

September 28, 2004

IN THE MATTER OF THE SECURITIES LEGISLATION OF MANITOBA, QUÉBEC AND
YUKON TERRITORY (collectively, the "Jurisdictions")

AND

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

AND

IN THE MATTER OF ROCKY MOUNTAIN ENERGY CORP., ENTERRA ENERGY
COMMERCIAL TRUST AND ROCKY MOUNTAIN ACQUISITION CORP. (collectively, the
"Filer")

MRRS DECISION DOCUMENT

BACKGROUND

1. The local securities regulatory authority or regulator (collectively, the "Decision Makers") in the Jurisdictions has received an application from Enterra Energy Trust ("EET") for a decision under the securities legislation of the Jurisdictions (the "Legislation") for:

1.1 an exemption from the dealer registration requirement and the prospectus requirements of the Legislation for any Trades (as defined herein) made in connection with the proposed plan of arrangement (the "Arrangement") pursuant to Section 193 of the Business Corporations Act (Alberta) (the "ABCA"), involving Rocky Mountain Energy Ltd. ("Rocky Mountain"), Enterra Energy Commercial Trust ("EEC Trust") and Rocky Mountain Acquisition Corp. ("AcquisitionCo") and the shareholders (the "Shareholders") of Rocky Mountain (the "Arrangement Relief"); and

1.2 an exemption from the prospectus requirement for the first trade in Trust Units or Exchangeable Shares acquired by Shareholders under the Arrangement or the first trade of Trust Units acquired on the exercise of all rights, automatic or otherwise, under such Exchangeable Shares (the "First Trade Relief" and, together with the Arrangement Relief, the "Requested Relief).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) The Manitoba Securities Commission is the principal regulator for this application; and

(b) this MRRS decision document evidences the decision of each Decision Maker.

INTERPRETATION

3. Defined terms contained in National Instrument 14-101 Definitions or in Agence nationale d'encadrement du secteur financier Notice 14-101 have the same meaning in this decision unless they are defined in this decision.

REPRESENTATIONS

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

4.1 Rocky Mountain was incorporated on January 10, 1979 under the Companies Act of the Province of British Columbia and was continued under the laws of the Province of Alberta on August 30, 2001. Rocky Mountain commenced operations in 1983 upon acquiring a number of producing royalty companies in Saskatchewan. Rocky Mountain is a junior oil and gas company based in Calgary and operating in Southern Alberta with its focus on the Princess area of Southern Alberta;

4.2 the head and principal office of Rocky Mountain is located at Suite 1001, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3E6 and the registered office is located at Suite 4500, 855 2nd Street S.W., Calgary, Alberta, T2P 4K7;

4.3 Rocky Mountain is engaged in the exploration for, and the acquisition, development and production of, oil and natural gas, primarily in the Princess area of the Province of Alberta;

4.4 the authorized capital of Rocky Mountain currently consists of an unlimited number of common shares ("Rocky Mountain Shares") and an unlimited number of preferred shares;

4.5 as at August 27, 2004, 7,142,487 Rocky Mountain Shares were issued and outstanding, no preferred shares were issued and outstanding and options to purchase 567,284 Rocky Mountain Shares were outstanding;

4.6 the Rocky Mountain Shares are listed and posted for trading on the TSX Venture Exchange ("TSXV");

4.7 Rocky Mountain is, and has been for more than four months, a reporting issuer or the equivalent thereof in the provinces of British Columbia, Alberta and Saskatchewan;

4.8 Rocky Mountain has filed all the information that it has been required to file as a reporting issuer in each of the provinces of British Columbia, Alberta and Saskatchewan and is not in default of the Legislation in any of these jurisdictions;

4.9 EET is an open-end, unincorporated trust governed by the laws of the Province of Alberta and created pursuant to an amended and restated trust indenture ("Trust Indenture") dated November 25, 2003 amount Luc Chartrand, Enterra Energy Corp. and Olympia Trust Company, as trustee;

4.10 the head and principal office of EET is located at 2600, 500 – 4th Avenue S.W., Calgary, Alberta, T2P 2V6;

4.11 EET is authorized to issue an unlimited number of trust units ("Trust Units") and an unlimited number of special voting rights ("Special Voting Rights"). As at August 27, 2004, approximately 23,178,931 Trust Units were issued and outstanding and one Special Voting Right were outstanding;

4.12 the trust units of EET ("Trust Units") are listed and posted for trading on the Toronto Stock Exchange ("TSX");

4.13 EET has made application to list the Trust Units issuable under the Arrangement, including the Trust Units issuable from time to time in exchange for the exchangeable shares of AcquisitionCo (the "Exchangeable Shares"), on the TSX. Listing will be subject to AcquisitionCo fulfilling all of the requirements of the TSX;

4.14 EET is, and has been for at least four months, a reporting issuer in the provinces British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec and Nova Scotia. EET is not in default of the Legislation in any of such jurisdictions;

