

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements in connection with statutory arrangement involving an exchangeable share structure where exemptions may not be available for technical reasons. Exchangeco exempted from certain continuous disclosure and insider reporting requirements subject to certain conditions. First trade deemed a distribution unless made in accordance with specified provisions of Multilateral Instrument 45-102 Resale of Securities.

Applicable Alberta Statutory Provisions

Securities Act, R.S.A., 2000, c.S-4, s. 75, 86(1)(p), 110, 131(1)(i), 144(1), 151, 212(2).

Applicable National Instruments

Multilateral Instrument 45-102 Resale of Securities

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA,
SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC,
NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR, YUKON TERRITORY, NUNAVUT AND
NORTHWEST TERRITORIES

AND

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

AND

IN THE MATTER OF NABORS INDUSTRIES, INC., NABORS EXCHANGE
(CANADA) INC., 3064297 NOVA SCOTIA COMPANY
AND ENSERCO ENERGY SERVICE COMPANY 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, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Nunavut and the Northwest Territories (the "Jurisdictions") has received an application from Nabors Industries, Inc. ("Nabors"), 3064297 Nova Scotia Company ("Calco") and Nabors Exchangeco (Canada) Inc. ("Canco") (collectively, the "Applicant") for a decision under the securities legislation, regulations, rules, instruments and/or policies of the Jurisdictions (the "Legislation") that:
 - 1.1 the requirements contained in the Legislation to be registered to trade in a security (the

"Registration Requirement") and to file a preliminary prospectus and a prospectus and to obtain receipts therefore (the "Prospectus Requirement") shall not apply to certain trades and distributions of securities to be made in connection with an agreement (the "Acquisition Agreement") to combine the businesses of Nabors and Enserco Energy Service Company Inc. ("Enserco") pursuant to a plan of arrangement (the "Arrangement") under Section 192 of the Canada Business Corporations Act, as amended (the "CBCA");

- 1.2 the requirements contained in the Legislation for all of the Jurisdictions except Nova Scotia, Prince Edward Island, New Brunswick and Newfoundland and Labrador for a reporting issuer or the equivalent to issue a press release and file a report with the Decision Makers upon the occurrence of a material change, file and deliver an annual report, where applicable, interim and annual financial statements, information circulars and annual information forms and provide, where applicable, interim and annual management's discussion and analysis of financial conditions and results of operations (collectively, the "Continuous Disclosure Requirements") shall not apply to Canco; and
 - 1.3 the requirements contained in the Legislation for all of the Jurisdictions except Nova Scotia, Prince Edward Island, New Brunswick and Newfoundland and Labrador that an insider of a reporting issuer or the equivalent file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer or the equivalent (the "Insider Reporting Requirements") shall not apply to insiders of Canco;
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 the Applicant has represented to the Decision Makers that:
 - 3.1 Nabors is a corporation organized and existing under the laws of the State of Delaware, with its head office in Houston, Texas;
 - 3.2 Nabors, together with its subsidiaries, is the largest drilling contractor in the world, conducting oil, gas and geothermal and drilling operations in the United States, Canada and internationally, primarily in South and Central America and the Middle East;
 - 3.3 as at December 31, 2001, Nabors' total assets were approximately US\$4.2 billion, while its total operating revenues and net income for the financial year then ended were approximately US\$2.2 billion and US\$387.5 million, respectively;
 - 3.4 the authorized capital stock of Nabors consists of 418,000,000 shares of Nabors stock, par value US\$0.10 per share, of which 400,000,000 are shares in the common stock of Nabors ("Nabors Shares"), 10,000,000 are shares of preferred stock and 8,000,000 are shares of class B stock. As at February 25, 2002, there were

140,943,885 Nabors Shares issued and outstanding and no other shares of any class or series outstanding;

