

IN THE MATTER OF
THE SECURITIES ACT, 1988, S.S. 1988, c. S-42.2

AND

IN THE MATTER OF
PRODUCERS PIPELINES INC.

TEMPORARY ORDER
(Sections 134 and 135)

WHEREAS it has been represented to the Saskatchewan Securities Commission (the "Commission") by the staff of the Commission that:

1. A shareholder rights agreement dated August 27, 1990 (the "Rights Agreement") was entered into between Producers Pipelines Inc. ("Producers") and The Royal Trust Company as rights agent;
2. The principal purpose of the Rights Agreement was to grant rights to each shareholder of Producers as of August 27, 1990 to purchase 10 additional common shares of Producers for a price equivalent to \$7.50 per share upon the occurrence of certain triggering events, including a take-over bid as defined in the Rights Agreement by a person not "grandfathered" by the Rights Agreement, beneficially owning more than 5% of the outstanding common shares of Producers;
3. Pursuant to the Rights Agreement, the Rights Agreement and the rights granted thereunder expired on December 27, 1990;
4. By resolution of the Board of Directors of Producers on December 15, 1990 which was announced in a press release dated December 18, 1990, the Rights Agreement was extended to February 28, 1991 and was also amended to provide that a bid permitted by the Rights Agreement could only be made with the prior unanimous approval of the Board of Directors of Producers;
5. By resolution of the Board of Directors, the Rights Agreement was further extended to April 15, 1991, which extension was announced in a press release dated February 25, 1991;

6. Neither the Rights Agreement nor the extensions of the Rights Agreement was approved by shareholders of Producers, although the annual meeting of the shareholders of Producers was held on October 26, 1990 and a special meeting of shareholders of Producers was held on February 25, 1991;
7. By an issuer bid dated February 27, 1991 and approved by shareholders of Producers on February 25, 1991 (the "Issuer Bid") Producers has offered to purchase from its shareholders a maximum of 560,000 common shares at a price of \$21.50 per share;
8. Pursuant to the Issuer Bid, the last date on which shareholders of Producers could tender their shares was March 28, 1991;
9. 347883 Alberta Ltd., a shareholder of Producers, made an application to the Court of Queen's Bench for the Province of Saskatchewan to enjoin Producers from taking up or paying for any shares tendered pursuant to the Issuer Bid on the basis that the Rights Agreement was oppressive or unfairly prejudicial to the interests of the shareholders of Producers pursuant to section 234 of The Business Corporations Act;
10. The Court of Queen's Bench dismissed the application on March 27, 1991.
11. On March 28, 1991 347883 Alberta Ltd. made an application to the Court of Appeal for the Province of Saskatchewan for an interim restraining order and sought leave to appeal the decision of the Court of Queen's Bench;
12. On March 28, 1991 the Court of Appeal restrained Producers from taking up the shares tendered pursuant to the Issuer Bid pending determination of the appeal;
13. On March 28, 1991 a complaint was received by the Commission from a shareholder of Producers alleging that the Rights Agreement has the practical effect of precluding take-over bids to compete with the Issuer Bid;
14. The Rights Agreement is an impediment to an unrestricted auction of the securities and restricts the ability of the shareholders of Producers to respond to a bid competing with the Issuer Bid all of which offends the principles of National Policy 38 "Take-over Bids - Defensive Tactics" adopted by the Commission ("National Policy 38");
15. On April 8, 1991 the Court of Appeal heard the appeal and reserved its decision;

16. The issues before the Court of Appeal on the appeal brought by 347883 Alberta Ltd. may be different from the issues the Commission would consider in determining whether the actions of the Board of Directors of Producers offend the principles of National Policy 38;
17. A temporary cease trading order is necessary to maintain the status quo with respect to the take up of shares tendered on the Issuer Bid and to give the Commission an opportunity to consider whether it should make any order after the Court of Appeal renders its judgment.

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

AND WHEREAS the Commission is of the opinion that the length of time required for a hearing would be prejudicial to the public interest;

THE COMMISSION HEREBY ORDERS pursuant to subsection 134(3) of The Securities Act, 1988, S.S. 1988, c. S-42.2 (the "Act") effective immediately that trading in securities of Producers Pipelines Inc. shall cease up to and including the 24th of April, 1991;

AND TAKE NOTICE THAT:

1. This Order may be extended for such period as the Commission considers necessary where satisfactory information to enable the Commission to make an order pursuant to subsection 134(1) is not provided to the Commission on or before the 24th day of April, 1991;
2. The Commission will, at the request of any person or company named in this Order, grant a hearing before the Commission with respect to the within matter, such hearing to be held at such time and place as the Commission shall determine;
3. The purpose of such hearing will be to consider whether it is in the public interest that a permanent cease trade order pursuant to subsection 134(1) of the Act be made with respect to Producers by reason of the matters hereinbefore described;
4. Any party to these proceedings may be represented by counsel of their choice at any such hearing before the Commission; and
5. Upon failure of any party to attend any such hearing at the time and place set therefore, the hearing may proceed in the

absence of such party and such party is not entitled to any further notice of the proceedings therein.

DATED at the City of Regina, in the Province of Saskatchewan, this 9th day of April, 1991.



Morley I. Meiklejohn
Commission Member

To: Producers Pipelines Inc.
The Royal Trust Company