4.15 AcquisitionCo was incorporated under the ABCA on August 20, 2004;

4.16 the registered office of AcquisitionCo is located at 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9;

4.17 the only business carried on to date by AcquisitionCo has been the entering into of the Arrangement Agreement;

4.18 AcquisitionCo is a wholly-owned subsidiary of the EEC Trust.

4.19 EEC Trust is an open-end, unincorporated trust governed by the laws of the Province of Alberta and created pursuant to a trust indenture dated November 24, 2003 among Luc Chartrand, as settlor, and Herman S. Hartley and Reginald Greenslade, as trustees;

4.20 the head and principal office of EEC Trust is located at 2600, 500 – 4th Avenue S.W., Calgary, Alberta, T2P 2V6;

4.21 EEC Trust a wholly-owned subsidiary of EET;

4.22 the Arrangement will require approval by not less than two-thirds of the votes cast by Shareholders, either in person or by proxy, at a meeting (the "Meeting") of the Shareholders to be held on September 28, 2004 to consider the Arrangement, and thereafter; (ii) approval of the Court of Queen's Bench of Alberta (the "Court");

4.23 the information circular and proxy statement (the "Information Circular") delivered to Shareholders in respect of the Meeting will contain, among other things, prospectus level disclosure of the business and affairs of each of Rocky Mountain, EET and AcquisitionCo, the particulars of the Arrangement as well as a fairness opinion of an independent financial advisor;

4.24 through the series of steps occurring in connection with the Arrangement, AcquisitionCo. will acquire all of the issued and outstanding Rocky Mountain Shares, such that Rocky Mountain will become a wholly-owned subsidiary of AcquisitionCo. It is expected that AcquisitionCo and Rocky Mountain will be amalgamated following the completion of the Arrangement;

4.25 the Arrangement will result, through a series of transactions, in Shareholders ultimately receiving for each Rocky Mountain Share held, either: (i) \$6.10 cash; or (ii) 0.35078 of a Trust Unit; or (iii) 0.35078 of an Exchangeable Share, or a combination of the foregoing, subject to certain limitations which are described below;

4.26 all of the Trust Units issued to Rocky Mountain Shareholders pursuant to the Arrangement will be delivered by EEC Trust. Prior to the completion of the Arrangement, EET will issue to EEC Trust a sufficient number of Trust Units so as to allow EEC Trust to satisfy its obligations to deliver Trust Units to Rocky Mountain Shareholders as contemplated under the Arrangement;

4.27 specifically, the following steps will occur in the following order as part of the Arrangement effective as of the date of the certificate giving effect to the Arrangement (the "Effective Date"):

4.27.1 all unexercised Options shall be cancelled for no consideration ("Trade No. 1").

4.27.2 subject to paragraphs 4.27.3 and 4.27.4, below, all Rocky Mountain Shares (other than those held by or on behalf of a Dissenting Shareholder (as defined below)) shall be transferred to AcquisitionCo (free of any claims) ("Trade No. 2"), and each Shareholder shall be entitled to receive from AcquisitionCo, subject to adjustment and to the limit set forth below, consideration comprised of, at the election of the Shareholder:

4.27.2.1. 0.35078 of a Trust Unit for each Rocky Mountain Share held thereby (the "Trust Unit Consideration") ("Trade No. 3A");

4.27.2.2. \$6.10 cash for each Rocky Mountain Share held thereby (the "Cash Consideration") (subject to the limit set forth in paragraph 4.27.3);

4.27.2.3. 0.35078 of an Exchangeable Share (together with the related Ancillary Rights) for each Rocky Mountain Share held thereby (the "Exchangeable Share Consideration") ("Trade No. 3B"); or

4.27.2.4. the Exchangeable Share Consideration for an elected portion of the Rocky Mountain Shares held thereby, the Cash Consideration for an elected portion of the Rocky Mountain Shares held thereby (subject to the limit set forth in paragraph 4.27.3) and the Trust Unit Consideration for the balance of the Rocky Mountain Shares held thereby (the "Combined Consideration");

provided that where the consideration to be received by a Shareholder includes Exchangeable Shares, such Exchangeable Share Consideration shall be allocated as consideration for each Rocky Mountain Share owned by such Shareholder on a pro rata basis.

4.27.3 with respect to the Cash Consideration and the Combined Consideration elected by Shareholders, the aggregate amount of cash available to satisfy such elected amounts is limited to \$10,000,000 (the "Cash Limit"). If the Aggregate Cash Elected exceeds the Cash Limit, the amount of Cash Consideration paid to the Shareholders so electing shall be prorated (based on the fraction equal to the Cash Limit divided by the Aggregate Cash Elected) among all such Shareholders who made (or are deemed to have made) an election to receive the Cash Consideration or the Combined Consideration so that the aggregate amount of cash payable to all such Shareholders shall be equal to the Cash Limit, and such Shareholders shall receive Trust Unit Consideration in respect of the balance of such Shareholders' Rocky Mountain Shares in respect of which such Shareholders had elected to receive Cash Consideration.

