

In the Matter of  
the Securities Legislation of  
Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec,  
New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador  
(the **Jurisdictions**)

and

In the Matter of  
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of  
Nexen Inc. (the **Filer**)

Decision

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be deemed to have ceased to be a reporting issuer in the Jurisdictions (the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Alberta Securities Commission is the principal regulator for this application;  
and
- (b) this decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

**Interpretation**

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined herein.

**Representations**

This decision is based on the following facts represented by the Filer:

1. The Filer was formed in Canada in 1971 from the reorganization of two Occidental Petroleum Corporation subsidiaries and is currently organized pursuant to the *Canada Business Corporations Act (CBCA)*. The Filer is a reporting issuer or equivalent in each of the Jurisdictions.

2. The Filer's head office is located in Calgary, Alberta.
3. On February 25, 2013, the Filer completed a transaction pursuant to an arrangement agreement with CNOOC Limited (CNOOC) and CNOOC Canada Holding Ltd. (CNOOC Holding), a wholly-owned subsidiary of CNOOC, pursuant to which CNOOC acquired, through CNOOC Holding, all the issued and outstanding common shares (Common Shares) and cumulative redeemable Class A rate reset preferred shares, Series 2 (Preferred Shares) of the Filer by way of a plan of arrangement under Section 192 of the CBCA (the Arrangement).
4. Following completion of the Arrangement, CNOOC became the sole beneficial shareholder of the Common Shares and the Preferred Shares.
5. The Common Shares and the Preferred Shares were de-listed from the Toronto Stock Exchange (TSX) as of the end of business on February 28, 2013 and the Common Shares were de-listed from the New York Stock Exchange (NYSE) on March 8, 2013.
6. On March 28, 2013, the Filer redeemed all of the outstanding 7.35% unsecured subordinated notes due November 1, 2043 issued pursuant to the subordinated debt indenture between the Filer and Deutsche Bank Trust Company Americas dated as of November 4, 2003. The Subordinated Notes were de-listed from the TSX on March 28, 2013 and from the NYSE on April 8, 2013.
7. Pursuant to the trust indenture between Canadian Occidental Petroleum Ltd. (predecessor to the Filer) and CIBC Mellon Trust Company made as of April 28, 1998, as supplemented by supplemental indentures dated April 28, 1998, February 4, 1999, March 11, 2002, November 20, 2003, March 10, 2005, February 24, 2013 and March 22, 2013 (the 1998 Indenture), the Filer issued:
  - (a) US\$200 million aggregate principal amount of 7.40% notes due 2028;
  - (b) US\$500 million aggregate principal amount of 7.875% notes due 2032;
  - (c) US\$250 million aggregate principal amount of 5.20% notes due 2015; and
  - (d) US\$790 million 5.875% notes due 2035 (collectively, the 1998 Notes).
8. Pursuant to the senior debt indenture between the Filer and Deutsche Bank Trust Company Americas dated as of May 4, 2007, as supplemented by supplemental indentures dated July 30, 2009, February 24, 2013 and March 22, 2013 (the 2007 Indenture), the Filer issued:
  - (a) US\$250 million aggregate principal amount of 5.65% notes due 2017;
  - (b) US\$1.25 billion aggregate principal amount of 6.40% notes due 2037;

