

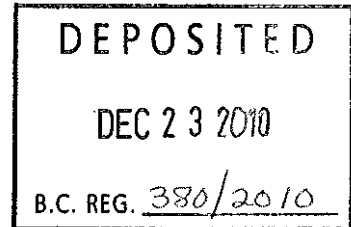
PROVINCE OF BRITISH COLUMBIA

RULE OF THE BRITISH COLUMBIA SECURITIES COMMISSION

Securities Act

The British Columbia Securities Commission orders that, effective December 30, 2010,

- (a) *National Instrument 41-101 General Prospectus Requirements, B.C. Reg. 59/2008, is amended as set out in Schedule A, and*
- (b) *National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, B.C. Reg. 342/2003, is amended as set out in Schedule B.*



December 21, 2010
Date


British Columbia Securities Commission

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Securities Act, R.S.B.C. 1996, c. 418, s. 184

Other: _____

SCHEDULE A

1. *National Instrument 41-101 General Prospectus Requirements, B.C. Reg. 59/2008, is amended by this Schedule.*
2. *Section 5.5 of item 5 in Form 41-101F1 and the Instruction following it are repealed and the following substituted:*

Issuers with oil and gas operations

- 5.5 (1) If the issuer is engaged in oil and gas activities as defined in NI 51-101 and any of the oil and gas information is material as contemplated under NI 51-101 in respect of the issuer, disclose that information in accordance with Form 51-101F1
- (a) as at the end of, and for, the most recent financial year for which the prospectus includes an audited balance sheet of the issuer,
 - (b) in the absence of a completed financial year referred to in paragraph (a), as at the most recent date for which the prospectus includes an audited balance sheet of the issuer, and for the most recent financial period for which the prospectus includes an audited income statement of the issuer, or
 - (c) if the issuer was not engaged in oil and gas activities at the date set out in paragraph (a) or (b), as of a date subsequent to the date the issuer first engaged in oil and gas activities as defined in NI 51-101 and prior to the date of the preliminary prospectus.
- (2) Include with the disclosure under subsection (1) a report, in the form of Form 51-101F2, on the reserves data included in the disclosure required under subsection (1).
 - (3) Include with the disclosure under subsection (1) a report, in the form of Form 51-101F3, that refers to the information disclosed under subsection (1).
 - (4) To the extent not reflected in the information disclosed in response to subsection (1), disclose the information contemplated by Part 6 of NI 51-101 in respect of material changes that occurred after the applicable balance sheet referred to in subsection (1).

INSTRUCTION

Disclosure in a prospectus must be consistent with NI 51-101 if the issuer is engaged in oil and gas activities as defined in NI 51-101.

SCHEDULE B

1. *National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, B.C. Reg. 342/2003, is amended by this Schedule.*
2. *Paragraphs 1.1 (c), (d), (e) and (i) are repealed.*
3. *Section 1.1 is amended*
 - (a) *by adding the following paragraph:*
 - (n.1) *“Form 51-101F4” means Form 51-101F4 Notice of Filing of 51-101F1 Information; ,*
 - (b) *in clause (s) (i) (B) by striking out “further” and by striking out “reservoirs on those properties” and substituting “their natural locations”, and*
 - (c) *in clause (s) (i) (C) by striking out “reservoirs” and substituting “locations”.*
4. *Item 3 of section 2.1 is amended by repealing paragraph (e) and substituting the following:*
 - (e) *is executed*
 - (i) *by two officers of the reporting issuer, one of whom is the chief executive officer, and*
 - (ii) *on behalf of the board of directors, by*
 - (A) *any two directors of the reporting issuer, other than the persons referred to in subparagraph (i) above, or*
 - (B) *if the issuer has only three directors, two of whom are the persons referred to in subparagraph (i), all of the directors of the reporting issuer.*
5. *Section 2.2 is repealed.*
6. *Section 2.3 is amended by renumbering it as subsection 2.3 (1) and by adding the following subsection:*
 - (2) *A reporting issuer that adopts the approach described in subsection (1) must, concurrently with filing its annual information form, file with the securities regulatory authority a notice of filing in accordance with Form 51-101F4.*
7. *Section 4.1 is repealed.*
8. *Section 5.3 is repealed and the following substituted:*

