

THE SECURITIES ACT

)

Order No. 2658

)

Section 20

)

October 21st, 1999

**CANADIAN 88 ENERGY CORP.**

(A) Canadian 88 Energy Corp. ("Canadian 88") and Prize Energy Inc. ("Prize") has made application to The Manitoba Securities Commission (the "Commission") for an Order, pursuant to Section 20(1) of the *Securities Act*, R.S.M. 1988, c. S50 (the "Act"), exempting Canadian 88 from the requirements of Sections 6 and 37 of the Act with respect to the proposed dividend payment by Canadian 88 to its shareholders, payable in the form of common share of Prize on the basis of one Prize common share for approximately 5.1 common shares of Canadian 88.

(B) Canadian 88 has represented to the Commission as follows.

1. Canadian 88 was incorporated on September 4, 1987 under the *Canada Business Corporations Act*.
2. Canadian 88 is, itself and through its subsidiaries, engaged in the exploration for and acquisition, development, production and marketing of crude oil and natural gas, primarily in Alberta. The authorized share capital of Canadian 88 consists of an unlimited number of common shares and unlimited numbers of six classes of preferred shares, issuable in series, of which 106,602,002 common shares were issued and outstanding as at August 31, 1999.
3. The authorized share capital of Canadian 88 consists of an unlimited number of common shares and unlimited numbers of six classes of preferred shares, issuable in series, of which 106,602,002 common shares were issued and outstanding as at August 31, 1999.
4. The common shares of Canadian 88 are listed and posted for trading on the Toronto, Alberta and American stock exchanges under the trading symbol "EEE".
5. Canadian 88 is subject to the continuous disclosure requirements of the Act and is a registrant under the *United States Securities Exchange Act of 1934*.
6. Canadian 88 is not, to our knowledge, in default of securities legislation in any jurisdiction.
7. As at September 13, 1999, there were 95 holders (the "Manitoba Shareholders") of an aggregate of 142,050 common shares of Canadian 88 who were resident in the Province of Manitoba.

8. Prize was incorporated as "297272 Alberta Ltd." under the laws of the Province of Alberta on March 21, 1983. Prize changed its name to "Kapalua Gold Mines Ltd." on April 27, 1993 and to its present name, "Prize Energy Inc." on November 16, 1993.
9. Prize's head office is located at 700, 400 - 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 4H2.
10. Prize is a reporting issuer in the Provinces of British Columbia and Alberta and is not, to our knowledge, in default of any requirements of the applicable securities legislation in the Provinces of British Columbia or Alberta. Prize is not subject to the continuous disclosure requirements of the Act.
11. The authorized share capital of Prize consists of an unlimited number of common shares (the "Prize Shares") and an unlimited number of preferred shares, issuable in series, of which 46,063,116 common shares and no preferred shares were issued and outstanding as at August 31, 1999.
12. The common shares of Prize are listed and posted for trading on The Alberta Stock Exchange under the trading symbol "PZI".
13. As of the date hereof, Canadian 88 is the owner of 20,887,800 Prize Shares, being approximately 45.3% of the issued and outstanding Prize Shares.
14. On September 2, 1999, Canadian 88 announced that it had declared a dividend to its shareholders payable in the form of Prize Shares on the basis of approximately one Prize Share for each 5.1 common shares of Canadian 88 (the "Dividend Payment").
15. Pursuant to Sections 45(2)(14) and 74(2)(13) of the *Securities Act* (British Columbia), Sections 65(1)(n) and (107)(1)(g) of the *Securities Act* (Alberta), Sections 39(1)(n) and 81(1)(g) of the *Securities Act* (Saskatchewan), Sections 35(1)13 and 72(1)(g) of the *Securities Act* (Ontario), Sections 41(1)(n) and 77(1)(g) of the *Securities Act* (Nova Scotia), Sections 36(1)(m) and 73(1)(g) of the *Securities Act* (Newfoundland) and Section 13(1)(j) of the *Securities Act* (Prince Edward Island), exemptions (collectively, the "Exemptions") from the registration and prospectus requirements of such acts are provided in the case of a trade by an issuer in a security of a reporting issuer held by it that is distributed by it to holders of its securities as a dividend in kind.
16. Pursuant to the Exemptions, the Dividend Payment may be made to Canadian 88 shareholders in each the jurisdiction in which an Exemption is available without the requirement that Canadian 88 be registered or file a prospectus under the securities legislation of such jurisdiction, provided that Prize Energy is a reporting issuer in such jurisdiction at the date of the Dividend Payment.

17. On September 20, 1999, Prize filed a non-offering prospectus in each of the jurisdictions in Canada, other than British Columbia and Alberta, for the purpose of becoming a reporting issuer in such jurisdictions so as to enable Canadian 88 to obtain the benefit of the Exemptions.

18. On September 23, 1999, the Corporation recalled the filing of its preliminary prospectus with the Commission as the Act:

(a) does not allow an issuer to acquire reporting status by virtue of the filing of a non-equity offering prospectus; and

(b) does not contain exemptions from the registration and prospectus requirements which is analogous to the Exemptions.

19. In the absence of an Order from the Commission pursuant to Section 20 of the Act granting Canadian 88 relief from the registration and prospectus requirements of Sections 6 and 37 of the Act, Canadian 88 will not be in a position to proceed with the Dividend Payment to Manitoba Shareholders.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant this Order.

**IT IS ORDERED:**

1. **THAT**, pursuant to Section 20 of the Act, that Canadian 88 is exempted from the registration and prospectus requirements of Sections 6 and 37 of the Act in respect of the Dividend Payment to Manitoba Shareholders.

2. **THAT** the fee for this order shall be \$650.00.

**BY ORDER OF THE COMMISSION**

**Director - Legal**