- (c) US\$300 million aggregate principal amount of 6.20% notes due 2019; and
  - (d) US\$700 million aggregate principal amount of 7.50% notes due 2039 (collectively, the **2007 Notes** and, together with the 1998 Notes, the **Senior Notes**).
9. The Filer has repurchased and cancelled a portion of aggregate principal amount of certain series of the Senior Notes such that, as at December 31, 2012, approximately US\$1.616 billion aggregate principal amount of the 1998 Notes and approximately US\$2.312 billion aggregate principal amount of the 2007 Notes were issued and outstanding for a total aggregate principal amount of approximately US\$3.928 billion. The Senior Notes are not convertible or exchangeable for Common Shares or other securities of the Filer. The Senior Notes are not listed on any exchange or marketplace.
  10. The Filer made diligent enquiry (the **Investigation**) with Ipreo Holdings LLC (**Ipreo**) and Broadridge Financial Solutions, Inc. (**Broadridge**) to ascertain that, as of March 2013, approximately US\$3.7 billion aggregate principal amount of the Senior Notes were held by 125 institutional beneficial holders holding one or more series of the Senior Notes. Pursuant to the Investigation, 115 of the 125 institutional beneficial holders are U.S. institutions. Nine of the remaining ten beneficial holders, holding US\$310 million aggregate principal amount of the Senior Notes, were non-U.S. and non-Canadian institutions. The remaining holder is Euroclear, which is the European equivalent of DTC in the United States. Euroclear holds US\$99 million aggregate principal amount of the Senior Notes and does not release beneficial holder information.
  11. The Filer has made diligent enquiry with Ipreo and Broadridge to ascertain the location of securityholders in Canada. To the best of the Filer's knowledge and belief, pursuant to the Investigation, there are no more than 49 beneficial holders of the Senior Notes in Canada, holding an aggregate of US\$114 million aggregate principal amount of the Senior Notes, representing not more than 2.9% of the outstanding principal amount of the Senior Notes. The remaining US\$108 million of the Senior Notes, representing 2.8% of the outstanding principal amount of the Senior Notes, are held by an undisclosed number of non-Canadian holders who have elected not to be identified.
  12. Of the 49 beneficial holders in Canada, which hold one or more series of the Senior Notes, 37 have been identified to be resident in Ontario, three to be resident in Alberta, three to be resident in Québec, two to be resident in British Columbia and two to be resident in Manitoba. The Investigation was not able to identify the province of residence of the two remaining Canadian holders, holding in aggregate US\$2 million of the principal amount of the Senior Notes.
  13. There is no obligation in the provisions of the 1998 Indenture or the 2007 Indenture for the Filer to maintain its status as a reporting issuer or equivalent in any of the Jurisdictions.

14. On March 22, 2013, the Filer completed a successful consent solicitation and implemented certain amendments to the 1998 Indenture and the 2007 Indenture, which included the following:
  - (a) provision by CNOOC of a guarantee of the Filer's obligations under the 1998 Indenture, the 2007 Indenture and the Senior Notes;
  - (b) removal of the Filer's reporting obligations under the 1998 Indenture and replacement of such with obligations consistent with the 2007 Indenture; and
  - (c) addition of certain reporting covenants of CNOOC under both the 1998 Indenture and the 2007 Indenture on the basis that, as the publicly-listed (on the NYSE and The Stock Exchange of Hong Kong Limited) parent of the Filer, reporting of CNOOC is more relevant to investors than that of the Filer. CNOOC currently maintains a status as a "foreign private issuer" with the Securities and Exchange Commission and files its requisite disclosure materials on EDGAR. In addition, CNOOC intends to list its securities on the TSX, following which, it is expected that CNOOC will become a reporting issuer in Canada.
15. Pursuant to the 1998 Indenture and the 2007 Indenture, the Filer is required to file with the trustee the continuous disclosure materials that it is required to file with the Securities and Exchange Commission pursuant to the applicable provisions of U.S. securities laws. The Filer currently has no obligation to continue to file reports with the Securities and Exchange Commission and intends to cease filing any such reports.
16. Pursuant to the 1998 Indenture and the 2007 Indenture, CNOOC is required to deliver to the trustee, upon request, certain financial statements filed with The Stock Exchange of Hong Kong Limited. If CNOOC's ordinary shares are no longer listed for trading on The Stock Exchange of Hong Kong Limited, CNOOC is required to deliver to the trustee, upon request, copies of its annual and semi-annual financial statements.
17. To the best of the Filer's knowledge and belief, the Filer's outstanding securities, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the Jurisdictions, other than in Ontario, and by fewer than 51 securityholders in total in Canada.
18. The Filer is not eligible to surrender its status as a reporting issuer in British Columbia pursuant to British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because the Filer has more than 50 securityholders (both debt and equity). As a result, and because the Filer's outstanding securities are beneficially owned, directly or indirectly, by more than 15 securityholders in Ontario and more than 51 securityholders worldwide, the Filer is not eligible to file under the simplified procedure in CSA Staff Notice 12-307 *Applications for Decision that an Issuer is not a Reporting Issuer*.
19. The Filer's securities, including debt securities, are not and will not be traded in Canada or another country on a marketplace as defined in National Instrument 21-101

*Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

20. The Filer is not a reporting issuer in any jurisdictions of Canada other than the Jurisdictions. The Filer is applying for relief to cease to be a reporting issuer in each of the Jurisdictions.
21. The Filer is not in default of securities legislation in any of the Jurisdictions.
22. Upon granting of the Exemptive Relief Sought, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

**Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.



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