5.3 Classification of Reserves and of Resources Other than Reserves

- (1) *Reserves* or *resources* other than *reserves* must be disclosed using the applicable terminology and categories set out in the *COGE Handbook* and must be classified in the most specific category of *reserves* or *resources* other than *reserves* in which the *reserves* or *resources* other than *reserves* can be classified.
- (2) Despite subsection (1), where the applicable terminology set out in the *COGE Handbook* for the disclosure of *resources* is *total petroleum initially-in-place*, *discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place*, the *reporting issuer* may depart from the applicable terminology by substituting, for the word “*petroleum*”, reference to the specific *product type* of the *resource*.

9. Section 5.9 is repealed and the following substituted:

5.9 Disclosure of Resources Other than Reserves

- (1) If a *reporting issuer* discloses *anticipated results* from *resources* which are not currently classified as *reserves*, the *reporting issuer* must also disclose in writing, in the same document or in a *supporting filing*:
 - (a) the *reporting issuer's* interest in the *resources*;
 - (b) the location of the *resources*;
 - (c) the *product types* reasonably expected;
 - (d) the risks and the level of uncertainty associated with recovery of the *resources*; and
 - (e) in the case of *unproved property*, if its value is disclosed,
 - (i) the basis of the calculation of its value; and
 - (ii) whether the value was prepared by an *independent party*.
- (2) If disclosure referred to in subsection (1) includes an estimate of a quantity of *resources* other than *reserves* in which the *reporting issuer* has an interest or intends to acquire an interest, or an estimated value attributable to an estimated quantity, the estimate must:
 - (a) have been prepared or audited by a *qualified reserves evaluator or auditor*;
 - (b) have been prepared or audited in accordance with the *COGE Handbook*;

- (c) be classified in the most specific category of *resources* other than *reserves*, as required by section 5.3; and
 - (d) be accompanied by the following information:
 - (i) a definition of the *resources* category used for the estimate;
 - (ii) the *effective date* of the estimate;
 - (iii) the significant positive and negative factors relevant to the estimate;
 - (iv) in respect of *contingent resources*, the specific contingencies which prevent the classification of the *resources* as *reserves*; and
 - (v) a cautionary statement, that is proximate to the estimate, to the effect that:
 - (A) in the case of *discovered resources* or a subcategory of *discovered resources* other than *reserves*:
 “There is no certainty that it will be commercially viable to produce any portion of the resources.”; or
 - (B) in the case of *undiscovered resources* or a subcategory of *undiscovered resources*:
 “There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.”
- (3) Paragraphs (1) (d) and (e) and subparagraphs (2) (d) (iii) and (iv) do not apply if:
- (a) the *reporting issuer* includes in the written disclosure a reference to the title and date of a previously filed document that complies with those requirements; and
 - (b) the *resources* in the written disclosure, taking into account the specific *properties* and interests reflected in the *resources* estimate or other *anticipated result*, are *materially* the same *resources* addressed in the previously filed document.

10. **Section 5.10 is amended by striking out “5.2, 5.3 and 5.9”, wherever it occurs, and substituting “5.2, 5.3, 5.9 and 5.16”.**

11. *Part 5 is amended by adding the following sections:*

5.16 Restricted Disclosure: Summation of *Resource* Categories

- (1) A *reporting issuer* must not disclose a summation of an estimated quantity, or estimated value, of two or more of the following:
 - (a) *reserves*;
 - (b) *contingent resources*;
 - (c) *prospective resources*;
 - (d) the unrecoverable portion of *discovered petroleum initially-in-place*;
 - (e) the unrecoverable portion of *undiscovered petroleum initially-in-place*;
 - (f) *discovered petroleum initially-in-place*; and
 - (g) *undiscovered petroleum initially-in-place*.

