

2003 BCSECCOM 177

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to cease to be a reporting issuer. Issuer has a de minimis Canadian market – Canadian shareholders comprise less than 10% of the total number of shareholders and hold less than 10% of the outstanding shares. Canadian shareholders will continue to receive the same continuous disclosure materials as US shareholders

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 88

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, SASKATCHEWAN, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF ABRAXAS PETROLEUM CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Saskatchewan, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from Abraxas Petroleum Corporation (“Abraxas”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that Abraxas be deemed to have ceased to be a reporting issuer or equivalent thereof under the Legislation;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Saskatchewan Financial Services Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

AND WHEREAS Abraxas has represented to the Decision Makers that:

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1. Abraxas, incorporated in 1991 under the laws of the state of Nevada, is involved in the acquisition, exploration, exploitation and production of crude oil and natural gas with its principal office at Suite 100, 500 North Loop 1604 East, San Antonio, Texas, 78232;
2. Abraxas is currently authorized to issue a total of 200,000,000 shares of common stock (the "Abraxas Shares"), par value U.S. \$.01 per share, and 1,000,000 shares of preferred stock (the "Abraxas Preferred Shares") par value U.S. \$.01 per share. As of February 6, 2003, there were 35,612,688 Abraxas Shares issued and outstanding and no Abraxas Preferred Shares outstanding;
3. Abraxas Acquisition Corporation ("AcquisitionCo"), a direct wholly-owned subsidiary of Abraxas, was incorporated on May 31, 2001 under the laws of Alberta for the sole purpose of acquiring common shares (the "Grey Wolf Shares") of Grey Wolf Exploration Inc. ("Grey Wolf") not held by Abraxas or Canadian Abraxas Petroleum Limited ("Canadian Abraxas");
4. On August 1, 2001 a take-over bid circular (the "Circular") was mailed to all holders of Grey Wolf Shares (the "Shareholders") and each Shareholder was offered 0.6 of an Abraxas Share in exchange for each Grey Wolf Share tendered. The offer indicated that if at least 90% of the outstanding Grey Wolf Shares not owned by Abraxas or Canadian Abraxas were purchased pursuant to the offer, AcquisitionCo intended to acquire the remaining Grey Wolf Shares pursuant to its right of compulsory acquisition. AcquisitionCo gave notice dated October 3, 2001 of the compulsory acquisition of the remaining Grey Wolf Shares. On October 25, 2001 AcquisitionCo acquired the remaining 6,614,146 Grey Wolf Shares;
5. As a result of the take over of Grey Wolf, Abraxas became a reporting issuer in the Jurisdictions. Abraxas is not a reporting issuer or the equivalent in any other province or territory in Canada;
6. Abraxas has been in default of its obligations as a reporting issuer under the Legislation, since it became a reporting issuer as a result of the take-over bid;
7. As of January 3, 2003, the geographic breakdown of shareholders of Abraxas was as follows:

<u>Geographic Location</u>	<u>No. of Registered Shareholders</u>	<u>No. of Beneficial Shareholders</u>	<u>No. of Shares held by Registered Holders</u>	<u>No. of Shares held by Beneficial Holders</u>
British Columbia	1	81	1	164,180

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Saskatchewan	1	18	300	9,610
Nova Scotia	0	13	0	2,828
Newfoundland	0	1	0	3,360

8. Abraxas is currently subject to the reporting requirements of the *United States Securities Exchange Act of 1934*, as amended;
9. All Canadian holders of Abraxas Shares have been and will continue to be provided with all continuous disclosure materials distributed to Abraxas holders resident in the United States concurrently;
10. Abraxas does not intend to seek public financing by way of an offering of its securities in Canada;
11. The Abraxas Shares are not traded on any stock exchange or organized market in Canada and are listed on AMEX; and
12. Abraxas has no other securities, including debt securities, outstanding in Canada.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively the “Decision”);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

The Decision of the Decision Makers under the Legislation is that Abraxas is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

DATED March 5, 2003

Barbara Shourounis
Director