- 3.5 the Nabors Shares are currently listed and posted for trading on the American Stock Exchange (the "AMEX") under the symbol "NBR";
- 3.6 as at February 22, 2002, there were nine registered holders of Nabors Shares resident in Canada (out of a total of 2,447 registered holders) holding 1,744 Nabors Shares, representing approximately 0.001% of the total number of issued and outstanding Nabors Shares. As of March 27, 2002, there were 976 beneficial holders of Nabors Shares resident in Canada holding 243,022 Nabors Shares representing approximately 0.17% of the total number of issued and outstanding Nabors Shares;
- 3.7 on February 25, 2002, the day immediately prior to the Arrangement being publicly announced, the closing price for Nabors Shares was US\$34.80, representing a market capitalization of approximately US\$4.9 billion;
- 3.8 Nabors is subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended (the "1934 Act");
- 3.9 Nabors is not a reporting issuer or the equivalent in any of the Jurisdictions but anticipates becoming a reporting issuer or the equivalent, absent exemptive relief from the securities regulatory authority or regulator therein, in Alberta, Saskatchewan and Québec following, and as a consequence of, the completion of the Arrangement;
- 3.10 Callco is an indirect wholly-owned subsidiary of Nabors. Callco is an unlimited liability company incorporated under the Companies Act (Nova Scotia) solely for the purpose of holding the various call rights associated with the exchangeable non-voting shares of Canco to be issued pursuant to the Arrangement (the "Exchangeable Shares");
- 3.11 all of the issued and outstanding shares of Callco will be held indirectly by Nabors at all material times. Callco is not a reporting issuer or the equivalent and does not intend to become a reporting issuer or the equivalent in any province or territory of Canada;
- 3.12 Nabors and Callco have submitted an application to the securities regulatory authorities in Alberta and Saskatchewan to be deemed to have ceased to be reporting issuers or the equivalent after the Effective Time (as defined below) of the Arrangement;
- 3.13 Canco was incorporated under the CBCA on March 8, 2002 for the purpose of implementing the Arrangement, and has its registered office in Calgary, Alberta. Canco has not carried on any business to date;
- 3.14 the authorized capital of Canco consists of an unlimited number of common shares and an unlimited number of Exchangeable Shares;

- 3.15 the only securities of Canco that are issued or may be issued are common shares and Exchangeable Shares and all of the issued and outstanding common shares are held and will continue to be held, indirectly, by Nabors as long as any outstanding Exchangeable Shares are owned by any person or entity other than Nabors or any of Nabors' subsidiaries. Upon completion of the Arrangement, all of the issued and outstanding Exchangeable Shares will be held by former holders of Enserco Shares (as defined below) who receive Exchangeable Shares in exchange for their Enserco Shares pursuant to the Arrangement;
- 3.16 Canco is not a reporting issuer or the equivalent in any of the Jurisdictions but anticipates becoming a reporting issuer or the equivalent, in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec following, and as a consequence of, the completion of the Arrangement;
- 3.17 the Exchangeable Shares were conditionally approved for listing on The Toronto Stock Exchange (the "TSE") on March 20, 2002, subject to completion of the Arrangement and the satisfaction of its customary requirements;
- 3.18 on November 17, 1988, Bonus Petroleum Cop. and Bonus Resources Ltd. were amalgamated under the CBCA by virtue of a Certificate of Amalgamation to continue under the name Bonus Petroleum Corp. Bonus Petroleum Corp. changed its name to Bonus Resource Services Corp. ("Bonus") on June 6, 1996. Thereafter on August 1, 1998, Bonus, Pink Panther Oilfield Services Ltd., Swab-Tech Inc. and Trimat Well Servicing Inc. amalgamated under the CBCA by virtue of a Certificate of Amalgamation to continue under the name Bonus. Bonus subsequently changed its name to Enserco Energy Service Company Inc. on May 4, 2001;
- 3.19 Enserco is an integrated energy services company providing production and drilling services to the North American oil and gas industry, which, through its subsidiaries, currently operates over 200 service rigs and 30 drilling rigs;
- 3.20 Enserco has reported that, as at December 31, 2001, Enserco's total assets were approximately Cdn. \$407.2 million, while its total operating revenues and net income for the year ended December 31, 2001 were Cdn. \$293.4 million and Cdn. \$45.3 million, respectively;
- 3.21 the authorized capital of Enserco consists of an unlimited number of common shares ("Enserco Shares"), of which 26,179,861 Enserco Shares were issued and outstanding as of February 25, 2002. Up to an additional 741,630 Enserco Shares may be issued pursuant to outstanding in-the-money options ("Enserco Options") and up to 77,000 Enserco Shares may be issued pursuant to outstanding out-of-the-money Enserco Options. Up to an additional 500,000 Enserco Shares may be issued pursuant to outstanding warrants ("Warrants"). Up to an additional 2,500 Enserco Shares may be issued pursuant to certain share purchase rights ("Share Purchase Rights") pursuant to a cooperation agreement dated June 18, 2001 between Bonus Well Servicing Partnership

and Polar Energy Services Ltd.;

