

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

Issuer exempt from requirements in NI 51-101 that the qualified reserves evaluator or auditor be independent of the issuer, and that the qualified reserves evaluator or auditor executing Form 51-101F2 be independent of the issuer; issuer also relieved from the required form of Forms 51-101F2 and 51-101F3 to the extent necessary to reflect the relief from the independence requirement; all the foregoing relief subject to conditions.

Applicable Legislative Provisions

National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, sections 2.1, 3.2 and 8.1

Citation: Re Encana Corporation, 2017 ABASC 141

Date: 20170814

In the Matter of the
Securities Legislation of
Alberta and Ontario (the **Jurisdictions**)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Encana Corporation (the **Filer**)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer:

- (a) be exempt from the requirement that each qualified reserves evaluator or qualified reserves auditor appointed under section 3.2 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**) be independent of the Filer, and the requirement that each of the qualified reserves evaluators or qualified reserves auditors who execute the report required under item 2 of section 2.1 of NI 51-101 (the **Evaluator Report**) be independent of the Filer (together, the **Independent Evaluator Requirement**); and

- (b) be exempt from the required form of the Evaluator Report and the required form of the report required under item 3 of section 2.1 of NI 51-101 (the **Management Report**), to the extent necessary for such reports to reflect the exemption from the Independent Evaluator Requirement.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the Alberta Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, NI 51-101 or CSA Staff Notice 51-324 *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* as amended from time to time, have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is incorporated under the *Canada Business Corporations Act* and its head and registered offices are located in Calgary, Alberta.
2. The Filer is a reporting issuer in all provinces and territories of Canada and is not in default of securities legislation in any jurisdiction of Canada. The Filer is also subject to reporting obligations under the 1934 Act, and files regular periodic reports with the SEC.
3. The Filer is engaged in the business of the acquisition, development, production and marketing of oil, natural gas liquids and natural gas. The Filer holds a portfolio of oil and natural gas properties in Canada and the United States of America.
4. The Filer is an oil and gas issuer that produced an average of approximately 352,700 barrels of oil equivalent (converted pursuant to a ratio of six thousand cubic feet of natural gas to one barrel of oil) per day of oil, natural gas and natural gas liquids in its most recent financial year.

5. The Filer submitted in support of its application extensive information regarding its qualified reserves evaluators and qualified reserves auditors, and its processes, procedures and materials in respect of the internal generation of reserves data, contingent resources data and prospective resources data, as applicable.
6. The Filer's internally-generated reserves data, contingent resources data and prospective resources data, as applicable, is as reliable as if it were independently generated, for the following reasons:
 - (a) the Filer has qualified reserves evaluators or qualified reserves auditors within the meaning of NI 51-101;
 - (b) the Filer has a well-established evaluation process that is at least as rigorous as would be the case if it were to rely upon independent qualified reserves evaluators or independent qualified reserves auditors;
 - (c) the Filer has a technical quality assurance program in connection with the estimation of its internally generated reserves data, contingent resources data and prospective resources data, as applicable; and
 - (d) the Filer has written evaluation practices and procedures that are in accordance with the COGE Handbook.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

- (a) **Explanatory and Cautionary Disclosure** – the Filer discloses:
 - (i) at least annually, its reasons for considering the reliability of its internally-generated reserves data, contingent resources data and prospective resources data, as applicable, to be not materially less than if the Independent Evaluator Requirement were adhered to, including a discussion of:
 - (A) factors that support the involvement of independent qualified reserves evaluators or independent qualified reserves auditors and why such factors are not considered compelling in the case of the Filer; and

- (B) the manner in which its internally-generated reserves data, contingent resources data and prospective resources data, as applicable, are determined, reviewed and approved, its relevant disclosure control procedures and the related role, responsibilities and composition of each of its responsible management, board of directors and (if applicable) reserves committee of its board of directors; and
- (ii) in each document that discloses any information from internally-generated reserves data, contingent resources data and prospective resources data, as applicable, and reasonably proximate to that disclosure, the fact that such data was internally-generated; and
- (b) **No Changes to Reliability of Internally Generated Information** – paragraph 6 above continues to be true.

“original signed by”

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