

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

AND

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

AND

IN THE MATTER OF NAL OIL & GAS TRUST

AND

IN THE MATTER OF DRAIG ENERGY LTD.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from NAL Oil & Gas Trust (the "Trust") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that in connection with the Trust's offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Common Shares") and preferred shares (the "Preferred Shares", and collectively with the Common Shares the "Shares") of Draig Energy Ltd. ("Draig") on the basis of 0.2375 of a unit of the Trust (a "Trust Unit") for each Common Share and 0.125 of a Trust Unit for each Preferred Share, the requirement contained in the Legislation to offer all holders of the same class of securities identical consideration (the "Identical Consideration Requirement") shall not apply to U.S. Shareholders (as defined below) who receive the cash proceeds from the sale of Trust Units in accordance with paragraph 3.6 below;

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS the Trust has represented to the Decision Makers that:

3.1 the Trust is an unincorporated open-ended trust formed under the laws of the Province of Alberta, whose head office is located in the Province of Alberta. It is a reporting issuer or the equivalent in the Jurisdictions and is not in default of any of the requirements of the Legislation. Its Trust Units are listed and posted for trading on the Toronto Stock Exchange (the "TSE");

3.2 Draig is a public company incorporated under the *Business Corporations Act* (Alberta). Its Shares are listed on the TSE and it is a reporting issuer or the equivalent in Alberta, Ontario and Quebec;

3.3 to the knowledge of the Trust, after reasonable inquiry, there was one registered shareholder of Draig resident in the United States (the "U.S. Shareholder") at the date of the Offer holding approximately 0.52% of the Common Shares;

3.4 the Trust Units that may be issued under the Offer to the U.S. Shareholder have not been and will not be registered or otherwise qualified for distribution pursuant to the securities legislation of the United States.

3.5 the Trust is eligible to use the multijurisdictional disclosure system ("MJDS"). However, upon issuing the Trust Units into the United States, the Trust may become subject to the United States *Investment Company Act of 1940* and would have to comply with its registration and continuous disclosure requirements. Compliance with these requirements would be overly burdensome to the Trust.

3.6 the Trust proposes to deliver the Trust Units which any U.S. Shareholder of Draig is entitled to receive under the Offer to The Trust Company of Bank of Montreal (the "Depository") which will in turn sell such Trust Units on The Toronto Stock Exchange and deliver the net proceeds after expenses of such sale to Draig Shareholders resident in the United States. This sale and payment will occur simultaneously, or substantially simultaneously, with the payment by the Trust for Draig Shares under the Offer;

3.7 the Offer is being made in compliance with the Legislation of the Jurisdictions, except to the extent that exemptive relief is granted in respect of the Identical Consideration Requirement;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. 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;

6. THE DECISION of the Decision Makers under the Legislation is that in connection with Offer, the Trust is exempt from the Identical Consideration Requirement insofar as U.S. Shareholders who accept the Offer may receive, instead of receiving Trust Units, cash proceeds from the Depository's sale of the Trust Units in accordance with the procedure set out in paragraph 3.6 above.

DATED at Calgary, Alberta this 30th day of June, 2000.

John W. Cranston, Member James E. Allard, Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - securities exchange take-over bid made for issuer with shareholders resident in the United States - offeror's securities not qualified for distribution in the United States - offeror relieved from requirement to provide identical consideration to all holders of securities that are of the same class insofar as offeror proposing to offer United States resident shareholders cash proceeds of sale of exchanged securities.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 136(1), 144(2)(c).