

# 2004 BCSECCOM 147

## Headnote

Mutual Reliance Review System for Exemptive Relief Applications - exemption from all of the requirements of NI 51-101 granted to a reporting issuer whose only publicly held securities are shares that are exchangeable into shares of its parent - parent owns 100% of the voting securities of the reporting issuer, is an SEC issuer and has a de minimis connection to Canadian capital markets - relief subject to conditions, including that parent continue to have a de minimis connection to Canadian capital markets and that reporting issuer file copies of documents related to parent's oil and gas activities that are filed by the parent with the SEC

## Applicable National Instrument

National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* – s. 8.1(1)

## **IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, 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 NORTHSTAR ENERGY CORPORATION AND DEVON ENERGY CORPORATION**

## **MRRS DECISION DOCUMENT**

1. WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and Newfoundland and Labrador (the Jurisdictions) has received an application from Northstar Energy Corporation (Northstar) for a decision under the securities legislation of the Jurisdictions (the Legislation) that Northstar be exempted from all of the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101);
2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief applications (the System) the Alberta Securities Commission is the principal regulator for this application;

## 2004 BCSECCOM 147

3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or Appendix 1 of Companion Policy 51-101CP;
4. AND WHEREAS Northstar has represented to the Decision Makers that:
  - 4.1 Northstar's head office is in Calgary, Alberta;
  - 4.2 Northstar is a reporting issuer or equivalent in each of the Jurisdictions;
  - 4.3 Devon Energy Corporation (Devon)
    - 4.3.1 is a corporation organized and subsisting under the laws of the State of Oklahoma;
    - 4.3.2 has securities registered under the 1934 Act; and
    - 4.3.3 is a reporting issuer in Québec;
  - 4.4 in connection with a plan of arrangement between Northstar and Devon effective December 10, 1998, Northstar issued to its shareholders exchangeable shares (Exchangeable Shares), which
    - 4.4.1 are exchangeable for Devon Shares on a one for one basis;
    - 4.4.2 are economically equivalent to Devon Shares; and
    - 4.4.3 do not entitle the holder to any right to vote, except as required by law, or other interest in Northstar;
  - 4.5 less than 1% of the number of registered holders of Devon Shares are resident in Canada;
  - 4.6 less than 1% of the outstanding Devon Shares are held by residents of Canada;
  - 4.7 the number of Devon Shares into which the Exchangeable Shares are exchangeable represent less than 1% of the Devon Shares assuming full exchange;
  - 4.8 the Exchangeable Shares are listed on the Toronto Stock Exchange and the Devon Shares are listed on the American Stock Exchange;

## 2004 BCSECCOM 147

- 4.9 Northstar has not issued securities in Canada since December 10, 1998 and does not intend to issue shares in Canada;
- 4.10 Devon owns 100% of the outstanding voting securities of Northstar;
- 4.11 on October 14, 1998, the decision makers issued a decision (the 1998 Decision) under which Northstar was granted relief from certain continuous disclosure requirements of the Legislation pertaining to financial statements, material change disclosure, proxy and proxy solicitation requirements on certain conditions, including that Devon:
  - 4.11.1 send to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holder of Devon Shares;
  - 4.11.2 provide certain disclosure in all proxy solicitation materials sent to holders of Exchangeable Shares explaining the reasons for the use of Devon's disclosure documents;
  - 4.11.3 cause Northstar:
    - 4.11.3.1 to file in each Jurisdiction copies of all documents that Devon files with the Securities and Exchange Commission; and
    - 4.11.3.2 to comply with the material change rules with respect to a material change in Northstar that is not a material change in Devon.
- 5. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the Decision);
- 6. 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;
- 7. THE DECISION of the Decision Makers under the Legislation is that NI 51-101 shall not apply to Northstar for so long as:

## **2004 BCSECCOM 147**

- 7.1 Northstar does not issue additional securities to a resident of Canada, other than:
  - 7.1.1 securities that are issued to entities that are wholly-owned, directly or indirectly, by Devon; or
  - 7.1.2 debt securities that are fully and unconditionally guaranteed by Devon as to the payments required to be made by Northstar to the holder of such debt securities;
- 7.2 less than 10% of the number of registered and beneficial holders of Devon Shares together with registered and beneficial holders of the Exchangeable Shares are resident in Canada;
- 7.3 less than 10% of the aggregate of outstanding Devon Shares and Exchangeable Shares are held by residents of Canada;
- 7.4 Devon is subject to and complies with the disclosure requirements of the 1934 Act in connection with its oil and gas activities; and
- 7.5 Devon and Northstar comply with the 1998 Decision, including any amendment or substitution of the 1998 Decision.

DATED this 5th day of March, 2004

Stephen R. Murison, Vice-Chair

David W. Betts, Member