- 3.22 the Enserco Shares are listed and posted for trading on the TSE under the symbol "ERC";
- 3.23 Enserco is a reporting issuer or the equivalent in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and Québec;
- 3.24 to the knowledge of the Applicant, Enserco is not in default of any requirements of the Legislation;
- 3.25 on March 19, 2002 the Applicant and Enserco obtained under Section 192 of the CBCA an interim order (the "Interim Order") from the Court of Queen's Bench of Alberta specifying, among other things, certain procedures and requirements to be followed in connection with the calling and conduct of the Enserco Meeting (as defined below) and the completion of the Arrangement;
- 3.26 the Arrangement is subject to approval of the holders of Enserco Shares ("Shareholders"), and the holders of Enserco Options, Warrants and Shares Purchase Rights (collectively, the "Enserco Security Holders") and the Court of Queen's Bench of Alberta by virtue of a final order (the "Final Order") approving the Arrangement;
- 3.27 a meeting of the Enserco Security Holders (the "Enserco Meeting") has been scheduled for April 24, 2002 to consider and, if deemed appropriate, approve the Arrangement;
- 3.28 an information circular dated on or about March 20, 2002 (the "Circular") prepared in accordance with the Legislation will be mailed to the Enserco Security Holders in connection with the Enserco Meeting and filed with each of the Decision Makers concurrently therewith;
- 3.29 the Circular contains or incorporates by reference prospectus-level disclosure concerning the Arrangement and the business and affairs of both Nabors and Enserco as well as certain historical financial information regarding both Nabors and Enserco;
- 3.30 at the Enserco Meeting, each Shareholder will be entitled to one vote for each Enserco Share held, and each holder of Options, Warrants and Share Purchase Rights will be entitled to one vote for each Enserco Share such holder would receive on a valid exercise thereof;
- 3.31 upon receipt of the approval of the Enserco Security Holders at the Enserco Meeting, the Applicant and Enserco will thereafter apply to the Court of Queen's Bench for the Final Order;
- 3.32 subject to the satisfaction or waiver of all closing conditions, including the receipt of all regulatory approvals, it is currently anticipated that the Arrangement will be completed

on or about April 26, 2002;

- 3.33 under the terms of the Arrangement, at the effective time (the "Effective Time") on the date shown on the registration statement issued upon filing Articles of Arrangement under the CBCA giving effect to the Arrangement (the "Effective Date"):
- 3.33.1 each Enserco Share that is not held by either a Shareholder who has exercised its dissent right and who is ultimately entitled to be paid the fair value of its Enserco Shares, or by Nabors or any affiliate thereof, will be transferred to, and acquired by, Canco, in exchange for, at the Shareholder's election (or deemed election): (a) Cdn. \$15.50 plus simple interest thereon at the rate of 6% per annum in respect of the period from, but not including, February 25, 2002 to and including the Effective Date (the "Per Share Price"); or (b) such number of fully paid and non-assessable Exchangeable Shares as is determined pursuant to an Exchange Ratio (as defined in paragraph 3.34);
- 3.33.2 each Enserco Share in respect of which no election or no effective election has been made by the Shareholder (other than Enserco Shares held by (i) a Shareholder who has exercised its dissent right and is ultimately entitled to be paid the fair market value of its Enserco Shares, or (ii) Enserco or any affiliate) will be transferred to, and acquired by, Canco without any act or formality on the part of the Shareholder or Canco, free and clear of all liens, claims and encumbrances, and the Shareholder shall be deemed to have elected to receive in exchange therefore the Per Share Price in cash;
- 3.33.3 each Warrant that has not been duly exercised prior to the Effective Time shall thereafter represent the right to purchase that number of Nabors Shares equal to the number of Enserco Shares subject to such Warrant multiplied by the Exchange Ratio (as defined in paragraph 3.34). The exercise price per Nabors Share under the Warrant shall equal the exercise price per Enserco Share of such Warrant immediately prior to the Effective Time divided by the Exchange Ratio. If the foregoing calculation results in the Warrant being exercisable for a fraction of a Nabors Share, then the number of Nabors Shares subject to such Warrant shall be rounded down to the next whole number of Nabors Shares and the total exercise price for the Warrant shall be reduced by the exercise price of the fractional Nabors Share. The term to expiry, conditions to and manner of exercising and all other terms and conditions of such Warrant will be unaffected except to the extent necessary to reflect the changes to the securities acquirable upon exercise and to the exercise price, and any document or agreement previously evidencing such Warrant shall thereafter evidence and be deemed to evidence such Warrant after the Effective Time; and

