THE SECURITIES ACT	)	Order No. 3313
	)	
Section 20(1)	)	April 18, 2001

WESTERN FACILITIES FUND AND DANOIL ENERGY LTD.

WHEREAS:

(A) Western Facilities Fund (the "Fund") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") that certain trades in securities made pursuant to or in connection with a plan of arrangement involving the Fund, Danoil Energy Ltd. ("Danoil") and Nevis Ltd. ("Nevis") (the "Merger"), as defined below, are not subject to Sections 6 or 37 of the Act;

(B) The Fund has represented to the Commission that:

1. The Fund, a limited purpose trust formed under the laws of Alberta, is a "reporting issuer" or the equivalent thereof in each of the Provinces in Canada and its Trust Units are listed for trading on the Toronto Stock Exchange (the "TSE");

2. Nevis, a wholly-owned subsidiary of the Fund incorporated under the *Alberta Business Corporations Act* (the "ABCA"), is not a "reporting issuer" or the equivalent thereof in any jurisdiction in Canada and its shares are not listed or quoted for trading on any stock exchange or other trading market;

3. Danoil, a corporation incorporated under the ABCA, is a "reporting issuer" or the equivalent thereof in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The common shares of Danoil are listed for trading on the TSE and the Canadian Venture Exchange;

4. The Fund, Danoil and Nevis have entered into an agreement (the "Arrangement Agreement") for the purpose of combining their respective businesses. The Arrangement Agreement provides for the amalgamation of Danoil with Nevis, with the result that the combined company will be a wholly-owned subsidiary of the Fund ("Amalco"), which will then become an oil and gas income trust (the "Merger"). As part of the proposed Merger, a plan of arrangement will be effected pursuant to Section 186 of the ABCA (the "Arrangement"), all as more particularly described in a joint management information and proxy circular dated March 16, 2001 (the "Information Circular");

5. Under the proposed Merger and Arrangement:

(a) Nevis will issue to the Fund unsecured debentures in the estimated aggregate principal amount of $23.7 million (the "Nevis Debentures");

(b) Unitholders of the Fund will, immediately prior to the Arrangement becoming effective under the ABCA (the "Effective Date"), receive a distribution of their proportionate share of the Nevis Debentures;

(c) Trust Units in the Fund outstanding immediately prior to the Arrangement becoming effective will be consolidated on a one-for-fourteen basis;

(d) Danoil shares will be exchanged for unsecured, subordinated notes issued by Nevis to Danoil ("Acquisition Notes") on the basis of a ratio to be determined by dividing the aggregate principal amount of the Acquisition Notes by the number of Danoil shares issued and outstanding;

(e) Danoil shareholders on the Effective Date will receive one trust unit of the Fund for each Acquisition Note and as a result, the former Danoil shareholders will be Unitholders of the Fund; and

(f) Danoil and Nevis will amalgamate and continue as Amalco;

6. On March 16, 2001, Danoil obtained an interim order from the Court of Queen's Bench (Alberta) (the "Interim Order") containing, *inter alia*, declarations and directions with respect to the holding of an annual and special meeting of the holders of Class A common shares of Danoil to consider and, if thought fit, authorize, approve and adopt the Arrangement in accordance with the Interim Order. An annual and special meeting of the shareholders of Danoil was held on April 16, 2001 (the "Danoil Meeting") for the purposes of considering the Merger, and if thought fit, approve it. Pursuant to the Interim Order, the Arrangement must be approved by at least two-thirds of the votes cast by the Danoil shareholders at the Danoil Meeting. The Arrangement was approved at the Danoil Meeting by the unanimous vote of the Danoil shareholders entitled to vote thereon. Further, an annual and special meeting of the Unitholders of the Fund was held on April 17, 2001 (the "Fund Meeting"). Pursuant to the Fund's constating documents, the Merger must have been approved by at least two-thirds of the votes cast by Unitholders at the Fund Meeting. 99% of the votes cast by the Unitholders of the Fund were in favour of the Merger. Subject to the terms of the Arrangement Agreement, Danoil will make application to the Court of Queen's Bench (Alberta) on April 20, 2001 for a final order approving the Arrangement;

7. The Information Circular contains prospectus like disclosure regarding the Merger, the business and affairs of each of Danoil, the Fund and Nevis and also includes a Fairness Opinion from CIBC World Markets Inc.;

8. Upon completion of the Merger and Arrangement, Danoil will have amalgamated with Nevis to form Amalco, which will be a wholly-owned subsidiary of the Fund. Former Danoil shareholders will become Unitholders of the Fund. Amalco will continue to carry on the oil and gas business currently carried on by Danoil. Taking into account the consolidation of 29,221,824 issued and outstanding Trust Units in the Fund on a one-for-fourteen basis and the issuance of 22,715,773 Trust Units in the Fund in exchange for 22,715,773 issued and outstanding Danoil shares (assuming that there are no dissenting shareholders), there will be approximately 24,803,046 Trust Units in the Fund issued and outstanding upon completion of the Merger and Arrangement. Of such Trust Units, approximately 91.6% will be held by the former Danoil shareholders and approximately 8.4% will be owned by the current Unitholders of the Fund;

9. The Arrangement Agreement contemplates the following transactions:

(a) The trust indenture of the Fund will be amended, or amended and restated, in order to consolidate the outstanding Trust Units on a one-for-fourteen basis and provide for the distribution of the Nevis Debentures by the Fund to those Unitholders who hold outstanding Trust Units immediately prior to the Effective Date;

(b) The Fund will purchase from Nevis the Nevis Debentures in an estimated aggregate principal amount of $23.7 million;

(c) The Fund will distribute the Nevis Debentures pro rata to those Unitholders who hold outstanding Trust Units immediately prior to the Effective Date;

(d) Danoil and Nevis will file Articles of Arrangement that will:

(i) exchange each issued and outstanding Danoil share for Acquisition Notes on the basis of a ratio to be determined by dividing the aggregate principal amount of the Acquisition Notes by the number of Danoil shares issued and outstanding;

(ii) deem the Acquisition Notes to be exchanged with the Fund for Trust Units in the Fund; and

(e) amalgamate Danoil and Nevis, to continue as one corporation;

10. Although the purchase of the Nevis Debentures by the Fund and the subsequent distribution of the Nevis Debentures (collectively, the "Debenture Trades") in accordance with the Arrangement Agreement (and as identified in paragraphs 9(b) and (c) above) are clearly trades made "in connection with a statutory amalgamation or arrangement", such trades cannot be made in reliance on the exemptions from the registration and prospectus requirements of the Act contained in Sections 19(1)(j)(i) and 58(1)(b), respectively, of the Act (the "Statutory Procedure Exemption") as the Fund does not fall within the definition of a "company" under Section 1(1) of the Act;

11. The exchange of the Acquisition Notes by Danoil shareholders for Trust Units in the Fund (the "Acquisition Note Exchange") in accordance with the Arrangement Agreement (and as identified in paragraph 9(d) above) again are trades made "in connection with a statutory amalgamation or arrangement", but will not be capable of being made in reliance on the Statutory Procedure Exemption since the Fund cannot be considered a "company" as defined in Section 1(1) of the Act. Thus, relief from the registration and prospectus requirements of the Act will be required in respect of these trades as well;

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

IT IS ORDERED:

1. THAT, pursuant to subsection 20(1) of the Act, the Debenture Trades and the Acquisition Note Exchange are not subject to Sections 6 or 37 of the Act.

2. THAT the fee for this order shall be $1,000.00.

BY ORDER OF THE COMMISSION.

Director - Legal