

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – large U.S. company and its wholly-owned Canadian subsidiary deemed to cease to be reporting issuers under the Act after they became reporting issuers as a result of a business combination with a Canadian reporting issuer carried out by way of a plan of arrangement. After completion of the arrangement Canadian share ownership was de minimus.

Applicable Alberta Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA AND SASKATCHEWAN

AND

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

AND

IN THE MATTER OF NABORS INDUSTRIES, INC. AND
3064297 NOVA SCOTIA COMPANY

MRRS DECISION DOCUMENT

1. WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker"), in each of Alberta and Saskatchewan (the "Jurisdictions") has received an application from Nabors Industries, Inc. ("Nabors") and 3064297 Nova Scotia Company ("Callco") (together, the "Applicant") for a decision under the securities legislation, regulations, rules, instruments and/or policies of the Jurisdictions (the "Legislation") that Nabors and Callco are deemed to cease to be reporting issuers 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 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 is currently subject to the United States *Securities Exchange Act of 1934* (the "Exchange Act") and to the best of the its knowledge is not in default of any of its obligations under the Exchange Act;

- 3.3 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;
- 3.4 the Nabors Shares are currently listed and posted for trading on the American Stock Exchange;
- 3.5 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;
- 3.6 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;
- 3.7 Callco is an indirect wholly-owned subsidiary of Nabors. Callco is an unlimited liability company incorporated under the *Companies Act* (Nova Scotia) and holds the various call rights associated with the exchangeable non-voting shares (the "Exchangeable Shares") of Nabors Exchangeco (Canada) Inc. ("Canco"), an indirect wholly-owned subsidiary of Nabors, issued under a plan of arrangement involving Nabors and Enserco Energy Service Company Inc. ("Enserco") under Section 192 of the *Canada Business Corporations Act* (the "Arrangement") pursuant to an acquisition agreement made as of February 25, 2002 between Nabors and Enserco;
- 3.8 all of the issued and outstanding shares of Callco are, and will be at all material times, held indirectly by Nabors;
- 3.9 Enserco mailed a management proxy circular dated March 20, 2002 (the "Circular") to holders ("Shareholders") of Enserco common shares ("Enserco Shares") and holders of Enserco options, share purchase rights and warrants (collectively, the Shareholders and holders of all such options, share purchase rights and warrants are the "Enserco Security Holders"), and concurrently filed the Circular in the Jurisdictions;
- 3.10 the Circular sought, among other things, approval by the Enserco Security Holders of the Arrangement at a special meeting of Enserco Security Holders held April 24, 2002 (the "Enserco Meeting"). At the Enserco Meeting, each Shareholder was entitled to one vote for each Enserco Share held, and each holder of options, share purchase rights or warrants was entitled to one vote for each Enserco Share such holder would receive on a valid exercise;
- 3.11 at the Enserco Meeting, Enserco Security Holders voted to approve the Arrangement and the Arrangement was completed on April 26, 2002;

- 3.12 Nabors will send to all holders of Exchangeable Shares or Nabors Shares resident in the Jurisdictions all disclosure material furnished to holders of Nabors Shares resident in the United States including, without limitation, copies of its annual financial statements and all proxy solicitation materials;
- 3.13 as of March 27, 2002, there were 976 beneficial holders of Nabors Shares in Canada holding 243,022 Nabors Shares, representing approximately 0.17% of the total number of issued and outstanding Nabors Shares. Of these beneficial holders of Nabors Shares in Canada, there are:
- 3.13.1 87 beneficial holders of Nabors Shares resident in Alberta, holding 22,007 Nabors Shares, representing approximately 0.016% of the issued and outstanding Nabors Shares; and
- 3.13.2 6 beneficial holders of Nabors Shares resident in Saskatchewan, holding 540 Nabors Shares, representing approximately .00038% of the issued and outstanding Nabors Shares;
- 3.14 as of March 19, 2002, based on information provided to Enserco by Independent Investor Communications Corp. ("IICC"), it is estimated that 2,279 beneficial Shareholders in Canada held 10,186,643 Enserco Shares, representing approximately 38.9% of the total number of issued and outstanding Enserco Shares;
- 3.15 based on an exchange ratio ("Exchange Ratio") of 0.2377 (based upon the weighted average trading price of Nabors Shares from and including April 8, 2002 to and including April 19, 2002 converted from US dollars to Canadian dollars based upon the average exchange rate during such period) and assuming that Exchangeable Shares are considered to be Nabors Shares, the beneficial holders of Nabors Shares resident in Canada hold approximately 1.8% 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, as set out above, 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 for cash pursuant to prior agreement));
- 3.16 based upon the Exchange Ratio of 0.2377 (assuming that Exchangeable Shares are considered to be Nabors Shares and that the consideration paid by Nabors to Shareholders pursuant to the Arrangement consists entirely of Exchangeable Shares (other than in respect of approximately 20.5% of Enserco Shares acquired by Nabors for cash pursuant to prior agreement)), and the number of beneficial Shareholders who are residents of Alberta and Saskatchewan pursuant to a search report of IICC dated March 19, 2002, there may be:

- 3.16.1 up to an additional 1,265 beneficial holders of Nabors Shares resident in Alberta, holding up to 1,364,046 Nabors Shares, representing approximately 0.93% of the issued and outstanding Nabors Shares; and
 - 3.16.2 up to an additional 71 beneficial holders of Nabors Shares resident in Saskatchewan, holding up to 16,647 Nabors Shares, representing approximately 0.011% of the issued and outstanding Nabors Shares; and
 - 3.17 pursuant to the Legislation, upon the issuance of Nabors Shares to former Shareholders under the terms of the Arrangement and Callco's participation in the Arrangement, Nabors and Callco are deemed to be reporting issuers under the Legislation;
4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the ADecision@);
 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. THE DECISION of the Decision Makers under the Legislation is that Nabors and Callco are deemed to have ceased to be reporting issuers under the Legislation.

DATED this 30th day of April, 2002.

"original signed by"

Patricia M. Johnston
Director, Legal Services & Policy Development