

2003 BCSECCOM 623

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from continuous disclosure requirements and the requirement to have a current AIF on SEDAR to be a qualified issuer under MI 45-102

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 85(1) and 91

Securities Rules, B.C. Reg. 194/97, ss. 144, 145, 149 and 184

Multilateral Instrument 45-102 *Resale of Securities*, s. 4.1

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA,
BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUÉBEC, 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 BAYTEX ENERGY TRUST, BAYTEX ENERGY
LTD., BAYTEX ACQUISITION CORP., CREW ENERGY INC., BAYTEX
EXCHANGECO LTD., BAYTEX RESOURCES LTD. AND BAYTEX
EXPLORATION LTD.**

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (collectively, the “Decision Makers”) in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from Baytex Energy Trust (the “Trust”), Baytex Energy Ltd. (“Baytex”), Baytex Acquisition Corp. (“AcquisitionCo”), Crew Energy Inc. (“Crew”), Baytex ExchangeCo Ltd. (“ExchangeCo”), Baytex Resources Ltd. (“Baytex Resources”) and Baytex Exploration Ltd. (“Baytex Exploration”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that:
 - 1.1 the requirements contained in the Legislation to be registered to trade in a security (the “Registration Requirements”) and to file a preliminary prospectus and a prospectus, and to receive receipts therefor to distribute a security (the “Prospectus Requirements”), in

2003 BCSECCOM 623

Ontario and Québec, shall not apply to certain trades of securities to be made in connection with a proposed plan of arrangement (the “Arrangement”) under section 193 of the *Business Corporations Act* (Alberta) (the “ABCA”) involving the Trust, AcquisitionCo, Baytex, Crew, ExchangeCo, Baytex Resources and Baytex Exploration and the security holders of Baytex;

- 1.2 the requirements contained in the Legislation with respect to AcquisitionCo (or its successor on amalgamation with Baytex (“AmalgamationCo”)), in those Jurisdictions in which it becomes a reporting issuer or the equivalent under the Legislation, to issue a news release and file a report with the Jurisdictions upon the occurrence of a material change, file an annual report, where applicable, file interim financial statements and audited annual financial statements with the Jurisdictions and deliver such statements to security holders of AcquisitionCo and AmalgamationCo, file and deliver an information circular or make an annual filing with the Jurisdictions in lieu of filing an information circular, file an annual information form and provide management's discussion and analysis of financial condition and results of operations (the “Continuous Disclosure Requirements”), shall not apply to AcquisitionCo or AmalgamationCo; and
 - 1.3 the requirement of Crew to have a “current AIF” filed on SEDAR under Multilateral Instrument 45-102 Resale of Securities (“MI 45-102”) not apply.
2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”) the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or Québec Commission Notice 14-101;
4. AND WHEREAS the Trust, Baytex, AcquisitionCo, Crew, ExchangeCo, Baytex Resources and Baytex Exploration have represented to the Decision Makers that:
 - 4.1 Baytex is a corporation amalgamated and subsisting pursuant to the provisions of the ABCA;

2003 BCSECCOM 623

- 4.2 the head and principal office of Baytex is located at 2200, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7, and its registered office is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9;
- 4.3 Baytex is actively engaged in the exploration for, and the acquisition, development and production of, oil and natural gas in the Provinces of Alberta, Saskatchewan and British Columbia;
- 4.4 the authorized capital of Baytex consists of an unlimited number of common shares (“Common Shares”);
- 4.5 as at July 23, 2003, 53,611,083 Common Shares were issued and outstanding. Baytex has also reserved a total of 4,426,103 Common Shares for issuance pursuant to outstanding options (“Options”) to purchase Common Shares;
- 4.6 the Common Shares are listed on the Toronto Stock Exchange (the “TSX”);
- 4.7 Baytex is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and has been for more than 12 months;
- 4.8 Baytex has filed all the information that it has been required to file as a reporting issuer in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Newfoundland and is not in default of the securities legislation in any of these jurisdictions;
- 4.9 the Trust is an open end unincorporated investment trust governed by the laws of the Province of Alberta and created pursuant to a trust indenture dated July 24, 2003 between Baytex and Valiant Trust Company, as trustee;
- 4.10 the Trust was established for the purpose of, among other things:
 - 4.10.1 investing in shares of AcquisitionCo and acquiring the Common Shares and the unsecured, subordinate promissory notes issuable by AcquisitionCo (the “Notes”) pursuant to the Arrangement;

