

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 LTD. AND
3064297 NOVA SCOTIA COMPANY

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta and Saskatchewan (the "Jurisdictions") has received an application from Nabors Industries Ltd. ("Nabors") and 3064297 Nova Scotia Company ("Callco") (together, the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Nabors and Callco be deemed to have ceased 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, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;
4. AND WHEREAS the Applicant has represented to the Decision Makers that:
 - 4.1 Nabors is an exempted company organized and existing under the laws of Bermuda, with its registered office in St. Michael, Barbados;

- 4.2 on June 24, 2002, Nabors became the successor to Nabors Industries, Inc., a Delaware corporation, following a corporate reorganization;
- 4.3 Nabors is currently subject to the United States *Securities Exchange Act of 1934* (the "Exchange Act") and to the best of its knowledge is not in default of any of its obligations under the Exchange Act;
- 4.4 the authorized capital of Nabors is US\$425,000, which consists of 425,000,000 shares of stock, par value US\$0.001 per share, of which 400,000,000 are common shares of Nabors ("Nabors Shares"), and 25,000,000 are preferred shares, par value US\$0.001 per share;
- 4.5 as at August 31, 2002, there were 144,459,268 Nabors Shares and one preferred share outstanding;
- 4.6 the Nabors Shares are currently listed and posted for trading on the American Stock Exchange;
- 4.7 as at August 20, 2002, there were 15 (out of a total of 2,209) registered holders of Nabors Shares resident in Canada, representing approximately 0.679% of the total number of registered holders of Nabors Shares holding 878,274 Nabors Shares (out of a total of 144,459,268 outstanding Nabors Shares) representing approximately 0.608% of the total number of outstanding Nabors Shares;
- 4.8 Callco, an unlimited liability company incorporated under the *Companies Act* (Nova Scotia) and an indirect wholly-owned subsidiary of Nabors, 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, to be issued pursuant to a plan of arrangement (the "Arrangement") involving Nabors, Ryan Energy Technologies Inc. ("Ryan"), and Callco;
- 4.9 Ryan is a corporation amalgamated under the *Business Corporations Act* (Alberta) and is currently a reporting issuer in Alberta, Saskatchewan, Ontario, and Québec;
- 4.10 on August 12, 2002, the day immediately before the Arrangement was publicly announced, the closing price for Nabors Shares was US\$31.29, representing a market capitalization of approximately US\$4.5 billion;
- 4.11 all of the issued and outstanding shares of Callco are, and will be at all material times, held indirectly by Nabors;
- 4.12 Ryan mailed a management proxy circular on September 10, 2002 (the "Circular") to holders ("Shareholders") of Ryan common shares ("Ryan Shares") and holders of Ryan options (collectively, the Shareholders and holders of all such options are the "Ryan Security Holders"), and concurrently filed the Circular in the Jurisdictions;

- 4.13 the Circular sought, among other things, approval by the Ryan Security Holders of the Arrangement at a special meeting of Ryan Security Holders held October 8, 2002 (the "Ryan Meeting"). At the Ryan Meeting, each Shareholder was entitled to one vote for each Ryan Share held, and each holder of options was entitled to one vote for each Ryan Share such holder would receive on a valid exercise thereof;
- 4.14 at the Ryan Meeting, Ryan Security Holders voted to approve the Arrangement and the Arrangement was completed on October 9, 2002;
- 4.15 Nabors will send concurrently 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;
- 4.16 as of September 6, 2002, there were 978 beneficial holders of Nabors Shares in Canada holding 334,414 Nabors Shares, representing approximately 0.231% of the total number of issued and outstanding Nabors Shares. Of these beneficial holders of Nabors Shares in Canada, there are:
- 4.16.1 117 beneficial holders of Nabors Shares resident in Alberta, holding 41,480 Nabors Shares, representing approximately 0.029% of the issued and outstanding Nabors Shares; and
- 4.16.2 6 beneficial holders of Nabors Shares resident in Saskatchewan, holding 637 Nabors Shares, representing approximately 0.0004% of the issued and outstanding Nabors Shares;
- 4.17 as of August 20, 2002, based on information provided to Ryan by Independent Investor Communications Corp. ("IICC"), it is estimated that beneficial Shareholders in Canada held 16,084,874 Ryan Shares, representing approximately 70.8% of the total number of issued and outstanding Ryan Shares;
- 4.18 upon completion of the Arrangement, assuming a maximum exchange ratio ("Exchange Ratio") of 0.0362 (based upon the weighted average trading price of Nabors Shares from and including October 1, 2002 to and including October 3, 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 0.9% of the issued and outstanding Nabors Shares (calculated based upon the number of Nabors Shares held by residents of Canada, as set out above, the election of Ryan Shareholders holding 9,082,675 Ryan Shares as of September 30, 2002 (the election deadline) to receive either Exchangeable Shares or Nabors Shares and on the assumption that all such electing Ryan Shareholders are residents of Canada);
- 4.19 based upon the Exchange Ratio of 0.0362 and assuming that Exchangeable Shares are considered to be Nabors Shares, based upon the number of beneficial Shareholders who are residents of Alberta and Saskatchewan pursuant to a search report of IICC

dated September 30, 2002, and on the assumption that all Shareholders who elected to receive Exchangeable Shares and Nabors Shares pursuant to the Arrangement are residents of Alberta and Saskatchewan, it is expected that there could be up to:

- 4.19.1 an additional 966 beneficial holders of Nabors Shares resident in Alberta, holding up to 295,661 Nabors Shares, representing approximately 0.203% of the issued and outstanding Nabors Shares; and
- 4.19.2 an additional 26 beneficial holders of Nabors Shares resident in Saskatchewan, holding up to 1,201 Nabors Shares, representing approximately 0.0008% of the issued and outstanding Nabors Shares;
- 4.20 as at August 31, 2002, there was one common share of Canco and 641,982 Exchangeable Shares issued and outstanding. All of the issued and outstanding common shares of Canco are 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;
- 4.21 under the Legislation, on 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; and
- 4.22 other than failing to prepare and file material change reports and file press releases on SEDAR since the Arrangement, Nabors and Callco are not in default of any of the requirements of the Legislation;
- 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 Nabors and Callco are deemed to have ceased to be reporting issuers under the Legislation.

DATED this 14th day of November, 2002.

"original signed by"
Patricia M. Johnston
Director, Legal Services & Policy Development