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December 7, 2009

Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – Securities Act s. 88 – Cease to be a reporting issuer in BC – The securities of the issuer are beneficially owned by more than 50 persons and are not traded through any exchange or market – As a result of an arrangement, the issuer became a reporting issuer with more than 50 shareholders; the only shareholders are former creditors who voted to approve the arrangement and were advised that the issuer would cease to be a reporting issuer following the arrangement; the shares will not be listed or quoted on any market

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, Alberta, Saskatchewan and New Brunswick
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
JED Oil Inc. (JOI) and Steen River Oil & Gas Ltd. (the Filer)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be deemed to have ceased to be a reporting issuer (the Exemptive Relief Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Alberta Securities Commission is the principal regulator for this application; and

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- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

The Filer has completed a reorganization which resulted in JOI amalgamating with its wholly owned subsidiary, JED Production Inc. (JPI), to form the Filer. The Filer changed its name to “Steen River Oil & Gas Ltd.” upon implementation of the reorganization.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. JOI was incorporated under the *Business Corporations Act* (Alberta) (the ABCA) on September 3, 2003 and it was, and the Filer continues to be, a reporting issuer in each of the Jurisdictions. The Filer is not a reporting issuer in any other jurisdiction in Canada.
2. JOI’s common shares (the Existing Common Shares) are registered securities under applicable United States of America (the United States) securities laws.
3. The Existing Common Shares are not listed for trading on any stock exchange.
4. The Filer’s head office is located in Didsbury, Alberta.
5. The authorized capital of JOI consisted of an unlimited number of Existing Common Shares and an unlimited number of preferred shares, issuable in series, of which 8,000,000 Series A preferred shares and 2,200,000 Series B preferred shares (the Series B Shares) were authorized. As at September 9, 2009, the outstanding share capital of JOI consisted of 85,779,085 Existing Common Shares and 1,797,474 Series B Shares.
6. JOI had issued an aggregate of \$40,240,000 face principal amount of 10% senior subordinated convertible notes which were originally due on February 1, 2008 (the Notes) pursuant to a note purchase agreement dated as of May 31, 2006, as amended. JOI had also issued 156,250 warrants (the Warrants) exercisable by the holders thereof to acquire 239,693 Existing Common Shares at an exercise price of \$10.43 per Existing Common Share. In addition, JOI had issued 2,203,000 options (the Options) to acquire Existing

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Common Shares with a weighted average exercise price of \$1.50 per Existing Common Share.

7. Prior to the reorganization JOI had:

- (a) approximately 921 beneficial owners of Existing Common Shares;
- (b) 133 registered owners of Series B Shares;
- (c) 33 registered holders of Notes (the Noteholders);
- (d) 25 Priority Secured Creditors (as defined below);
- (e) 8 Subordinate Secured Creditors (as defined below); and
- (f) 229 Unsecured Creditors (as defined below).

(The Noteholders, the Priority Secured Creditors, the Secured Creditors and the Unsecured Creditors are collectively referred to as the Creditors.)

- 8. On August 13, 2008, JOI, together with its wholly-owned subsidiaries JPI and JED Oil (USA) Inc. (JUSA), were granted protection under the *Companies' Creditors Arrangement Act* (Canada) (the CCAA) by the Court of Queen's Bench of Alberta (the Court). The "stay period" ordered by the Court under the CCAA initially expired on September 15, 2008 and has been extended ten (10) times and currently expires on November 30, 2009.
- 9. The Existing Common Shares were delisted from the NYSE Alternext U.S. (formerly the American Stock Exchange and now the NYSE Amex Equities) on January 16, 2009 and are not currently listed for trading on any marketplace, as defined in National Instrument 21-101 *Marketplace Operation*, in Canada. Trading of the Existing Common Shares on the OTC Bulletin Board was terminated at the start of trading on November 23, 2009.
- 10. The Filer is not in default of any of its obligations under the securities legislation in any Jurisdictions or in the United States, except that, since September 30, 2008, the Filer has not filed:
 - (a) its annual financial statements and related management's discussion and analysis as at and for the year ended December 31, 2008, required pursuant to sections 4.1, 4.2 and 5.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102);

