

IN THE MATTER OF
THE SECURITIES LEGISLATION OF THE PROVINCES OF
BRITISH COLUMBIA, ALBERTA, ONTARIO, MANITOBA,
QUEBEC AND NOVA SCOTIA

AND

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

AND

IN THE MATTER OF SEARCH ENERGY CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in each of the provinces of British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia (the "Jurisdictions") has received an application from Search Energy Corp. (the "Filer") for a decision pursuant to section 4.5 of National Policy Statement No. 47 ("NP 47") and to the securities legislation of the Jurisdictions (the "Legislation") for a waiver of the eligibility requirements found in section 4.1(2)(b)(i) of NP 47 and section 169 of the Regulation Respecting Securities (Quebec) (the "Quebec Regulation") to permit the Filer to participate in the Prompt Offering Qualification System (the "POP System") as if it were an eligible reporting issuer within the meaning of NP 47;

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;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer was incorporated in 1979 as Westrex Energy Corp. ("Westrex"). Through a plan of arrangement under the *Business Corporations Act* (Alberta), Westrex merged with Search Energy Inc. ("Search Inc.") on December 31, 1996, and changed its name to Search Energy Corp. on January 2, 1997. Search Inc. thereby became a wholly-owned subsidiary of the Filer. The Filer is registered to carry on business in the provinces of Alberta and British Columbia.
2. The Filer has been a reporting issuer in Alberta since April 11, 1991;
3. The Filer's head office is located in Alberta.
4. The Filer is not in default of securities legislation in any jurisdiction.
5. The Common Shares of the Filer are listed and posted for trading on the Toronto Stock Exchange under the trading symbol "SGY".

6. The Filer is authorized to issue an unlimited number of Common Shares,

7. The financial year end of the Filer is December 31.

8. As of July 10, 2000, apart from Mr. John Feigl (beneficially owning, directly or indirectly, or exercising control or direction over, 5,071,200 Common Shares, or approximately 10.86% of the issued and outstanding Common Shares), no person beneficially owns directly or indirectly, or exercises control or direction over Common Shares carrying more than 10 percent of the votes attached to all of the issued and outstanding Common Shares.

9. As of June 30, 2000 there were 46,709,415 Common Shares of the Filer issued and outstanding.

10. During the period from December 1, 1999 to December 31, 1999, the aggregate market value of the Equity Securities of the Filer, calculated in accordance with NP 47 and the Quebec Regulation, was \$59,415,431. During the period from June 1, 2000 to June 30, 2000, the aggregate market value of the Equity Securities of the Filer, calculated in accordance with NP 47 and the Quebec Regulation, was \$89,938,544. During the period from July 1, 2000 to July 31, 2000, the aggregate market value of the Equity Securities of the Filer, calculated in accordance with NP 47 and the Quebec Regulation, was \$89,522,162.

11. The Filer would be eligible to participate in the POP System, except that the market value of its Equity Securities (as defined in NP 47), being the Common Shares not held by John Feigl, during the last calendar month of its most recently completed financial year was less than \$75,000,000.

12. The Filer would be eligible to participate in the POP System upon the filing and acceptance of its Initial AIF under Proposed National Instrument 44-101 which would replace the current calculations of the aggregate market value of an issuer's securities under NP 47 with a calculation as of a date within sixty (60) days before the filing of the issuer's preliminary short form prospectus.

13. The Filer may wish to effect an offering prior to its financial year end and is of the view that a short form prospectus is the most appropriate vehicle for such offering;

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

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;

THE DECISION of the Decision Makers, pursuant to the Legislation, is that the Decision Makers hereby waive the requirements of section 4.1(2)(b)(i) of NP 47 and section 169 of the Quebec Regulation in respect of the Filer so that the Filer is eligible to participate in the POP System, provided that;

- (i) the Filer complies with all the filing requirements and procedures and each of the other eligibility requirements of NP 47 and the Quebec Regulation;
- (ii) the aggregate market value of the equity securities of the Filer, calculated in accordance with section 4.1(2) of NP 47 and section 169 of the Quebec Regulation is \$75,000,000 or more on a date within sixty (60) days before the date of filing of the Filer's preliminary short form prospectus;
- (iii) the eligibility certificate to be filed in respect of the Filer's initial AIF shall state that the Filer satisfies the eligibility criteria set out in the Legislation and shall make reference to this waiver; and
- (iv) this Decision terminates on the earlier of: (a) 140 days after the end of the Filer's financial year ended December 31, 2000, and (b) the date of filing a renewal AIF by the Filer in respect of its financial year ending December 31, 2000.

DATED at Edmonton, Alberta on August 31st, 2000.

Agnes Lau, CA
Deputy Director, Capital Markets

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer granted relief from the requirement to calculate the market value of its common shares based on the closing prices during the last calendar month of the financial year in respect of its Initial AIF.

Applicable Alberta Statutory Provisions

Securities Act, S.A. 1981, c. S-6.1, as amended, ss. 4.1(2)(b)(i) and 4.5 of National Policy No. 47