

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 Ovintiv Inc., 2020 ABASC 18

Date: 20200206

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
Ovintiv Inc. (the **Filer**)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **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, 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* 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 was domesticated as a corporation under the laws of the State of Delaware following a series of reorganization transactions (the **Reorganization**) which resulted in the Filer acquiring all of the issued and outstanding common shares (**Encana Common Shares**) of Encana Corporation (**Encana**) in exchange for shares of common stock, par value US\$0.01 per share of the Filer (**Ovintiv Common Shares**).
2. The business, assets, liabilities, directors and officers of the Filer are the same as the business, assets, liabilities, directors and officers of Encana immediately prior to the Reorganization.
3. The Filer will maintain a business office in Calgary, Alberta, and field offices in Alberta, British Columbia and Nova Scotia.
4. Prior to the Reorganization, Encana was a reporting issuer in all provinces and territories of Canada, and was subject reporting obligations under the 1934 Act and filed regular periodic reports with the SEC. As part of the Reorganization, Encana was continued under the *Business Corporations Act* (British Columbia) and changed its corporate name to Ovintiv Canada ULC and subsequently ceased to be subject to reporting obligations under the 1934 Act. Ovintiv Canada ULC ceased to be a reporting issuer in all provinces and territories of Canada on January 30, 2020.

5. Upon completion of the Reorganization, the Filer became a reporting issuer in all provinces and territories of Canada, became subject to reporting obligations under the 1934 Act, and will file regular periodic reports with the SEC.
6. Neither Encana nor Orintiv is in default of securities legislation in any jurisdiction of Canada.
7. 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.
8. Encana (the business and assets of which became the business and assets of the Filer upon completion of the Reorganization) produced an average of approximately 605,100 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 the quarter ended September 30, 2019.
9. 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 Canadian Oil and Gas Evaluation 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 9 above continues to be true.

“original signed by” _____
Timothy Robson
Manager, Legal
Corporate Finance
Alberta Securities Commission