- 3.33.4 each Option and each Share Purchase Right that has not been duly exercised or surrendered for termination prior to the Effective Time shall be terminated and, in consideration for such termination, each holder of such Option or Share Purchase Right shall receive cash, without interest, in an amount equal to the greater of: (A) the positive difference, if any, between (i) the product of the Per Share Price and the number of Enserco Shares that are subject to issuance upon the exercise of such Option or Share Purchase Right, as the case may be, and (ii) the cash exercise price of such Option or Share Purchase Right; and (B) \$0.10, for each Enserco Share subject to such issuance;
- 3.34 the "Exchange Ratio" will be determined by dividing the Per Share Price by the simple average of the weighted average trading price of Nabors Shares on the AMEX over the 10 consecutive trading days ending on the third Business Day prior to the date of the Enserco Meeting (the "Measurement Period") using a currency exchange rate of Canadian dollars to U.S. dollars equal to the average of the noon buying rates in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York for each trading day in the Measurement Period (the "Nabors Average Price"). The "Simple Average of the Weighted Average Trading Price" is determined by dividing the aggregate sale price of all Nabors Shares sold on the AMEX during the Measurement Period by the total number of Nabors Shares sold;
- 3.35 as an alternative to the exchange contemplated by paragraph 3.33.1 each Shareholder shall be entitled to transfer its Enserco Shares to a newly incorporated corporation (a "Holdco") and transfer the issued and outstanding shares thereof (collectively, "Holdco Shares") to Canco (the "Holdco Alternative"), provided that on or prior to and as of the Effective Date:
- 3.35.1 the Shareholder is a resident of Canada for the purposes of the Income Tax Act (Canada) (the "ITA");
- 3.35.2 Holdco is incorporated no earlier than 60 days prior to the Effective Date, under the CBCA;
- 3.35.3 the Shareholder transfers its Enserco Shares to Holdco solely in consideration for the Holdco Shares;
- 3.35.4 Holdco has no indebtedness or liabilities and owns no assets other than the Enserco Shares;
- 3.35.5 the Shareholder indemnifies Nabors, Enserco, Canco and Callco for any and all liabilities of Holdco (other than tax liabilities of Holdco that arise solely as a result of the tax status of Acquiror, Canco or Callco as a "financial institution" for purposes of the ITA) in a form satisfactory to Nabors in its sole discretion, and such Shareholder either has net assets as reflected on its audited financial

statements for its most recently ended fiscal year which are satisfactory to Nabors or provides Nabors with security satisfactory to Nabors in respect of such Shareholder's indemnification obligations as set out above;

- 3.35.6 prior to the Effective Date, Holdco (i) declares one or more stock dividends which (if the Holdco Shares are to be acquired by Canco) may be in the form of preferred shares of Holdco that are converted into common shares of Holdco prior to the Effective Date; (ii) increases the stated capital of the Holdco Shares; or (iii) (if the Holdco Shares are to be acquired by Canco) declares one or more cash dividends, provided that such cash is used to subscribe, directly or indirectly, for shares of Holdco;
 - 3.35.7 on the Effective Date, Holdco has no issued shares outstanding other than the Holdco Shares and such shares will be owned by the Shareholder;
 - 3.35.8 on or prior to the Effective Date, Holdco has never entered into any transaction (or conducted any business or operations or engaged in any activity) other than those described herein or such other transactions as are necessary to facilitate those transactions described herein with Nabor's consent, acting reasonably;
 - 3.35.9 other than as provided in 3.35.6 above, Holdco will not declare or pay any dividends or other distributions;
 - 3.35.10 the Shareholder shall prepare and file all income tax returns of its Holdco in respect of the taxation year-end of such Holdco ending immediately prior to the acquisition of such Holdco Shares by Canco subject to Nabor's right to approve all such returns as to form and substance;
 - 3.35.11 the Shareholder provides Enserco and Nabors with copies of all documents necessary to effect the transactions contemplated in this Section at least ten days prior to the Effective Date which documents must be approved by both Enserco and Nabors in their sole discretion; and
 - 3.35.12 the Shareholder and its Holdco execute a share purchase agreement in the form required by Nabors, acting reasonably, providing for, among other things, the sale of the Holdco Shares to Canco;
- 3.36 to the extent a Shareholder elects to utilize the Holdco Alternative, at the Effective Time, each Holdco Share will be transferred to, and acquired by, Canco without any act or formality on the part of the holder of such Holdco Share or the entity which acquires such Holdco Share, free and clear of all liens, claims and encumbrances, in exchange for, at the holder's election (or deemed election):