2003 BCSECCOM 623

- 4.10.2 acquiring a net profits interest pursuant to a net profits interest agreement to be entered into between AmalgamationCo and the Trust; and
- 4.10.3 acquiring or investing in other securities of AmalgamationCo and in the securities of any other entity including without limitation bodies corporate, partnerships or trusts, and borrowing funds or otherwise obtaining credit for that purpose;
- 4.11 the head and principal office of the Trust is located at located at 2200, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7;
- 4.12 the Trust was established with nominal capitalization and currently has only nominal assets and no liabilities. The only activity which will initially be carried on by the Trust will be the holding of securities of AcquisitionCo and AmalgamationCo;
- 4.13 the Trust is authorized to issue an unlimited number of trust units (“Trust Units”) and an unlimited number of special voting rights (“Special Voting Rights”);
- 4.14 as of the date hereof, there is one Trust Unit issued and outstanding, which is owned by Baytex, and no Special Voting Rights are outstanding;
- 4.15 the Trust has received conditional approval from the TSX for the listing on the TSX of the Trust Units to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement. The Trust Units issuable from time to time in exchange for exchangeable shares (“Exchangeable Shares”) of AcquisitionCo will also be listed on the TSX, subject to receipt of final approval from the TSX;
- 4.16 the Trust is not a reporting issuer in any of the Jurisdictions;
- 4.17 AcquisitionCo is a wholly-owned subsidiary of the Trust and was incorporated pursuant to the ABCA on June 12, 2003. AcquisitionCo was incorporated to participate in the Arrangement by acquiring Common Shares of Baytex (other than those held by dissenting Shareholders);

2003 BCSECCOM 623

- 4.18 the head and principal office of AcquisitionCo is located at 2200, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7 and its registered office is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9;
- 4.19 the authorized capital of AcquisitionCo currently consists of an unlimited number of common shares. Prior to the Arrangement, the articles of AcquisitionCo will be amended to create the Exchangeable Shares;
- 4.20 as of the date hereof there is one (1) common share of AcquisitionCo issued and outstanding, which is owned by the Trust. All common shares of AcquisitionCo will be owned beneficially (directly or indirectly) by the Trust, for as long as any outstanding Exchangeable Shares are owned by any person other than the Trust or any of the Trust's subsidiaries and other affiliates;
- 4.21 AcquisitionCo is not a reporting issuer in any of the Jurisdictions;
- 4.22 Crew was incorporated pursuant to the ABCA on May 12, 2003. Crew has not carried on any active business since incorporation;
- 4.23 the head and principal office of Crew will be located at 1920, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7, and its registered office is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9;
- 4.24 pursuant to the Arrangement, Crew will acquire, directly and indirectly, certain oil and gas assets from Baytex. Upon completion of the Arrangement, Crew will be engaged in the exploration for, and acquisition, development and production of, oil and natural gas reserves, primarily in the Provinces of Alberta and British Columbia;
- 4.25 the authorized capital of Crew consists of an unlimited number of Crew Common Shares. Prior to the Arrangement becoming effective, the authorized capital of Crew will consist of an unlimited number of Crew Common Shares, an unlimited number of class B non-voting shares and an unlimited number of class C performance shares;
- 4.26 as of the date hereof, one (1) Crew Common Share is issued and outstanding;

2003 BCSECCOM 623

- 4.27 Crew has made application for conditional approval from the TSX for the listing on the TSX of the Crew Common Shares to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement. The Crew Common Shares issuable from time to time will also be listed on the TSX, subject to receipt of final approval from the TSX;
- 4.28 Crew is not a reporting issuer in any of the Jurisdictions;
- 4.29 ExchangeCo was incorporated pursuant to the ABCA on June 12, 2003. ExchangeCo has not carried on any active business since incorporation;
- 4.30 the head and principal office of ExchangeCo is located at 2200, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7, and its registered office is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9;
- 4.31 the authorized capital of ExchangeCo consists of an unlimited number of common shares;
- 4.32 as of the date hereof, one (1) common share was issued and outstanding and owned by the Trust;
- 4.33 Baytex Resources was incorporated pursuant to the ABCA. Baytex Resources is a wholly-owned subsidiary of Baytex and is engaged in the oil and natural gas business;
- 4.34 the head and principal office of Baytex Resources is located at 2200, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7, and its registered office is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9;
- 4.35 Baytex Exploration was incorporated pursuant to the ABCA. Baytex Exploration is a wholly-owned subsidiary of Baytex and is engaged in the oil and natural gas business;
- 4.36 the head and principal office of Baytex Exploration is located at 2200, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7, and its registered office is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9;

