

# 2008 BCSECCOM 208

March 31, 2008

## Headnote

Mutual Reliance Review System for Exemptive Relief Applications - *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 - The issuer became a wholly owned subsidiary of another company; the issuer has debt securities outstanding that are held by more than 50 holders; there is a de minimis number of Canadian holders of the debt securities holding a de minimis amount of the outstanding debt; there is no market for the debt securities; the issuer is required under the terms of the debt instrument to provide certain continuous disclosure to the holders of the debt securities as long as the securities are outstanding, but is not required to remain a reporting issuer in Canada; the issuer does not intend to do a public offering of its securities to Canadian residents; the issuer will not be a reporting issuer in any Canadian jurisdiction

## 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, Québec, New Brunswick,  
Nova Scotia, Manitoba, Ontario and Newfoundland and Labrador  
(the Jurisdictions)

and

In the Matter of  
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of  
Marathon Oil Canada Corporation (formerly Western Oil Sands Inc.)  
(the Filer)

## MRRS Decision Document

## Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of each of the Jurisdictions (the

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Legislation) that the Filer be deemed to have ceased to be a reporting issuer or the equivalent under the Legislation (the Reporting Issuer Relief).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications:
  - (a) the Alberta Securities Commission is the principal regulator for this application; and
  - (b) this MRRS decision document evidences the decision of each Decision Maker.

### **Interpretation**

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

### **Representations**

4. This decision is based on the following facts represented by the Filer:
  - (a) The Filer is a corporation incorporated under the laws of the Province of Alberta on June 18, 1999.
  - (b) The Filer is a "reporting issuer" or the equivalent in each of the Jurisdictions and is not in default of any of the requirements of the Legislation of any of the Jurisdictions.
  - (c) The Filer's head office is located in Calgary, Alberta.
  - (d) The authorized share capital of the Filer consists of an unlimited number of Class A Common Shares (the Western Shares), an unlimited number of Non-Voting Convertible Class B Equity Shares, an unlimited number of Class C Preferred Shares and an unlimited number of Class D Preferred Shares, issuable in series. On October 18, 2007, all of the issued and outstanding Western Shares were beneficially owned by Marathon Oil Corporation (Marathon) through its indirect wholly-owned subsidiary, 1339971 Alberta Ltd. (AcquisitionCo). In addition, US\$450,000,000 principal amount of 8 3/8% senior secured non-convertible notes due May 1, 2012 (the Notes), which were issued pursuant to a trust indenture dated as of April 23, 2002 (the Indenture), were issued and outstanding as of November 30, 2007.

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- (e) Pursuant to an arrangement agreement among the Filer, Marathon, AcquisitionCo and WesternZagros Resources Inc. dated July 30, 2007, as amended and restated on September 14, 2007 and as further amended on October 16, 2007 (the Arrangement Agreement), Marathon acquired all of the Western Shares through its indirect wholly-owned subsidiary, AcquisitionCo. The consideration for the Western Shares consisted of cash, shares of Marathon common stock (Marathon Shares), exchangeable shares in the capital of AcquisitionCo (Exchangeable Shares) or a combination thereof. Holders of Western Shares (the Western Shareholders) also received securities of a newly incorporated company, WesternZagros Resources Ltd. The Arrangement Agreement was implemented by way of a court-approved plan of arrangement (the Arrangement) under the Business Corporations Act (Alberta) pursuant to the terms of the Arrangement Agreement.
- (f) The Arrangement required, among other things: (i) an application to the Court of Queen's Bench of Alberta (the Court) for an interim order (the Interim Order) requesting that certain requirements and procedures be specified for a special meeting (the Western Meeting) of the Western Shareholders for the purpose of approving the Arrangement; (ii) the approval of the Western Shareholders at the Western Meeting requiring the affirmative vote of not less than 66 2/3% of the votes validly cast at the Western Meeting by Western Shareholders; and (iii) the final approval of the Court (the Final Order). The Interim Order was granted by the Court on September 14, 2007. At the Western Meeting, Western Shareholders voted 99.3% in favour of the Arrangement. The Final Order was granted by the Court on October 16, 2007, and the Arrangement became effective on October 18, 2007.
- (g) As a result of the foregoing, all of the issued and outstanding Western Shares are currently held indirectly by Marathon through AcquisitionCo.
- (h) Western Oil Sands Inc. changed its name to Marathon Oil Canada Corporation on October 18, 2007.
- (i) The Western Shares were delisted from the Toronto Stock Exchange at the close of trading on October 19, 2007.
- (j) On November 14, 2007, the Filer made an offer, which it is obligated to make by the terms of the Indenture upon a change of

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control, for all of its outstanding Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest, if any, thereon to the date of purchase (the Change of Control Offer). Pursuant to the Change of Control Offer, which expired on December 21, 2007, US\$2,182,000 principal amount of Notes were repurchased by the Filer. As a result, US\$447,818,000 principal amount of Notes were issued and outstanding following the expiry of the Change of Control Offer.

- (k) To the best of the Filer's knowledge, as informed by D.F. King & Co., Inc., a U.S.-based, full-service proxy solicitation and corporate/financial communications firm, there are 5 beneficial holders of the Notes (the Noteholders) with addresses in Canada holding an aggregate of \$5,248,000 principal amount of Notes, representing not more than 1.2% of the outstanding principal amount of the Notes. The geographical distribution of the beneficial Noteholders in the Jurisdictions is as follows:

Jurisdiction	Number of Noteholders	Principal Amount
British Columbia	3	\$1,323,000
Ontario	2	\$3,925,000
Totals	5	\$5,248,000

- (l) The Notes are not listed on any exchange or marketplace. The Notes are registered under U.S. securities laws. Under the terms of the Indenture, the Filer is required to furnish to the Noteholders and to prospective investors, upon request, any information required to be delivered pursuant to Rule 144A(d)(4) under the United States Securities Act of 1933 (the U.S. Securities Act) so long as the Notes are not freely transferable under the U.S. Securities Act.
- (m) Under the terms of the Indenture, the Filer is not required to maintain its status as a reporting issuer or the equivalent in any of the Jurisdictions.
- (n) No securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation.

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- (o) The Filer has no outstanding securities, including debt securities, other than the Western Shares and the Notes.
- (p) The Filer has no plans to seek public financing by offering its securities in Canada.
- (q) The Filer is applying for the Reporting Issuer Relief in all of the jurisdictions in which it is currently a reporting issuer or the equivalent.

### **Decision**

- 5. Each of the Decision Makers is satisfied that the tests contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decisions described herein have been met.
- 6. The decision of the Decision Makers under the Legislation is that the Reporting Issuer Relief is granted.

Agnes Lau, CA  
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Alberta Securities Commission