3.36.1 the Per Share Price in cash without additional interest; or

3.36.2 such number of fully paid and non-assessable Exchangeable Shares as is equal to the Exchange Ratio,

in each case multiplied by a fraction having as its numerator the number of Enserco Shares held by the Holdco and as its denominator the number of issued and outstanding Holdco Shares of the Holdco;

- 3.37 no fractions of Exchangeable Shares will be issued in exchange for Enserco Shares pursuant to the Arrangement and such fractional interests will not entitle the owner to exercise any rights as a shareholder of Canco or Nabors. In lieu of any fractional securities, each holder otherwise entitled to a fraction of an Exchangeable Share will be entitled to receive a cash payment equal to the product of the fractional interest and the Nabors Average Price;
- 3.38 as a result of the foregoing, upon the completion of the Arrangement, all of the issued and outstanding Enserco Shares will be held directly or indirectly by Nabors and its affiliates;
- 3.39 it is expected that the Enserco Shares will be delisted from the TSE on or after the Effective Date. Enserco will continue to be a reporting issuer or the equivalent thereof, absent exemptive relief from the securities regulatory authority or regulator therein, in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and Québec. It is expected that Enserco will apply for such exemptive relief upon completion of the Arrangement;
- 3.40 Nabors will apply to the AMEX to list the Nabors Shares to be issued in exchange for the Exchangeable Shares and upon exercise of the Warrants;
- 3.41 the rights, privileges, conditions and restrictions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions"), the terms and conditions of the voting and exchange trust agreement to be entered into between Nabors, Canco and a Canadian trust company (the "Trustee") in connection with the Arrangement (the "Voting and Exchange Trust Agreement") and the terms and conditions of the support agreement to be entered into between Nabors, Callco and Canco in connection with the Arrangement (the "Support Agreement") are described in the Circular, and are summarized below;
- 3.42 the Exchangeable Shares will be issued by Canco and will be exchangeable at any time after the Effective Date (subject to earlier redemption in accordance with the Arrangement), on a one-for-one basis, at the option of the holder, for Nabors Shares. An Exchangeable Share will provide a holder with economic terms and voting rights, which are, as nearly as practicable, equivalent to those of a Nabors Share. Shareholders who are residents of Canada and who receive Exchangeable Shares under the Arrangement may, upon filing the necessary tax elections, obtain a full or

partial deferral of taxable capital gains for Canadian federal income tax purposes in certain circumstances. In addition, provided the Exchangeable Shares are listed on a prescribed stock exchange (which currently includes the TSE), they will be "qualified investments" for certain investors and will not constitute "foreign property", in each case, under the ITA;

- 3.43 subject to applicable law and the exercise of the Retraction Call Right (as defined and described below), a holder of Exchangeable Shares will be entitled at any time following the Effective Time to require Canco to redeem any or all of the Exchangeable Shares registered in the name of such holder for an amount per share equal to the current market price of a Nabors Share (as adjusted, if necessary) (the "Exchangeable Share Price") on the last Business Day prior to the date the holder desires Canco to redeem the Exchangeable Shares (the "Retraction Price"), which will be fully paid and satisfied by the delivery for each Exchangeable Share of one Nabors Share and any dividends payable or deliverable on such Exchangeable Share. When a holder of Exchangeable Shares makes a retraction request (a "Retraction Request"), Callco will have an overriding call right (the "Retraction Call Right") to purchase all but not less than all of the Exchangeable Shares subject to the Retraction Request in exchange for the Retraction Price, pursuant to the Exchangeable Share Provisions;
- 3.44 subject to applicable law and the Redemption Call Right (as defined and described below), Canco:
- 3.44.1 may at any time on or after the fifth anniversary of the Effective Date; or
- 3.44.2 will at any time, provided there are less than 1,500,000 Exchangeable Shares outstanding (excluding those held by Nabors and its affiliates) or on the occurrence of certain other events as described in the Arrangement,
- redeem all but not less than all of the then outstanding Exchangeable Shares (the "Redemption Date") for an amount per share equal to the Exchangeable Share Price on the last Business Day prior to the Redemption Date (the "Redemption Price"), which will be fully paid and satisfied by the delivery for each Exchangeable Share of one Nabors Share and any dividends payable or deliverable on such Exchangeable Share. Callco will have an overriding right (the "Redemption Call Right") to purchase on the Redemption Date all but not less than all of the Exchangeable Shares then outstanding (other than Exchangeable Shares held by Nabors and its affiliates) for a purchase price per share equal to the Redemption Price, as set out in the Arrangement;
- 3.45 except as required by law or under the Support Agreement, Voting and Exchange Trust Agreement or the terms of the Exchangeable Share Provisions, the holders of Exchangeable Shares will not be entitled to receive notice of, or attend or vote at, any meeting of shareholders of Canco;