2003 BCSECCOM 623

- 4.37 the Arrangement will be effected by way of plan of arrangement (the “Plan”) pursuant to section 193 of the ABCA. The Arrangement will require: (i) approval by not less than two-thirds of the votes cast by the shareholders (the “Shareholders”) and the optionholders of Baytex (collectively, the “Securityholders”) (present in person or represented by proxy), voting together as a single class, at the special meeting (the “Meeting”) of Securityholders to be held for the purpose of approving the Arrangement, and thereafter; (ii) approval of the Court of Queen's Bench of Alberta;
- 4.38 Baytex's information circular dated July 25, 2003 (the “Information Circular”) contains prospectus-level disclosure concerning the respective business and affairs of Baytex, Crew, the Trust and AmalgamationCo and a detailed description of the Arrangement, and has been mailed to Securityholders in connection with the Meeting. The Information Circular has been prepared in conformity with the provisions of the ABCA and applicable securities laws and policies;
- 4.39 the assets that will make up the business of Crew have been the subject of continuous disclosure on an ongoing basis for more than 12 months, in accordance with Baytex's responsibilities as a reporting issuer subject to the Continuous Disclosure Requirements;
- 4.40 the Arrangement provides for a transaction where, commencing at the time the Arrangement takes effect (the “Effective Time”), the events set out below shall be deemed to occur in the following order:
- 4.40.1 the Common Shares and Options held by dissenting Securityholders who have exercised dissent rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to Baytex and be cancelled and cease to be outstanding, and as of the Effective Time, such dissenting Securityholders shall cease to have any rights as securityholders of Baytex other than the right to be paid the fair value of their Common Shares or Options;
- 4.40.2 the class A preferred shares (“Class A Preferred Shares”), the class D common shares (“New Common Shares”), the

2003 BCSECCOM 623

class B non-voting shares (“Class B Non-Voting Shares”) and the class C preferred shares (“Class C Preferred Shares”) shall be created as new classes of shares of Baytex and each Common Share, other than Common Shares held by non-resident Shareholders (“Non Residents”), will be exchanged pursuant to a reorganization of the capital of Baytex for one (1) Class A Preferred Share, one (1) New Common Share and 0.333333 Class B Non-Voting Share and the stated value of each:

4.40.2.1 Class A Preferred Share shall be set at the paid up capital of each Common Share exchanged less: (A) 0.333333 multiplied by the Class B Non-Voting Share Stated Value, as adjusted; less (B) \$0.01;

4.40.2.2 New Common Share shall be set at \$0.01; and

4.40.2.3 whole Class B Non-Voting Share shall initially be set at \$1.65 subject to adjustment, to the Weighted Average Trading Price of the Crew Common Shares (the “Class B Non-Voting Share Stated Value”);

4.40.3 each whole Class B Non-Voting Share held by a Shareholder who acquired Common Shares on the exercise of an employee stock option in circumstances that subsection 1(1.1) or (8) of the *Income Tax Act* (Canada) (the “Tax Act”) apply and such Shareholder has elected to receive common shares (“Baytex Resources Common Shares”) of Baytex Resources (an “Option Shareholder”) will be transferred to Baytex Resources, for delivery to Baytex for cancellation in consideration of the repayment of inter-company indebtedness of Baytex Resources to Baytex, in exchange for one (1) Baytex Resources Common Share;

4.40.4 Baytex and Baytex Resources will convey certain oil and natural gas assets (the “Crew Assets”) to Baytex Resources and Baytex Resources will convey its interest in the Baytex Energy Partnership (the “Baytex Partnership”) and all of the oil and gas assets of Baytex Resources to Baytex;

