

# **2004 BCSECCOM 330**

## **Headnote**

Mutual Reliance Review System for Exemptive Relief Application - relief from all of the requirements of NI 51-101 granted to a reporting issuer that is a credit support issuer as defined in NI 51-102 - relief is subject to the conditions that the issuer remain a credit support issuer and comply with the requirements and conditions set out in the credit support issuer exemption

## **Applicable British Columbia Provisions**

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, NEW BRUNSWICK AND NEWFOUNDLAND AND LABRADOR**

**AND**

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

**AND**

**IN THE MATTER OF DEVON ENERGY CORPORATION AND DEVON CANADA 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, New Brunswick, and Newfoundland and Labrador (the “Jurisdictions”) has received an application from Devon Canada Corporation (“Devon Canada”) for a decision under the securities legislation of the jurisdictions (the “Legislation”) that Devon Canada be exempted from 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;

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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 Devon Canada has represented to the Decision Makers that:
  - 4.1 Devon Canada's head office is in Calgary, Alberta;
  - 4.2 Devon Canada is a reporting issuer or equivalent in each of the Jurisdictions and Québec;
  - 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 as at February 29, 2004, Devon had outstanding
    - 4.4.1 237,953,429 shares of common stock (the “Devon Shares”); and
    - 4.4.2 1,473,409 exchangeable shares (the “Exchangeable Shares”) of Devon's subsidiary, Northstar Energy Corporation, which are exchangeable on a one-to-one basis for Devon Shares;
  - 4.5 the Devon Shares are listed on the American Stock Exchange and trade under the symbol “DVN” and the Exchangeable Shares are listed on the Toronto Stock Exchange and trade under the symbol “NSX”;
  - 4.6 on September 6, 2001 Devon Acquisition Corporation (“DAC”), an indirect subsidiary of Devon, made a formal take-over bid to acquire all of the common shares of Anderson Exploration Ltd. (now Devon Canada) (the “Acquisition”);
  - 4.7 on October 15, 2001, DAC took up and paid for all of the common shares tendered under the Acquisition and on October 17, 2001

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acquired the balance of the common shares of Devon Canada pursuant to the compulsory acquisition provisions of the *Canada Business Corporations Act*;

- 4.8 upon completion of the Acquisition, Devon Canada had outstanding Cdn. \$175,000,000 of 7.250% notes maturing July 18, 2005, Cdn. \$200,000,000 of 6.55% notes maturing of August 2, 2006 and U.S. \$400,000,000 of 6.75% notes maturing March 15, 2011 (collectively, the “Notes”);
- 4.9 in 2002 Devon Canada terminated its reporting obligations under the 1934 Act and has no further filing obligations under the 1934 Act;
- 4.10 a search of beneficial holders of Notes conducted on May 11, 2004 by CDS, indicated that there were 17 beneficial holders of Notes resident in Canada;
- 4.11 the Notes were not listed on any marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- 4.12 effective April 14, 2004, Devon unconditionally guaranteed all principal, interest and other amounts owing under the Notes;
- 4.13 Devon prepares disclosure about its oil and gas activities on a consolidated basis in accordance with the requirements of the 1933 Act, the 1934 Act and the rules of the SEC;
- 4.14 Devon Canada is exempt from the requirements of National Instrument 51-102 *Continuous Disclosure Requirements* (“NI-51-102”) as
  - 4.14.1 it is a “credit support issuer” as set out in subsection 13.4(1) of NI 51-102 (a “Credit Support Issuer”); and
  - 4.14.2 it meets the requirements and conditions set out in subsection 13.4(2) of NI 51-102 (the “Credit Support Issuer Exemption”);
- 5. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

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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 pursuant to the Legislation is that NI 51-101 shall not apply to Devon Canada for so long as it is a Credit Support Issuer and is in compliance with the requirements and conditions set out in the Credit Support Issuer Exemption.

DATED this 21<sup>st</sup> day of May, 2004.

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

Stephen R. Murison, Vice-Chair