- 3.46 on the Effective Date, Nabors, Canco and the Trustee will enter into the Voting and Exchange Trust Agreement pursuant to which Nabors will issue to the Trustee a number of Nabors Shares equal to the number of Exchangeable Shares issued and outstanding (other than Exchangeable Shares held by Nabors and its affiliates), which will be held by the Trustee to enable the holders of Exchangeable Shares to have voting rights that are equivalent to those of holders of Nabors Shares. Each registered holder of Exchangeable Shares (other than Nabors and its affiliates) (a "Beneficiary") on the record date for any meeting at which shareholders of Nabors are entitled to vote will be entitled to instruct the Trustee to vote one Nabors Share held by the Trustee for each Exchangeable Share held by the Beneficiary. Pursuant to the Support Agreement, the Exchangeable Shares are subject to adjustment or modification in the event of a stock split or other change to the capital structure of Nabors so as to maintain the initial one-to-one relationship between the Exchangeable Shares and the Nabors Shares;
- 3.47 the Exchangeable Share Provisions will provide that each Exchangeable Share will entitle the holder to dividends from Canco payable at the same time as, and the same as or economically equivalent to, each dividend paid by Nabors on a Nabors Share;
- 3.48 on the liquidation, dissolution or winding-up of Canco or any other distribution of the assets of Canco among its shareholders for the purpose of winding-up its affairs, holders of the Exchangeable Shares will have, subject to applicable law and the overriding right of Callco (the "Liquidation Call Right") to purchase all but not less than all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by Nabors and its affiliates) from the holders of Exchangeable Shares on the effective date of such liquidation, dissolution or winding-up (the "Liquidation Date") for a purchase price per share equal to the Exchangeable Share Price on the last Business Day prior to the Liquidation Date (the "Liquidation Amount"), preferential rights to receive from Canco the Liquidation Amount for each Exchangeable Share held, which will be fully paid and satisfied by the delivery of one Nabors Share and any dividends payable or deliverable on such Exchangeable Share;
- 3.49 on the liquidation, dissolution or winding-up of Canco (or when any other insolvency event described in the Circular occurs, and while it continues) each holder of Exchangeable Shares (other than Nabors and its affiliates) will be entitled to instruct the Trustee to exercise the exchange right (the "Exchange Right") granted to the Trustee in the Voting and Exchange Trust Agreement to require Nabors to purchase from such holder all or any part of the Exchangeable Shares held by the holder for a purchase price per share equal to the Exchangeable Share Price, which will be fully paid and satisfied by the delivery of one Nabors Share and any dividends payable or deliverable on such Exchangeable Share;
- 3.50 in order for the holders of the Exchangeable Shares to participate on a pro rata basis with the holders of Nabors Shares in the distribution of assets of Nabors in connection with any voluntary or involuntary liquidation, dissolution or winding-up proceedings with respect to Nabors or to effect any other distribution of the assets of Nabors among its

shareholders for the purpose of winding up its affairs (a "Liquidation Event"), immediately prior to the Liquidation Event each Exchangeable Share will, pursuant to the automatic exchange right granted to the Trustee in the Voting and Exchange Trust Agreement, automatically be exchanged for Nabors Shares equal to the Exchangeable Share Price under the Voting and Exchange Trust Agreement;