2003 BCSECCOM 623

- 4.40.5 each remaining whole Class B Non-Voting Share will be transferred to Crew in exchange for one (1) Crew Common Share;
- 4.40.6 each Baytex Resources Common Share held by Baytex will be transferred to Crew in exchange for one (1) unsecured, subordinate promissory note of Crew (the "Crew Note");
- 4.40.7 each Baytex Resources Common Share held by an Option Shareholder will be transferred to Crew in exchange for one (1) Crew Common Share with a stated capital equal to the Class B Non-Voting Share Stated Value;
- 4.40.8 each Class B Non-Voting Share will be exchanged pursuant to a reorganization of the capital of Baytex for one (1) Class C Preferred Share;
- 4.40.9 all of the Crew Notes shall be satisfied by the return by Crew to Baytex of all of the Class C Preferred Shares and the issuance of Crew Common Shares;
- 4.40.10 each Crew Class B Non-Voting Share will be exchanged pursuant to a reorganization of the capital of Crew for one (1) Crew Common Share;
- 4.40.11 subject to the Plan, each New Common Share and each Class A Preferred Share, other than New Common Shares and Class A Preferred Shares held by Shareholders exempt from tax under Part 1 of the Tax Act ("Tax Exempt Shareholders") and Option Shareholders will be transferred to AcquisitionCo in accordance with the election or deemed election of the holder of such New Common Shares and Class A Preferred Shares for one (1) Trust Unit or one (1) Exchangeable Share (together with the ancillary rights associated with the Exchangeable Shares);
- 4.40.12 each New Common Share and each Class A Preferred Share held by Tax-Exempt Shareholders and Option Shareholders will be transferred to AcquisitionCo in exchange for one (1) Trust Unit;

2003 BCSECCOM 623

- 4.40.13 each Common Share held by Non Residents will be transferred to AcquisitionCo in exchange for one (1) Trust Unit and the right to receive one (1) Crew Common Share;
- 4.40.14 AcquisitionCo will issue one (1) unsecured, subordinate promissory note (“Note”) to the Trust for each Trust Unit issued pursuant to sections 3.1(k), (l) and (m) of the Plan;
- 4.40.15 any outstanding Options shall cease to represent the right to acquire Common Shares and shall only entitle the holder to acquire one (1) Trust Unit for each Common Share which the holder was previously entitled to acquire under the Option at a price per Trust Unit equal to the existing price less an amount equal to the Class B Non-Voting Share Stated Value;
- 4.40.16 Baytex and AcquisitionCo shall be amalgamated and continued as one corporation, AmalgamationCo, in accordance with the following:
 - 4.40.16.1 the shares of Baytex, all of which are owned by AcquisitionCo, shall be cancelled without any repayment of capital;
 - 4.40.16.2 the articles of AmalgamationCo shall be the same as the articles of AcquisitionCo, and the name of AmalgamationCo shall be “Baytex Energy Ltd.”;
 - 4.40.16.3 no securities shall be issued by AmalgamationCo in connection with the amalgamation and for greater certainty, the common shares, Notes and Exchangeable Shares of AcquisitionCo shall survive and continue to be common shares, Notes and Exchangeable Shares of AmalgamationCo without amendment;
 - 4.40.16.4 the property of each of the amalgamating corporations shall continue to be the property of AmalgamationCo;

2003 BCSECCOM 623

- 4.40.16.5 AmalgamationCo shall continue to be liable for the obligations of each of the amalgamating corporations;
- 4.40.16.6 any existing cause of action, claim or liability to prosecution of either of the amalgamating corporations shall be unaffected;
- 4.40.16.7 any civil, criminal or administrative action or proceeding pending by or against either of the amalgamating corporations may be continued to be prosecuted by or against AmalgamationCo;
- 4.40.16.8 a conviction against, or ruling, order or judgment in favour of or against, either of the amalgamating corporations may be enforced by or against AmalgamationCo;
- 4.40.16.9 the Articles of Amalgamation of AcquisitionCo shall be deemed to be the Articles of Incorporation of AmalgamationCo and the Certificate of Amalgamation of AcquisitionCo shall be deemed to be the Certificate of Incorporation of AmalgamationCo;
- 4.40.16.10 the by-laws of AmalgamationCo shall be the by-laws of AcquisitionCo;
- 4.40.16.11 the first directors of AmalgamationCo shall be the directors of AcquisitionCo;
- 4.40.16.12 the first officers of AmalgamationCo shall be the officers of AcquisitionCo; and
- 4.40.16.13 the registered office of AmalgamationCo shall be the registered office of AcquisitionCo;
- 4.40.17 Baytex Partnership shall be dissolved in accordance with the following:
 - 4.40.17.1 all of the property of the Baytex Partnership shall be transferred to AmalgamationCo and

2003 BCSECCOM 623

Baytex Exploration in accordance with their respective partnership interest; and

4.40.17.2 AmalgamationCo and Baytex Exploration shall be liable for the obligations of the Baytex Partnership in accordance with their respective partnership interest;

