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Headnote

Mutual Reliance Review System for Exemptive Relief Application – issuer exempt from certain disclosure requirements of NI 51-101 subject to conditions, including that it provide a modified statement of reserves data and other information relating to its oil and gas activities containing the information contemplated by, and consistent with, US Disclosure Requirements and US Disclosure Practices

National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* – ss. 2.1, 4.2, 5.3, 5.8, 5.15 and 8.1

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA,
BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUEBEC, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,
YUKON, NORTHWEST TERRITORIES AND NUNAVUT**

AND

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

AND

IN THE MATTER OF SUNCOR ENERGY INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the Jurisdictions) has received an application from Suncor Energy Inc. (the Filer) for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be exempted from the following requirements contained in the Legislation:
 - 1.1 to disclose information concerning oil and gas activities in accordance with sections 2.1, 4.2(1)(a)(ii) and (iii), 4.2(1)(b) and (c), 5.3, 5.8(a), 5.15(a), 5.15(b)(i) and 5.15(b)(iv) of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) (collectively, the Canadian Disclosure Requirements); and

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- 1.2 in Québec, to comply with National Policy Statement No. 2-B *Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators* (NP 2-B) until such time as NI 51-101 is implemented in Québec;
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;
3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*, Québec Commission Notice 14-101 or Appendix 1 of Companion Policy 51-101CP;
4. AND WHEREAS the Filer has represented to the Decision Makers that:
 - 4.1 the Filer's head office is in Calgary, Alberta;
 - 4.2 the Filer is a reporting issuer or equivalent in each of the Jurisdictions;
 - 4.3 the Filer currently has registered securities under the 1934 Act;
 - 4.4 the Filer's common shares are listed on both the Toronto Stock Exchange and the New York Stock Exchange;
 - 4.5 the Filer is active in capital markets outside Canada where it competes for capital with foreign issuers;
 - 4.6 the Filer believes that a significant portion of its securities are held, or its security holders are located, outside Canada;
 - 4.7 the Filer understands that, for purposes of making an investment decision or providing investment analysis or advice, a significant portion of its investors, lenders and investment analysts in both Canada and the US routinely compare the Filer to US and international oil and gas issuers, and accordingly comparability of its disclosure to their disclosure is of primary relevance to market participants;
 - 4.8 the Filer is subject to different disclosure requirements related to its oil and gas activities under US securities legislation (US Disclosure Requirements) than under the Legislation;

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- 4.9 disclosure concerning oil and gas activities routinely provided by issuers in the US (US Disclosure Practices) differs from the Canadian Disclosure Requirements;
- 4.10 compliance in Canada with Canadian Disclosure Requirements, and conformity in the US with US Disclosure Requirements and US Disclosure Practices, would require that the Filer either
 - 4.10.1 prepare two separate versions of much of its public disclosure with respect to its oil and gas activities, or
 - 4.10.2 file, to the extent that the SEC permits, information that differs from the US Disclosure Requirements and accompany that information with a warning addressed to the US investor;exposing the Filer to increased costs, resulting in information that could confuse investors and other market participants, and possibly disadvantaging the Filer in competing for investment capital in the US;
- 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 Filer is exempt from the Canadian Disclosure Requirements for so long as:
 - 7.1.1 Annual Filings – the Filer files with the securities regulatory authorities the following not later than the date on which it is required by the Legislation to file audited financial statements for its most recent financial year:
 - 7.1.1.1 a modified statement of reserves data and other information relating to its oil and gas activities containing the information contemplated by, and

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consistent with, US Disclosure Requirements and US Disclosure Practices, and for this purpose, US Disclosure Requirements or US Disclosure Practices include:

- (i) the information required by the FASB Standard,
- (ii) the information required by SEC Industry Guide 2 *Disclosure of Oil and Gas Operations*, as amended from time to time, and
- (iii) any other information concerning matters addressed in Form 51-101F1 that is required by FASB or by the SEC,

7.1.1.2 a modified report of independent qualified reserves evaluators in a form acceptable to the regulator; and

7.1.1.3 except in British Columbia, a modified report of management and directors on reserves data and other information in a form acceptable to the regulator;

7.1.2 Use of COGE Handbook – the Filer's estimates of reserves and related future net revenue (or, where applicable, related standardized measure of discounted future net cash flows (the standardized measure)) are prepared or audited in accordance with the standards of the COGE Handbook modified to the extent necessary to reflect the terminology and standards of the US Disclosure Requirements;

