

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF TAYLOR GAS LIQUIDS FUND,
TAYLOR NGL LIMITED PARTNERSHIP AND TAYLOR GAS LIQUIDS LTD.

DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from Taylor Gas Liquids Fund (the "Trust") for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting the distribution of limited partnership units ("LP Units") by the Trust from the registration and prospectus requirements of the Legislation in relation to a transaction (the "Conversion") pursuant to which the Trust will convert into Taylor NGL Limited Partnership (the "Limited Partnership");

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 a trust formed under the laws of Alberta and is a reporting issuer or the equivalent in each province of Canada where such concept is applicable;

3.2 the Trust distributed its units to the public pursuant to a prospectus dated July 19, 1996;

3.3 the Trust has 9,719,675 units issued and outstanding;

3.4 the Trust's units are listed on The Toronto Stock Exchange and are widely held;

3.5 other than KeySpan Energy Canada Ltd., which holds 1,883,135, or 19.4% of the issued and outstanding Trust units, and Guardian Capital Inc., which exercised control or direction over 1,343,800 or 13.8% of the issued and outstanding Trust units, no person, firm or corporation beneficially owns, directly or indirectly, or exercises control or direction over units of the Trust carrying 10% of the votes attached to the units of the Fund;

3.6 the Trust is the sole holder of common shares and notes of Taylor Gas Liquids Ltd. ("Taylor Ltd.");

3.7 Taylor Ltd. is the sole holder of Base Partnership Units and Class C Expansion Units of Taylor Gas Liquids Limited Partnership (the "Private Partnership") whose sole business purpose is to hold an interest in the Younger Extraction Plant at Taylor, British Columbia (the "Taylor Plant");

3.8 the Trust is converting to a limited partnership structure pursuant to which each unitholder of the Trust will receive one LP Unit for each unit of the Trust currently held;

3.9 the Conversion will occur in the following manner:

3.9.1 Taylor Ltd. will transfer all of the issued and outstanding Base Partnership Units and Class C Expansion Units of the Private Partnership to the Limited Partnership in exchange for LP Units. Taylor Ltd. will act as the general partner of the Limited Partnership (the "Limited Partnership GP");

3.9.2 Taylor Ltd. will repay the notes owing by it to the Trust and, to the extent necessary, repurchase its common shares, by transferring the LP Units to the Trust;

3.9.3 if the notes are not fully repaid pursuant to the transfer of the LP Units to the Trust, the Trust will transfer the remaining debt of Taylor Ltd. to the Limited Partnership in exchange for additional LP Units; and

3.9.4 the Trust will redeem all of its outstanding units by distributing the LP Units to the current unitholders of the Trust;

3.10 the Trust will continue as a trust for the benefit of the limited partners of the Limited Partnership, the only assets of which trust will be 100% of the common shares of the Limited Partnership GP;

3.11 the manager of the Trust has determined that there will be certain operational benefits to converting the Trust to a limited partnership structure:

3.11.1 under the proposed limited partnership structure, the Manager will cease to be a holding entity between the assets of the Trust, being the Taylor Plant, and the unitholders of the Trust, thereby eliminating certain costs of operating this corporate entity, including taxation at the corporate level; and

3.11.2 certain of the disadvantages to a limited partnership structure which were present at the time of the Trust's initial public offering are no longer present;

3.12 the distribution of the LP Units by the Trust to the unitholders of the Trust on redemption of the Trust units will be completed pursuant to exemptions for trades made with the securities holders of an offeree issuer pursuant to the issuer bid exemption applicable to the redemption of securities (the "Issuer Bid Exemption") where such exemptions are available;

3.13 the other distributions of securities under the Conversion other than the distribution of the LP Units by the Trust to the unitholders of the Trust on redemption of the Trust units will be carried out through exemptions from the registration and prospectus requirements of the Legislation;

3.14 the Legislation of certain of the provinces does not provide exemptions equivalent to the Issuer Bid Exemption;

3.15 the approval of the unitholders of the Trust for the conversion was obtained at a meeting of the unitholders of the Trust held on June 2, 2000;

3.16 the material differences between the trust structure and the limited partnership structure have been set Out in the Trust's information circular dated April 27, 2000 relating to the meeting of unitholders of the Trust at which approval of the Conversion was sought (the "Information Circular");

3.17 the information provided to the unitholders of the Trust in the Information Circular regarding the Conversion, the Limited Partnership structure and the differences between the Limited Partnership and Trust structures is prospectus level disclosure;

3.18 following the Conversion, all of the current unitholders of the Trust will be holders of LP Units and the Limited Partnership will continue to hold an indirect interest in the Taylor Plant which will be unaffected by the Conversion;

3.19 following the Conversion, the Trust will have no unitholders and will continue to exist merely to hold the shares of Taylor Ltd. which will act as the Limited Partnership GP;

3.20 following the Conversion, the beneficiaries of the Trust will be the limited partners of the Limited Partnership, being the current unitholders of the Trust;

3.21 pursuant to the Legislation, the first trade in LP Units acquired by the unitholders under the Issuer Bid Exemption is a distribution unless, among other conditions, the Limited Partnership has been a reporting issuer or the equivalent thereof for at least 12 months; and

3.22 the Limited Partnership has made applications to become a reporting issuer or the equivalent thereof in Alberta, British Columbia, Saskatchewan, Ontario, Quebec, and Nova Scotia (the "Reporting Jurisdictions");

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;

7. THE DECISION of the Decision Makers pursuant to the Legislation is that the distribution of LP Units by the Trust to unitholders of the Trust in relation to the Conversion shall be exempt from the registration and prospectus requirements;

8. THE DECISION of the Decision Makers pursuant to the Legislation is that the first trade in any Jurisdiction in any LP Unit acquired pursuant to this Decision is deemed to be a "distribution" if made in the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia or Newfoundland, a "primary distribution to the public" if made in the Provinces of Manitoba or New Brunswick and a "distribution to the public" if made in the Province of Prince Edward Island unless:

8.1 at the time of the first trade the Limited Partnership is a reporting issuer or the equivalent thereof in the corresponding Reporting Jurisdiction;

8.2 if the first trade is made in Manitoba or Newfoundland, the Limited Partnership has filed in that jurisdiction all disclosure materials that the Limited Partnership would otherwise be required to file in the Reporting Jurisdictions;

8.3 the Limited Partnership is not in default of any requirements of the Legislation;

8.4 the vendor of the LP Units, if in a special relationship (where "special relationship" is defined under the Legislation) with the Limited Partnership, has no reasonable grounds to believe that the Limited Partnership is in default of any requirement of the Legislation;

8.5 disclosure has been made to the Decision Maker of the Conversion, which disclosure has been made by the filing of the Information Circular;

8.6 no unusual effort is made to prepare the market or to create a demand for the LP Units and no extraordinary commission is paid in respect of the trade; and

8.7 in all other Jurisdictions save for Québec, the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of the Limited Partnership so as to affect materially the control of the Limited Partnership or more than 20% of the outstanding voting securities of the Limited Partnership, except where there is evidence showing that the holdings of those securities does not affect materially the control of the Limited Partnership.

DATED at Calgary, Alberta this "29th" day of "June" 2000.

Glenda A. Campbell, Vice-Chair Thomas D. Pinder, Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the registration and prospectus requirements for certain trades made in connection with the conversion of a trust into a limited partnership.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, a. 116(1)