- (2) Despite subsection (1), a *reporting issuer* may disclose an estimate of *total petroleum initially-in-place*, *discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place* if the *reporting issuer* includes, proximate to that disclosure, an estimate of each of the following, as applicable:
 - (a) *reserves*;
 - (b) *contingent resources*;
 - (c) *prospective resources*;
 - (d) the commercial portion of *discovered petroleum initially-in-place*;
 - (e) the sub-commercial portion of *discovered petroleum initially-in-place*;
 - (f) the unrecoverable portion of *discovered petroleum initially-in-place*;
 - (g) the unrecoverable portion of *undiscovered petroleum initially-in-place*;
 - (h) *discovered petroleum initially-in-place*; and
 - (i) *undiscovered petroleum initially-in-place*.

- (3) *A reporting issuer may disclose an estimate of total petroleum initially-in-place, discovered petroleum initially-in-place or undiscovered petroleum initially-in-place as the most specific category that it can assign to its resources if, proximate to its disclosure, the reporting issuer*
 - (a) *explains why total petroleum initially-in-place, discovered petroleum initially-in-place or undiscovered petroleum initially-in-place, as the case may be, is the most specific assignable category; and*
 - (b) *includes*
 - (i) *in the case of disclosure of discovered petroleum initially-in-place, the cautionary statement required by clause 5.9 (2) (d) (v) (A), or*
 - (ii) *in the case of disclosure of total petroleum initially-in-place or undiscovered petroleum initially-in-place, the cautionary statement required by clause 5.9 (2) (d) (v) (B).*

5.17 Disclosure of High-Case Estimates of Reserves and of Resources Other than Reserves

- (1) *If a reporting issuer discloses an estimate of proved plus probable plus possible reserves, the reporting issuer must also disclose the corresponding estimates of proved and proved plus probable reserves or of proved and probable reserves.*
- (2) *If a reporting issuer discloses a high-case estimate of resources other than reserves, the reporting issuer must also disclose the corresponding low and best-case estimates.*

12. Subsection 8.2 (2) is amended by striking out “in accordance with” and substituting “under”.

13. Section 9.2 is repealed.

14. The General Instructions of Form 51-101F1 are amended by adding the following subsections:

- (7) *A reporting issuer disclosing financial information in a currency other than the Canadian dollar must, clearly and as frequently as is necessary to avoid confusing or misleading readers, disclose the currency in which the financial information is disclosed.*
- (8) *The COGE Handbook provides guidance about reporting using units of measurement. Reporting issuers should not, without compelling reason, switch between imperial units of measure (such as barrels) and Système*

International (SI) units of measurement (such as tonnes) within or between disclosure documents.

15. *Subsection (1) of the Instructions under Item 1.1 of Form 51-101F1 is amended by striking out “the definition of reserves data and” and by striking out “It is the date of the balance sheet for the reporting issuer’s most recent financial year (for example, “as at December 31, 20xx”) and the ending date of the reporting issuer’s most recent annual statement of income (for example, “for the year ended December 31, 20xx”).”*
16. *Item 2.2 of Form 51-101F1 is repealed and the following substituted:*

Item 2.2 Supplementary Disclosure (Constant Prices and Costs)

The reporting issuer may supplement its disclosure of *reserves data* under Item 2.1 by also disclosing estimates of *reserves*, *resources* other than *reserves*, or both, together with estimates of associated *future net revenue*, determined using constant prices and costs rather than *forecast prices and costs* for each applicable product type.

