and now beneficially owned by the Partnership should be sent to the recognized holder, BEL, as follows:

Baytex Energy Ltd.
Suite 2800, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

In circumstances where such agreements specify notices, correspondence, invoices or payments are to be addressed to the attention of certain departments, positions or individuals, such identification should continue to be used.

A copy of the legal documents pertaining to these transactions may be obtained from the Baytex website at <http://www.baytex.ab.ca> under About Baytex and go to Industry Notices.

Please circulate this Notice to Industry to all departments within your organization and amend your records accordingly. Should you require further information, please contact our office at any of the numbers below:

Murray Desrosiers
Vice President, General Counsel and Corporate Secretary
(587) 952-3255

Randy Best
Senior Vice President, Corporate Development
(587) 952-3170

If you need to contact a specific department, please contact the appropriate number noted below:

| Department | Contact | Phone No. |
|-----------------------------|--------------------|------------------|
| Accounting - Financial | Linda Lee | (587) 952-3135 |
| Accounting – Joint Venture | Shannon Aldridge | (587) 952-3148 |
| Accounting - Production | Jonathan Pemberton | (587) 952-3109 |
| Land – Contracts | Tania Dunlop | (587) 952-3196 |
| Land – Minerals | Carolyn Keough | (587) 952-3165 |
| Land – Surface | Mike Longeway | (587) 952-3189 |
| Marketing | Susan Tischner | (587) 952-3259 |
| V.P. Conventional Oil & Gas | Mark Smith | (587) 952-3180 |
| V.P. Heavy Oil | Rick Ramsay | (587) 952-3227 |

Thank you for your cooperation and assistance in this matter.

Dated at the City of Calgary, in the Province of Alberta, as of the 26th day of May, 2010.

BAYTEX ENERGY LTD.



Murray Desrosiers
Vice President, General Counsel and Corporate Secretary