- 3.51 the Exchangeable Shares will have a preference over the common shares of Canco and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of Canco, whether voluntary or involuntary, or any other distribution of the assets of Canco among its shareholders for the purpose of winding-up its affairs;
- 3.52 on the Effective Date, Nabors, Canco and Callco will enter into the Support Agreement which will provide that Nabors will not declare or pay dividends on the Nabors Shares unless Canco simultaneously declares or pays, as the case may be, an equivalent dividend or other distribution economically equivalent thereto on the Exchangeable Shares, and that Nabors will ensure that Canco and Callco will be able to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares under the Exchangeable Share Provisions and the Redemption Call Right, Retraction Call Right and Liquidation Call Right. The Support Agreement will also provide that, without the prior approval of Canco and the holders of the Exchangeable Shares, Nabors will not issue or distribute Nabors Shares, securities exchangeable for or convertible into or carrying rights to acquire Nabors Shares, rights, options or warrants to subscribe for or to purchase Nabors Shares, evidences of indebtedness or other assets of Nabors to the holders of Nabors Shares, nor will Nabors subdivide, re-divide, reduce, combine, consolidate, reclassify or otherwise change the Nabors Shares unless the same or an economically equivalent distribution or change is simultaneously made to the Exchangeable Shares;
- 3.53 the Arrangement involves or may involve, a number of trades and/or distributions of securities (collectively, the "Trades"), in respect of which there may be no registration or prospectus exemptions available under the Legislation, including, without limitation, the issuance of the Exchangeable Shares and replacement Warrants; the issuance of Nabors Shares upon the exchange of Exchangeable Shares and the issuance of Nabors Shares upon the exercise of Warrants; the creation and exercise of all the various rights under the Voting and Exchange Trust Agreement, Support Agreement and Exchangeable Share Provisions; and the issuance of shares of Nabors and its affiliates (including Canco and Callco) in connection with the Arrangement;
- 3.54 the fundamental investment decision to be made by an Enserco Security Holder will be made at the time when such holder votes in respect of the Arrangement. As a result of this decision, unless Exchangeable Shares are sold in the market, a holder (other than a dissenting Shareholder) will ultimately receive Nabors Shares in exchange for the Enserco Shares held by such holder. The use of the Exchangeable Shares will provide certain Canadian tax benefits to certain Canadian holders but will otherwise be, as

nearly as practicable, the economic and voting equivalent of the Nabors Shares. As such, all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision;

- 3.55 as a result of the economic and voting equivalency in all material respects between the Exchangeable Shares and the Nabors Shares, holders of Exchangeable Shares will have an equity interest determined by reference to Nabors, rather than Canco. Dividend and dissolution entitlements will be determined by reference to the financial performance and condition of Nabors, not Canco. Accordingly, it is the information relating to Nabors, not Canco, that will be relevant to the holders of Exchangeable Shares;
 - 3.56 the Circular discloses that Nabors and Canco have applied for relief from the Registration Requirement and Prospectus Requirement, the Continuous Disclosure Requirements and Insider Reporting Requirements for insiders of Canco. The Circular also identifies the limitations imposed on any resale of Exchangeable Shares or Nabors Shares and the continuous disclosure that will be provided to holders of Exchangeable Shares if the requested relief is granted;
 - 3.57 following completion of the Arrangement, assuming an Exchange Ratio of 0.2808 (based upon the closing price of Nabors Shares, and the Canadian dollar exchange rate in effect, on the day immediately prior to the Arrangement being publicly announced), and assuming that Exchangeable Shares are considered to be Nabors Shares, it is expected that the beneficial holders of Nabors Shares resident in Canada will hold approximately 4.3% of the issued and outstanding Nabors Shares calculated based upon the number of beneficial and registered Shareholders and registered holders of Nabors Shares who are residents of Canada and on the assumption that the consideration to be paid by Nabors to Shareholders pursuant to the Arrangement will consist entirely of Exchangeable Shares (other than in respect of approximately 20.5% of Enserco Shares acquired by Nabors pursuant to prior agreement for cash);
 - 3.58 following completion of the Arrangement, Nabors will concurrently send to holders of Exchangeable Shares or Nabors Shares resident in the Jurisdictions all disclosure material it sends to holders of Nabors Shares resident in the United States pursuant to the 1934 Act;
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 pursuant to the Legislation is that:
 - 6.1 the Registration Requirement and Prospectus Requirement shall not apply to the Trades;

- 6.2 the first trade in Exchangeable Shares acquired in connection with the Arrangement shall be deemed to be a distribution or primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place, unless:
- 6.2.1 except in Quebec,
- 6.2.1.1 the conditions in subsections (3) or (4) of Section 2.6 of Multilateral Instrument 45-102 *Resale of Securities* ("MI 45-102") are satisfied; and provided further that, in determining the period of time that Canco has been a reporting issuer for the purposes of Section 2.6 of MI 45-102, the period of time that Enserco has been a reporting issuer may be included; or
- 6.2.1.2 where such first trade is a "control distribution" as such term is defined in MI 45-102, such trade is made in compliance with Sections 2.8 of MI 45-102; and provided further that, in determining the period of time that Canco has been a reporting issuer for the purposes of Section 2.8 of MI 45-102, the period of time that Enserco has been a reporting issuer may be included; and the period of time that a holder of Exchangeable Shares (or an affiliated or controlled entity of such holder) held Enserco Shares shall be included in the calculation of the hold period);
- 6.2.2 in Québec,
- 6.2.2.1 Canco or one of the parties to the Arrangement (including, for greater certainty, Enserco) is and has been a reporting issuer in Québec in good standing for the twelve months immediately preceding the first trades (and for the purpose of determining the period of time that the issuer or one of the parties to the Arrangement has been a reporting issuer in Québec, the period of time that Enserco was a reporting issuer may be included);
- 6.2.2.2 no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares;
- 6.2.2.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
- 6.2.2.4 if the selling Exchangeable Share holder is an insider or officer of Nabors or Canco, the selling Exchangeable Share holder has no reason to believe that Nabors or Canco are in default of the Legislation;
- 6.3 the first trade in Nabors Shares acquired in connection with the Arrangement shall be