4.27.4 The number of Trust Units and Exchangeable Shares issuable or transferable for each Rocky Mountain Share pursuant to paragraph 4.27.2, being 0.35078, shall be proportionately and appropriately adjusted for the purposes of subsection 3.1(b) if the Nasdaq weighted average trading price of the Trust Units for the ten (10) trading days immediately preceding the Effective Date (the "Weighted Average Trading Price") is different by more than five (5) percent from the price of \$17.39, such adjustment to be as follows:

4.27.4.1. if the Weighted Average Trading Price exceeds \$18.26, 0.35078 shall be replaced by the amount that is the quotient obtained by dividing \$6.41 by the Weighted Average Trading Price.

4.27.4.2. if the Weighted Average Trading Price is less than \$16.52, 0.35078 shall be replaced by the quotient obtained by dividing \$5.79 by the Weighted Average Trading Price.

(All of the trades described above being referred to collectively as the "Trades");

4.28 an aggregate maximum of \$10,000,000 in cash will be issued under the Arrangement; Exchangeable Shares will be issued to non-resident Shareholders or tax-exempt Shareholders;

4.29 all of the Trust Units issued to Rocky Mountain Shareholders pursuant to the Arrangement will be delivered by EEC Trust; prior to the completion of the Arrangement, EET will issue to EEC Trust a sufficient number of Trust Units so as to allow EEC Trust to satisfy its obligations to deliver Trust Units to Rocky Mountain Shareholders as contemplated under the Arrangement;

4.30 the Exchangeable Shares provide a holder with a security having economic and voting rights which are, as nearly as practicable, equivalent to those of the Trust Units;

4.31 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, holders of Exchangeable Shares will be able to exchange them at their option for Trust Units;

4.32 in order to ensure that the Exchangeable Shares remain the voting and economic equivalent of the Trust Units prior to their exchange, redemption, retraction or other acquisition, the Arrangement provides for:

4.32.1 a voting and exchange trust agreement to be entered into among EET, EEC Trust, AcquisitionCo, Enterra ExchangeCo Ltd. ("ExchangeCo") and Olympic Trust Company (the "Voting and Exchange Agreement Trustee") which will, among other things, (i) grant to the Voting and Exchange Agreement Trustee, for the benefit of holders of Exchangeable Shares, the right to require EEC Trust or AcquisitionCo to exchange the Exchangeable Shares for Trust Units, and (ii) trigger automatically the exchange of the Exchangeable Shares for Trust Units upon the occurrence of certain specified events;

4.32.2 the deposit by EET of a Special Voting Right with the Voting and Exchange Agreement Trustee which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the Trust Units; and

4.32.3 a support agreement to be entered into among EET, EEC Trust, AcquisitionCo and ExchangeCo, and the Voting and Exchange Agreement Trustee which will, among other things, restrict EET from issuing additional trust units or rights to subscribe therefor or other property or assets to all or substantially all of the holders of Trust Units unless the same or an equivalent distribution is made to holders of Exchangeable Shares, an equivalent change to the Exchangeable Shares (or the rights of the holders thereof) is made simultaneously or approval of holders of Exchangeable Shares is obtained; and

4.33 There are no exemptions from the Registration Requirement or the Prospectus Requirement available under the Legislation of the Jurisdictions for certain of the Trades.

DECISION

5. 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 the Requested Relief is granted, provided that:

6.1 in connection with the Arrangement Relief, the first trade in securities acquired in a Trade shall be deemed to be a distribution or primary distribution to the public; and

6.2 in connection with the First Trade Relief,

6.2.1 except in Québec, the conditions in subsections (3) of section 2.6 of Multilateral Instrument 45-102 – Resale of Securities ("MI 45-102") are satisfied, and, for the purposes of determining the period of time that AcquisitionCo has been a reporting issuer under section 2.6 of MI 45-102, the period of time that Rocky Mountain or EET was a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 immediately before the Arrangement may be included; and

6.2.2 in Québec:

6.2.2.1. EET or AcquisitionCo, as applicable, is and has been a reporting issuer in Québec for the 4 months immediately preceding the trade, and, for the purposes of determining the period of time that AcquisitionCo has been a reporting issuer in Québec, the period of time that EET was a reporting issuer in Québec immediately before the Arrangement may be included;

6.2.2.2. no unusual effort is made to prepare the market or create a demand for the securities that are the subject of the trade;

6.2.2.3. no extraordinary commission or consideration is paid to a person or company in respect of the trade; and

6.2.2.4. if the selling securityholder is an insider or officer of EET or AcquisitionCo, as applicable, the selling securityholder has no reasonable grounds to believe that EET or AcquisitionCo, as applicable, is in default of securities legislation.

"Chris Besko"

Chris Besko, Deputy Director
Manitoba Securities Commission

(Name(s) of Decision-Maker)
(Title)
(Name of Principal Regulator)