INSTRUCTION

For this purpose,

- (a) *a constant price is,*
- (i) *if the reporting issuer is legally bound to supply the product at a particular price, that price; or*
 - (ii) *in every other case, the price that is the unweighted arithmetic average of the first-day-of-the-month price for that product for each of the 12 months preceding the effective date; and*
- (b) *the costs to be used are to be reasonably estimated on the basis of existing economic conditions without escalation or adjustment for inflation.*

17. *Items 2.3 and 2.4 of Form 51-101F1 are amended by striking out “minority interest”, wherever it occurs, and substituting “non-controlling interest”.*
18. *Subsection (3) of the Instructions under Item 2.4 of Form 51-101F1 is repealed.*
19. *Item 3.1 of Form 51-101F1 is repealed and the following substituted:*

Item 3.1 Constant Prices Used in Supplementary Estimates

If supplementary disclosure under Item 2.2 is made, the reporting issuer must disclose, for each product type, the constant price used.

20. **Subsection (2) of the Instructions under Item 3.2 of Form 51-101F1 is amended by striking out “term “constant prices and costs” and the” and by striking out “include” and substituting “includes”.**
21. **The Instructions under Item 4.1 of Form 51-101F1 are amended by adding the following subsection:**
 - (5) *If the reporting issuer first became engaged in oil and gas activities only after the last day of its preceding financial year and no evaluation report in respect of its reserves as at that date is available to the reporting issuer, so that there is no opening data to be reconciled, the reporting issuer need not provide the reconciliation otherwise required under this Part but must disclose the reason for its absence.*
22. **Item 5.2 of Form 51-101F1 is amended**
 - (a) *in the title by adding “Affecting Reserves Data” after “Uncertainties”, and*
 - (b) *in section 1 by striking out “important” and substituting “significant”.*
23. **The Instruction under Item 5.2 of Form 51-101F1 is amended by striking out “the need to build a major pipeline or other major facility before production of reserves can begin,”.**
24. **Part 6 of Form 51-101F1 is amended by adding the following after section 2 of Item 6.2:**

INSTRUCTION

If the reporting issuer holds interests in different formations under the same surface area pursuant to separate leases, disclose the method of calculating the gross and net area. A general description of the method of calculating the disclosed area will suffice.

Item 6.2.1 Significant Factors or Uncertainties Relevant to Properties With No Attributed Reserves

1. Identify and discuss significant economic factors or significant uncertainties that affect the anticipated development or production activities on *properties* with no attributed *reserves*.
2. Section 1 does not apply if the information is disclosed in the *reporting issuer's* financial statements for the financial year ended on the *effective date*.

EXAMPLES

Examples of information that could warrant disclosure under this Item include unusually high expected development costs or operating costs, or the need to build a major pipeline or other major facility before production can begin.

25. **Section 2 of Item 6.3 of Form 51-101F1 is repealed and the following substituted:**
 2. A reporting issuer may satisfy the requirement in section 1 by including the information required by that section in its financial statements for the financial year ended on the *effective date*.
26. **Paragraph 1 (b) of Item 6.7 of Form 51-101F1 is amended by striking out “gas wells and service wells” and substituting “gas wells, service wells and stratigraphic test wells”.**
27. **Paragraph 1 (a) of Item 6.9 of Form 51-101F1 is amended by adding “gross” between “average” and “daily” and by striking out “, before deduction of royalties”.**
28. **Item 5 of Form 51-101F2 is amended by adding “, consistently applied” after “in accordance with the COGE Handbook”.**
29. **Section 7 of Form 51-101F2 is amended by striking out “However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.”**
30. **Form 51-101F3 is amended by**
 - (a) **striking out** “However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.”, **and**
 - (b) **striking out** “a senior officer” **and substituting** “an officer”.

31. *The following form is added:*

**FORM 51-101F4
NOTICE OF
FILING OF 51-101F1 INFORMATION**

This is the form referred to in section 2.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”).

On [date of SEDAR Filing], [name of reporting issuer] filed its reports under section 2.1 of NI 51-101, which can be found [describe where a copy of the filed information can be found for viewing by electronic means (for example, in the company’s *annual information form* under the company’s profile on SEDAR at www.sedar.com)].