

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to cease to be a reporting issuer after all of its common shares purchased by its U.S. parent. Aside from the common shares, the only outstanding securities of the issuer are debt securities issued in the United States. There are three Canadian-resident holders of debt securities holding a de minimus aggregate amount of debt.

Applicable Alberta Statutory Provisions

Securities Act, R.S.A., 2000, c.S-4, s. 153

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, QUEBEC, SASKATCHEWAN,
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 CONOCO CANADA RESOURCES LIMITED

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Quebec, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (collectively, the “Jurisdictions”) has received an application from Conoco Canada Resources Limited (“Conoco Canada”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that Conoco Canada be deemed to have ceased to be a reporting issuer under the Legislation;
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 Conoco Canada has represented to the Decision Makers that:

- 3.1 Conoco Canada is governed by the *Canada Business Corporations Act* (the “CBCA”) and is a reporting issuer in each of the Jurisdictions;
- 3.2 Conoco Canada is not in default of any of its obligations as a reporting issuer under the Legislation;
- 3.3 Conoco Canada’s head office is located in Alberta;
- 3.4 the authorized capital of Conoco Canada consists of an unlimited number of ordinary shares, an unlimited number of Senior Preference Shares issuable in series and an unlimited number of Junior Preference Shares issuable in series;
- 3.5 as at May 28, 2001, Conoco Canada had issued and outstanding 535,373,276 ordinary shares;
- 3.6 as at April 1, 2002, Conoco Canada had issued and outstanding 85,504,557 Senior Preference Shares Series 1 (the “Series 1 Preference Shares”), 300 Senior Preference Shares Series 2 (the “Series 2 Preference Shares”) and no Junior Preference Shares;
- 3.7 Conoco Inc. (“Conoco U.S.”), Conoco Canada and Conoco Northern Inc. (“Conoco Northern”), an indirect wholly-owned subsidiary of Conoco U.S., entered into a Support Agreement made as of May 28, 2001, whereby the parties agreed that Conoco Northern would make a take-over bid for all of the issued and outstanding ordinary shares of Conoco Canada;
- 3.8 upon completion of the take-over bid on July 16, 2001 and the use of the compulsory acquisition provisions of the CBCA, Conoco Northern acquired all of the issued and outstanding ordinary shares of Conoco Canada other than those held by dissenting shareholders, which shareholders were entitled to receive a cash payment representing fair value for their shares or to withdraw their dissent and receive the cash take-over bid consideration. All dissenting shareholders have been dealt with;
- 3.9 upon completion of the take-over bid and the acquisition of all of the issued and outstanding ordinary shares of Conoco Canada by Conoco Northern, Conoco Canada’s ordinary shares were delisted from the Toronto Stock Exchange and the New York Stock Exchange;
- 3.10 the Series 1 Preference Shares were redeemed on April 22, 2002, at the redemption price set out in the Articles of Conoco Canada;
- 3.11 the Series 2 Preference Shares were redeemed on April 10, 2002, at the redemption price set out in the Articles of Conoco Canada;
- 3.12 the Series 1 Preference Shares have been delisted from the Toronto Stock Exchange and the New York Stock Exchange;

3.13 as at August 31, 2001, Conoco Canada had the following publicly traded debt securities outstanding:

	<u>In millions</u>
6.45% Medium Term Notes due 2007	\$ 100 (Cdn)
8.375% Senior Notes due 2005	200 (US)
8.35% Senior Notes due 2006	250 (US)
7.125% Notes due 2011	300 (US)
8.25% Senior Notes due 2017	225 (US)

3.14 the 6.45% Medium Term Notes due 2007 (the “Crestar Notes”) were offered by a predecessor corporation of Conoco Canada, Crestar Energy Inc., by way of prospectus in Canada;

3.15 the trust indenture under which the Crestar Notes were issued allows for redemption of the Crestar Notes. The Crestar Notes were redeemed April 22, 2002 in accordance with their terms;

3.16 the 8.375% Senior Notes due 2005, the 8.35% Senior Notes due 2006, the 7.125% Notes due 2011 (the “2011 Notes”) and the 8.25% Senior Notes due 2017 (collectively the “U.S. Notes”) were offered by way of prospectus in the United States;

3.17 the U.S. Notes were not offered in Canada, although for at least two series of U.S. Notes, a prospectus was filed in Canada so the Multi-Jurisdictional Disclosure System could be used;

