



600 - 550 6th Avenue SW
Calgary, Alberta
T2P 0S2

NAL OIL & GAS TRUST COMPLETES ACQUISITION OF SENECA ENERGY CANADA INC.

Media Release No. 23 - 07

August 31, 2007

CALGARY, ALBERTA (August 31, 2007) - NAL Oil & Gas Trust has completed the previously announced acquisition of Seneca Energy Canada Inc. for \$245.1 million, after closing adjustments. The purchase of Seneca adds 10.3 million barrels of oil equivalent (boe) to NAL's asset base, and will increase production by 4,400 boe/day split evenly between East Central Alberta and Northeast B.C. It also more than doubles NAL's inventory of undeveloped land in Western Canada. With three high impact wells now drilling on prospects in the Monkman, B.C. and Pedley, Alberta areas, NAL expects to add to its reserves and production in late 2007 or early 2008. The Trust expects to produce between 23,500 boe/day and 24,500 boe/day next year.

The purchase price was paid with (i) \$125 million from the public offering of 10,246,000 Subscription Receipts at a price of \$12.20 each and \$100,000,000 aggregate principal amount of 6.75% convertible extendible unsecured subordinated Debentures, both completed on August 28, 2007, and (ii) \$21.6 million from NAL's existing \$325 million credit facility.

With the closing of the acquisition of Seneca, trading of Subscription Receipts (NAE.R) will be halted on the Toronto Stock Exchange (TSX) today and will be de-listed. Holders of Subscription Receipts will automatically acquire, without payment of any additional consideration or any further action, one trust unit of NAL (NAE.UN) for each Subscription Receipt held.

As a result of the closing of the acquisition of Seneca and pursuant to the terms of the Debentures, the maturity date of the Debentures has been automatically extended to August 31, 2012. The Debentures are listed for trading on the TSX under the symbol NAE.DB.

Consistent with its ongoing risk management program, NAL has already hedged six thousand gigajoules per day of natural gas at prices ranging from \$7.26/Gj to \$7.60/Gj for the period November, 2007 through December, 2008. NAL's policy is to hedge up to 40 percent of gross or 50 percent of net (after royalty) oil and gas production in order to protect its capital program and its distributions from fluctuations in commodity prices.

NAL will pay a distribution of \$0.16 per unit on September 17, 2007 to Unitholders of record on August 22. Units began trading ex-distribution on August 20. Investors who purchased Subscription Receipts are not eligible to receive the August distribution. The September distribution will be declared on September 10, 2007 for Unitholders of record on September 24, 2007 and will be paid on October 15, 2007.

“We are grateful for Seneca’s co-operation which facilitated a very smooth purchase and sale process”, said President and CEO Andrew Wiswell, “and we anticipate a very rapid integration of Seneca’s assets into NAL. For the past seven years, we have enjoyed a very positive working relationship with Talisman Energy, which operates our jointly held properties in Lake Erie, and we expect that relationship to carry over to newly acquired assets at Monkman. Although NAL’s base assets would have allowed us to largely maintain our reserves and production for the next two or three years, we are excited by the growth potential of Seneca’s assets at Monkman and in West Central Alberta.”

When converting natural gas to equivalent barrels of oil, NAL uses the widely recognized standard of 6 thousand cubic feet (Mcf) to one barrel of oil equivalent (boe). However, boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Forward Looking Statements

This disclosure contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties, many of which are beyond NAL’s control, including: the impact of general economic conditions in Canada and in the United States, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified operating or management personnel, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and fluctuations in market valuations of companies with respect to announced transactions and the final valuations thereof, and the ability to obtain required approvals from regulatory authorities. NAL’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that NAL will derive therefrom.

NAL Oil & Gas Trust is an open-end investment trust that generates distributions through the acquisition, development, production and marketing of crude oil, natural gas and natural gas liquids. The Trust owns high quality assets in Western Canada and Ontario. Trust units trade on the Toronto Stock Exchange under the symbol "NAE.UN".

For further information:

Gordon Currie - Manager, Investor Relations
Telephone: 403.294.3620
Toll Free: 888.223.8792
Facsimile: 403.515.3407
Email: investor.relations@nal.ca
Website: www.nal.ca