7.1.3 Consistent Disclosure – subject to changes in US Disclosure Requirements or US Disclosure Practices, the Filer is consistent in its application of standards relating to oil and gas information and its disclosure of such information, within and between reporting periods;

7.1.4 Non-Conventional Oil and Gas Activities –

7.1.4.1 the Filer may present information about its non-conventional oil and gas activities applying the

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FASB Standard despite any indication to the contrary in the FASB Standard

7.1.4.2 the Filer may present information about its non-conventional oil and gas activities in a form that is consistent with US Disclosure Practices;

7.1.5 Disclosure of this Decision and Effect – the Filer

7.1.5.1 at least annually, files on SEDAR (either as a separate document or in its annual information form) a statement:

- (i) of the Filer's reliance on this Decision,
- (ii) that explains generally the nature of the information that the Filer has disclosed or intends to disclose in the year in reliance on this Decision and identifies the standards and the source of the standards being applied (if not otherwise readily apparent), and
- (iii) to the effect that the information that the Filer has disclosed, or intends to disclose in the year, in reliance on this Decision may differ from the corresponding information prepared in accordance with NI 51-101 standards (if that is the case), and explains the difference (if any); and

7.1.5.2 includes, reasonably proximate to all other written disclosure that the Filer makes in reliance on this Decision, a statement:

- (i) of the Filer's reliance on this Decision,
- (ii) that explains generally the nature of the information being disclosed and identifies the standards and the source of the standards being applied (if it is not otherwise readily apparent),

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- (iii) that the information disclosed may differ from the corresponding information prepared in accordance with NI 51-101 standards, and
- (iv) that reiterates or incorporates by reference the disclosure referred to in paragraph 7.1.5.1(iii);

7.1.6 Voluntary extra disclosure –if the Filer makes public disclosure of a type contemplated in NI 51-101 or Form 51-101F1, but not required by US Disclosure Requirements, and:

7.1.6.1 if the disclosure is of a nature and subject matter referred to in Part 5 of NI 51-101 (other than in a provision included in the definition of Canadian Disclosure Requirements), and if there are no US Disclosure Requirements specific to that type of disclosure, the disclosure is made in compliance with Part 5 of NI 51-101,

7.1.6.2 if the disclosure includes estimates that are in substance estimates of reserves or related future net revenue in categories not required under US Disclosure Requirements,

- (i) the disclosure
 - (A) applies the relevant categories set out in the COGE Handbook, or
 - (B) sets out the categories being used in enough detail to make them understandable to a reader, identifies the source of those categories, states that those categories differ from the categories set out in the COGE Handbook (if that is the case) and either explains any differences (if any), or incorporates by reference disclosure referred to in paragraph 7.1.5.1(iii) if that disclosure explains the differences,

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- (ii) if the disclosure includes an estimate of future net revenue or standardized measure, it also includes the corresponding estimate of reserves (although disclosure of an estimate of reserves would not have to be accompanied by a corresponding estimate of future net revenue or standardized measure),
- (iii) if the disclosure includes an estimate of reserves for a category other than proved reserves (or proved oil and gas reserve quantities), it also includes an estimate of proved reserves (or proved oil and gas reserve quantities) based on the same price and cost assumptions with the price assumptions disclosed,
- (iv) unless the extra disclosure is made involuntarily (as contemplated in section 8.4(b) of Companion Policy 51-101CP), the Filer includes disclosure of the same type in subsequent annual filings for so long as the information is material, and
- (v) for the purpose of paragraph 7.1.6.2(iv), if the triggering disclosure was an estimate for a particular property, unless that property is highly material to the Filer, its subsequent annual disclosure of that type of estimate also includes aggregate estimates for the Filer and by country (or, if appropriate and not misleading, by foreign geographic area), not only estimates for that property, for so long as the information is material;

7.2 the Filer is exempt from the prospectus and annual information form requirements of the Legislation that require a Filer to disclose information in a prospectus or annual information form in accordance with NI 51-101, but only to the extent that the Filer relies on and complies with this Decision; and

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- 7.3 in Québec, until NI 51-101 comes into force in Québec, the Filer is exempt from the requirements of NP 2-B and may satisfy requirements under the Legislation of Québec that refer to NP 2-B by complying with the requirements of NI 51-101 as varied by this Decision.
8. This Decision, as it relates to the Canadian Disclosure Requirements will terminate in a Jurisdiction one year after the effective date in that Jurisdiction of any substantive amendment to the Canadian Disclosure Requirements unless the Decision Maker otherwise agrees in writing.

DATED this 22nd day of December, 2003

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

Stephen R. Murison, Vice-Chair