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- (b) its annual certificates for the year ended December 31, 2008, required pursuant to Part 2 of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109);
 - (c) its interim financial statements and related management's discussion and analysis as at and for the nine month period ended September 30, 2008 and the three month period ended March 31, 2009 and the six month period ended June 30, 2009, required pursuant to sections 4.3, 4.4 and 5.1 of NI 51-102;
 - (d) its interim certificates for the nine month period ended September 30, 2008, the three month period ended March 31, 2009 and the six month period ended June 30, 2009, required pursuant to Part 3 of MI 52-109; and
 - (e) its annual report for the year ended December 31, 2008 on Form 20-F with the Securities and Exchange Commission (the SEC) and copies of the filings described in paragraph 10(c).
11. In compliance with National Policy 12-203 *Cease Trade Orders for Continuous Defaults*, on November 5, 2008, the Filer filed a Default Announcement with the securities regulatory authorities in the Jurisdictions (the Securities Regulatory Authorities) with respect to its failure to file its continuous disclosure materials due on September 30, 2008. Since November 5, 2008, the Filer has filed 23 default status reports with respect to its failure to file its continuous disclosure materials.
12. Since filing for protection from its creditors under the CCAA, the Filer's focus has been on preserving cash during the course of its restructuring process. Accordingly, with the agreement of Ernst & Young Inc., the monitor appointed under the CCAA (the Monitor), it was deemed to be in the best interests of the Filer and its stakeholders not to proceed with the preparation and filing of its continuous disclosure materials in order to enable management of the Filer to focus exclusively on the Filer's restructuring process.
13. JOI and JPI agreed to pursue a reorganization in order to satisfy their respective obligations to their respective creditors and to continue their operations as a going concern pursuant to the terms of a proposed plan of arrangement (the Plan).
14. JOI and JPI implemented a reorganization and arrangement under sections 4, 5 and 6 of the CCAA and section 192 of the ABCA (the Reorganization).

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15. The Reorganization required certain events to occur promptly following the Court granting an order under the CCAA sanctioning and directing the implementation of the Plan (the Sanction Order). As at November 27, 2009, the following events have occurred:
- (a) the authorized capital of JOI was changed so that it consisted of an unlimited number of common shares (the New Common Shares), 29,037,500 Class A special shares (the Class A Special Shares), 5,462,500 Class B special shares (the Class B Special Shares), 85,779,085 Class C special shares (the Class C Special Shares) and 1,797,474 Class D special shares (the Class D Special Shares);
 - (b) all of the issued and outstanding Existing Common Shares were changed into Class C Special Shares whereby each holder of Existing Common Shares received the number of Class C Special Shares equal to the number of Existing Common Shares previously held by them;
 - (c) all of the issued and outstanding Series B Shares were changed into Class D Special Shares whereby each holder of Series B Shares received the number of Class D Special Shares equal to the number of Series B Shares previously held by them;
 - (d) JOI issued 40,240 New Common Shares to the Noteholders, such New Common Shares were issued to the Noteholders in direct proportion to the face principal amounts of the Notes respectively held by them;
 - (e) JOI redeemed the issued and outstanding Class C Special Shares for no consideration;
 - (f) JOI redeemed the issued and outstanding Class D Special Shares for no consideration;
 - (g) JOI cancelled all outstanding Options and Warrants;
 - (h) JOI changed its name to “Steen River Oil & Gas Ltd.”
 - (i) JOI amalgamated with JPI pursuant to section 184 of the ABCA to form an amalgamated corporation, the Filer, which has the same authorized capital as JOI, as set forth in paragraph 15(a) above;
 - (j) the Filer issued 29,037,500 Class A Special Shares to the Noteholders, such Class A Special Shares were issued to the Noteholders in direct

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proportion to the amounts of their respective Noteholder Claims (as defined in the Plan);

(k) the Filer issued 5,462,500 Class B Special Shares to the unsecured creditors of the Filer and JPI (the Unsecured Creditors), such Class B Special Shares were issued to the Unsecured Creditors in direct proportion to the amounts of their respective Unsecured Claims (as defined in the Plan); and

(l) the Filer has distributed \$2,267,406.93 among the secured creditors of the Filer and JPI having claims ranking in priority to the security interests granted by the Filer in favour of the Noteholders and certain Crown claimants in order to pay their respective Claims in full and distribute the balance to the Subordinate Secured Creditors.