4.40.18 Baytex Exploration shall be dissolved, in accordance with the following:

4.40.18.1 all of the property of Baytex Exploration shall be transferred to AmalgamationCo; and

4.40.18.2 AmalgamationCo shall be liable for all of the obligations of Baytex Exploration;

4.40.19 AmalgamationCo will grant a net profits interest (the “NPI”) pursuant to a net profits interest agreement to be entered into between AmalgamationCo and the Trust to the Trust in consideration of return of Notes in an amount equal to the fair market value of the NPI as determined by AmalgamationCo; and

4.40.20 AmalgamationCo shall deliver the Crew Common Shares to the Non Residents entitled to such Crew Common Shares referred to in section 3.1(m) of the Plan.

4.41 AmalgamationCo will become a reporting issuer under the Legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland, and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;

4.42 the Trust will become a reporting issuer under the Legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;

4.43 Crew will not be a reporting issuer within the definitions of all of the applicable Jurisdictions at the Effective Time;

2003 BCSECCOM 623

- 4.44 following the completion of the Arrangement, Crew anticipates the need to carry out one or more private placements of Crew Common Shares in order to fund its exploration and production activities;
- 4.45 the Exchangeable Shares provide a holder with a security having economic and voting rights which are, as nearly as practicable, equivalent to those of the Trust Units;
- 4.46 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, holders of Exchangeable Shares will be able to exchange them at their option for Trust Units;
- 4.47 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, the Trust, ExchangeCo or AmalgamationCo will redeem, retract or otherwise acquire Exchangeable Shares in exchange for Trust Units in certain circumstances;
- 4.48 in order to ensure that the Exchangeable Shares remain the voting and economic equivalent of the Trust Units prior to their exchange, the Arrangement provides for:
 - 4.48.1 a voting and exchange trust agreement to be entered into among the Trust, AcquisitionCo, ExchangeCo and Valiant Trust Company (the "Voting and Exchange Agreement Trustee") which will, among other things, (i) grant to the Voting and Exchange Agreement Trustee, for the benefit of holders of Exchangeable Shares, the right to require the Trust or ExchangeCo to exchange the Exchangeable Shares for Trust Units, and (ii) trigger automatically the exchange of the Exchangeable Shares for Trust Units upon the occurrence of certain specified events;
 - 4.48.2 the deposit by the Trust of a Special Voting Right with the Voting and Exchange Agreement Trustee which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the Trust Units; and
 - 4.48.3 a support agreement to be entered into between the Trust, AcquisitionCo, ExchangeCo and the Voting and Exchange Agreement Trustee which will, among other things, restrict

2003 BCSECCOM 623

the Trust from issuing or distributing to the holders of all or substantially all of the outstanding Trust Units:

- 4.48.3.1 additional Trust Units or securities convertible into Trust Units;
- 4.48.3.2 rights, options or warrants for the purchase of Trust Units; or
- 4.48.3.3 units or securities of the Trust other than Trust Units, evidence of indebtedness of the Trust or other assets of the Trust;

unless the same or an equivalent distribution is made to holders of Exchangeable Shares, an equivalent change is made to the Exchangeable Shares, such issuance or distribution is made in connection with a distribution reinvestment plan instituted for holders of Trust Units or a unitholder rights protection plan approved for holders of Trust Units by the board of directors of AcquisitionCo, or the approval of holders of Exchangeable Shares has been obtained;

- 4.49 the steps under the Arrangement and the terms of the Exchangeable Shares and the exercise of certain rights provided for in connection with the Arrangement involve a number of trades or potential trades of securities, including Common Shares, Class A Preferred Shares, New Common Shares, Class B Non-Voting Shares, Class C Preferred Shares, Baytex Resources Common Shares, Crew Common Shares, Crew Notes, Notes, Exchangeable Shares, Trust Units, Options, the Special Voting Right and certain rights to acquire Trust Units, Exchangeable Shares and Crew Common Shares under the Arrangement, and rights to otherwise make a trade of a security that was derived from the Arrangement (collectively, the “Trades”);
- 4.50 there are no exemptions from the Registration Requirement or the Prospectus Requirement available under the Legislation of Ontario and Québec for certain of the Trades;
- 4.51 the Information Circular discloses that the securities that are the subject of the Trades will be issued in reliance on exemptions,

2003 BCSECCOM 623

including discretionary exemptions, from the Registration Requirement and the Prospectus Requirement and discloses that application will be made to relieve AmalgamationCo from the Continuous Disclosure Requirements; and