3.18 on September 20, 2001, Conoco Canada commenced a tender offer for the U.S. Notes, which tender offer expired on September 27, 2001;

3.19 as a result of the completion of the tender offer and subsequent purchases of U.S. Notes, as at February 15, 2002, the following amount of U.S. Notes remained outstanding:

	<u>Amount Outstanding</u> U.S. dollars in millions
8.375% Senior Notes due 2005	\$8.1
8.35% Senior Notes due 2006	3.9
7.125% Notes due 2011	.375
8.25% Senior Notes due 2017	8.2

3.20 of the U.S. Notes remaining outstanding, searches conducted by Conoco Canada indicated that in aggregate there were three Canadian holders (all in Ontario) of the

- four classes of U.S. Notes, holding approximately US\$254,000 principal amount of U.S. Notes;
- 3.21 on February 15, 2002, Conoco U.S., Conoco Canada and the trustee under the trust indentures under which the U.S. Notes were issued (the "Trustee") entered into supplemental trust indentures under which Conoco U.S. guaranteed the U.S. Notes and agreed to file with the Trustee, copies of the annual reports and information, documents and other reports (the "SEC Filings") that Conoco U.S. is required to file with the U.S. Securities and Exchange Commission (the "SEC") under Section 13 or 15(d) of the *Securities Exchange Act of 1934* of the United States (the "Exchange Act");
- 3.22 Conoco U.S. is in the process of completing a merger with Phillips Petroleum Corporation. Conoco U.S. has advised holders of U.S. Notes that following completion of the merger, Conoco U.S. or one of Conoco U.S.'s investment-grade affiliates that guarantees the U.S. Notes, will continue to file the SEC Filings of Conoco U.S. or such affiliate with the Trustee;
- 3.23 the trust indenture under which the 2011 Notes were issued allows for redemption of the 2011 Notes. The 2011 Notes were redeemed on March 22, 2002, in accordance with their terms;
- 3.24 on February 19, 2002, Conoco Canada delivered a consent solicitation to the holders of each series of U.S. Notes, other than the 2011 Notes, (the "Remaining U.S. Notes"), requesting elimination of Conoco Canada's financial reporting obligations under the trust indentures under which the Remaining U.S. Notes were issued (the "U.S. Trust Indentures");
- 3.25 as part of the consent solicitation process, holders of the Remaining U.S. Notes were advised that if they approved the amendments to the U.S. Trust Indentures, Conoco Canada would no longer be required to file periodic reports with the Alberta Securities Commission or with the Trustee. In addition, holders of the Remaining U.S. Notes were asked to consent to Conoco Canada being deemed to cease to be a reporting issuer under the securities legislation of each of the Jurisdictions;
- 3.26 Conoco Canada has obtained the requisite approvals from the holders of the Remaining U.S. Notes including the three Ontario holders referred to in paragraph 3.20 above, such that they have consented to Conoco Canada obtaining this relief and such that they no longer require Conoco Canada to file financial reports under the U.S. Trust Indentures;
- 3.27 Conoco Canada has since purchased US\$250,000 principal amount of U.S. Notes from two of the three Ontario holders referred to in paragraph 3.20;

- 3.28 the only securities of Conoco Canada remaining outstanding that are held by persons or companies other than Conoco U.S. or its affiliates are the Remaining U.S. Notes, of which approximately U.S.\$12,965,000 aggregate principal amount were outstanding as of April 11, 2002;
 - 3.29 no securities of Conoco Canada are listed or quoted on any exchange or market in Canada or elsewhere;
 - 3.30 as a result of the various transactions described above (including the consent solicitation with respect to the Remaining U.S. Notes), the limited number of holders of the Remaining U.S. Notes and the deregistration of the Series 1 Preference Shares under the Exchange Act, Conoco Canada is no longer subject to periodic reporting requirements under the Exchange Act or Trust Indenture Act of 1939 of the United States and Conoco Canada has no contractual obligations to file periodic reports in any other jurisdiction; and
 - 3.31 Conoco Canada has no present intention of seeking public financing by way of an offering of its securities.
4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
 5. 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;
 6. AND WHEREAS the Decision of the Decision Makers under the Legislation is that Conoco Canada is deemed to have ceased to be a reporting issuer under the Legislation.

DATED this 16th day of May, 2002

"original signed by"

Patricia M. Johnston

Director, Legal Services & Policy Development