deemed to be a distribution or primary distribution to the public under the Legislation unless, at the time of the trade:

6.3.1 except in Québec,

6.3.1.1 if Nabors is a reporting issuer in any Jurisdiction listed in Appendix B to MI 45-102 other than Québec, the conditions in subsections (3) or (4) of Section 2.6 of MI 45-102 are satisfied; and for the purpose of determining the period of time that Nabors has been a reporting issuer under Section 2.6, the period of time that Enserco has been a reporting issuer may be included; or

6.3.1.2 if Nabors is not a reporting issuer in any Jurisdiction other than Québec, such first trade is made through an exchange, or a market, outside of Canada; and

6.3.2 in Québec,

6.3.2.1 Nabors or one of the parties to the Arrangement (including, for greater certainty, Enserco) is and has been a reporting issuer in Québec in good standing for the twelve months immediately preceding the first trades (and for the purpose of determining the period of time that the issuer or one of the parties to the Arrangement has been a reporting issuer in Québec, the period of time that Enserco was a reporting issuer may be included);

6.3.2.2 no unusual effort is made to prepare the market or to create a demand for the Nabors Shares;

6.3.2.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade; and

6.3.2.4 if the selling Nabors Share holder is an insider or officer of Nabors or Canco, the selling Nabors Share holder has no reason to believe that Nabors or Canco are in default of the Legislation;

6.4 the Continuous Disclosure Requirements shall not apply to Canco so long as:

6.4.1 Nabors sends concurrently to all holders of Exchangeable Shares or Nabors Shares resident in Canada all disclosure material furnished to holders of Nabors Shares resident in the United States, including, without limitation, copies of its proxy solicitation materials and its annual financial statements, which financial statements will be prepared solely in accordance with US GAAP;

- 6.4.2 Nabors files with each Decision Maker copies of all documents required to be filed by it with the SEC under the 1934 Act, and such filings are made under Canco's SEDAR profile and the filing fees which would otherwise be payable by Canco in connection with such filings are paid;
 - 6.4.3 Nabors complies with the requirements of the AMEX in respect of making public disclosure of material information on a timely basis and forthwith issues in Canada and files with the Decision Makers any press release that discloses a material change in Nabors' affairs;
 - 6.4.4 Canco complies with the material change reporting requirements in respect of material changes in the affairs of Canco that would be material to holders of Exchangeable Shares but would not be material to holders of Nabors Shares;
 - 6.4.5 Nabors includes in all future mailings of proxy solicitation materials (if any) to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to Nabors and not in relation to Canco, such statement to include a reference to the economic equivalency between the Exchangeable Shares and the Nabors Shares and the right to direct voting at Nabors' shareholders' meetings pursuant to the Voting and Exchange Trust Agreement (without taking into account tax effects);
 - 6.4.6 Nabors remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities, including, without limitation, common shares of Canco; and
 - 6.4.7 Canco does not issue any securities to the public other than the Exchangeable Shares in connection with the Arrangement; and
- 6.5 the Insider Reporting Requirements, and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders*, shall not apply to Canco and each insider of Canco, so long as:
- 6.5.1 such insider of Canco does not receive or have access to, in the ordinary course, information as to material facts or material changes concerning Nabors before the material facts or material changes are generally disclosed; and
 - 6.5.2 such insider of Canco is not a director or senior officer of Nabors, or a "major subsidiary" of Nabors, as such term is defined in National Instrument 55-101 *Exemptions from Certain Insider Reporting Requirements* as if Nabors were a reporting issuer.

DATED this 18th day of April, 2002.

"original signed by"
Glenda A. Campbell, Q.C., Vice-Chair

"original signed by"
Jerry A. Bennis, FCA, Member