- 4.52 the Trust will concurrently send to holders of Exchangeable Shares resident in the Jurisdictions all disclosure material it sends to holders of Trust Units pursuant to the Legislation;
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:
 - 7.1 the Registration Requirement and the Prospectus Requirement contained in the Legislation of Ontario and Québec shall not apply to the Trades, provided that the first trade in securities acquired pursuant to the Arrangement shall be deemed to be a distribution or a primary distribution to the public;
 - 7.2 the Prospectus Requirement contained in the Legislation of Ontario and Québec shall not apply to the first trade in securities acquired by Shareholders under the Arrangement and the first trade of securities acquired on the exercise of all rights, automatic or otherwise, under such securities, provided that:
 - 7.2.1 in Ontario, the conditions in subsection (3) or (4), as applicable, of section 2.6 of MI 45-102 are satisfied and, for the purposes of determining the period of time that the Trust or Crew has been a reporting issuer under section 2.6 of MI 45-102, the period of time that Baytex was a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 immediately before the Arrangement may be included; and
 - 7.2.2 in Québec:

2003 BCSECCOM 623

- 7.2.2.1 the Trust is and has been a reporting issuer in Québec for the 12 months immediately preceding the trade, including the period of time that Baytex was a reporting issuer in Québec immediately before the Arrangement;
 - 7.2.2.2 no unusual effort is made to prepare the market or create a demand for the securities that are the subject of the trade;
 - 7.2.2.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
 - 7.2.2.4 if the selling securityholder is an insider or officer of the Trust, the selling securityholder has no reasonable grounds to believe that the Trust is in default of securities legislation;
- 7.3 the Continuous Disclosure Requirements of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador shall not apply to AmalgamationCo for so long as:
 - 7.3.1 the Trust is a reporting issuer in Québec and at least one of the jurisdictions listed in Appendix B of MI 45-102 and is an electronic filer under National Instrument 13-101;
 - 7.3.2 the Trust sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Trust Units under the Continuous Disclosure Requirements;
 - 7.3.3 the Trust complies with the requirements of the TSX, or such other market or exchange on which the Trust Units may be quoted or listed, in respect of making public disclosure of material information on a timely basis;
 - 7.3.4 AmalgamationCo is in compliance with the requirements of the Legislation to issue a press release and file a report with the Jurisdictions upon the occurrence of a material change in respect of the affairs of AmalgamationCo that is not also a material change in the affairs of the Trust;

2003 BCSECCOM 623

- 7.3.5 the Trust includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to the Trust and not to AmalgamationCo, such insert to include a reference to the economic equivalency between the Exchangeable Shares and Trust Units and the right to direct voting at meetings of Unitholders;
 - 7.3.6 the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of AmalgamationCo; and
 - 7.3.7 AmalgamationCo does not issue any preferred shares or debt obligations other than debt obligations issued to its affiliates or to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions;
- 7.4 upon the completion of the Arrangement:
- 7.4.1 in British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador the requirement contained in the Legislation to have a “current AIF” filed on SEDAR in order to be a “Qualifying Issuer” under MI 45-102 shall not apply to Crew provided that:
 - 7.4.1.1 Crew files a notice on SEDAR advising that the Information Circular has been filed as an alternate form of annual information form and identifying the SEDAR Project Number under which the Information Circular was filed and Appendix H to the Information Circular containing disclosure specific to Crew; and
 - 7.4.1.2 Crew files a copy of Appendix H of the Information Circular under Crew's SEDAR profile; and
 - 7.4.1.3 Crew files a Form 45-102F2 on or before the tenth day after the distribution day of any securities certifying that it is a Qualifying Issuer

2003 BCSECCOM 623

except for the requirement to have a current AIF;

this exemption to expire 140 days after Crew's financial year ended December 31, 2003; and

- 7.4.2 in Québec, Crew will be exempt from the requirements of subparagraph 1(e) of decision no. 2003-C-0016 of the Commission des valeurs mobilières du Québec given that the Information Circular in connection with the Arrangement contains prospectus level disclosure including financial statements for the three months ended March 31, 2003 and the year ended December 31, 2002, for the purpose of Crew qualifying for the shortened hold period. This exemption will expire on May 20, 2004.

DATED this 29th day of August, 2003

Glenda A. Campbell, Q.C., Vice-Chair

Stephen R. Murison, Vice-Chair