16. All of the events, listed in paragraph 15 occurred on November 20, 2009. The events that remain to be implemented are listed below:

(a) The Filer will issue secured debentures in an aggregate principal amount of \$581,338 (the First Secured Debentures) in favour of secured creditors of JOI and JPI (the Priority Secured Creditors) whose claims rank in priority to the security interests granted by JOI and JPI to the Noteholders, such First Secured Debentures to be issued to the Priority Secured Creditors in direct proportion to the amounts of their respective Priority Secured Claims (as defined in the Plan); and

(b) The Filer will issue secured debentures in an aggregate principal amount of \$3,223,551 (the Second Secured Debentures) to the secured creditors of the Filer and JPI (the Subordinate Secured Creditors) whose claims do not rank in priority to the security interests granted by the Filer and JPI in favour of the Noteholders, such Secured Debentures to be issued to the Subordinate Secured Creditors in direct proportion to the amounts of their respective Subordinate Secured Claims (as defined in the Plan).

17. It is a condition for implementation of the Plan that an order be received from the Securities Regulatory Authorities deeming that the Filer will cease to be a reporting issuer in the Jurisdictions.

18. Following implementation of the Plan in accordance with its terms, all of the securities of the Filer will be beneficially owned by the Creditors and the number of beneficial owners of securities of the Filer will be as follows (subject to such modifications or changes as approved by the Monitor):

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- (a) 33 beneficial owners of New Common Shares, of which none are resident in Canada, 32 are resident in the United States and 1 is resident in the United Kingdom;
 - (b) 33 beneficial owners of Class A Special Shares, who are the same persons who own the New Common Shares, of which none are resident in Canada, 32 are resident in the United States and 1 is resident in the United Kingdom;
 - (c) 229 beneficial owners of Class B Special Shares, of which 222 are resident in Canada (206 in Alberta, 6 in British Columbia, none in Saskatchewan, 1 in New Brunswick and 9 in other provinces and territories) and 7 are resident in the United States;
 - (d) 25 beneficial owners of First Secured Debentures, 24 of whom are resident in Alberta and 1 is resident in Saskatchewan; and
 - (e) 8 beneficial owners of Second Secured Debentures, 7 of whom are resident in Alberta and 1 is resident in British Columbia.
19. The Plan must be implemented no later than November 30, 2009 or on such other date as the Court may direct. The Plan was approved by the Creditors at a meeting of the Creditors (the Creditor's Meeting) held on September 30, 2009 and sanctioned by the Court pursuant to a Sanction Order issued on October 1, 2009.
20. For purposes of considering and voting on the Plan at the Creditors' Meeting, the Noteholders, the Priority Second Creditors, the Subordinate Secured Creditors and the Unsecured Creditors each comprised a separate class of creditors and each Creditor was entitled to one vote for each whole dollar of its claim value.
21. Prior to the Creditors' Meeting, each of the Creditors received copies of the Plan, a Creditor's information memorandum prepared by the Filer, JPI and JUSA (the Information Memorandum), and a report prepared by the Monitor appointed under the CCAA (the Monitor's Report). The Information Memorandum disclosed that the Plan requires the Filer to cease to be a reporting issuer and the consequences of obtaining an order from the Securities Regulatory Authorities that deems the Filer to cease to be a reporting issuer, including (i) that the Filer will have no continuous disclosure obligations and (ii) that the securities of the Filer cannot be traded except pursuant to an exemption under applicable securities legislation.

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Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted, provided that the first trade in securities acquired under the Reorganization will be a distribution unless the conditions of subsection 2.6(3) of National Instrument 45-102 *Resale of Securities* are satisfied.

Blaine Young
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