

BURSTALL WARD
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January 28, 2000

Québec Securities Commission
17th Flr., Stock Exchange Tower
800 Victoria Square
Montreal, Québec
H4Z 1G3

Attention: Ettiene Guindon

Dear Sirs:

Re: Avid Oil & Gas Ltd.

We act as counsel to Avid Oil & Gas Ltd. ("Avid"). On behalf of Avid, we hereby make application for an exemption from the requirement to prepare a valuation in section 106.1 of *Regulation respecting securities* (Québec) (the "Regulation") under the *Securities Act* (Québec) (the "Act") in respect of the proposed plan of arrangement involving Big Bear Exploration Ltd. ("Big Bear"), Avid and 855171 Alberta Ltd. (the "Arrangement").

Names and Addresses and Descriptions of Activities

Avid and Big Bear have agreed to combine their respective businesses, assets and operations through the implementation of the Arrangement pursuant to section 186 of the *Business Corporations Act* (Alberta). A management proxy circular dated December 17, 1999 (the "Circular") has been prepared to assist the shareholders of Big Bear in their consideration of the Arrangement and was previously forwarded to the Commission.

Avid is a publicly traded company listed on The Canadian Venture Exchange (the "CDNX") and is engaged in the business of oil and natural gas exploration, development and production in Alberta. Big Bear is a publicly traded company listed on the TSE and is engaged in the business of oil and natural gas exploration, development and production in western Canada.

Avid is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Big Bear is a reporting issuer in all the provinces of Canada.

The addresses of the two companies are as follows:

Avid Oil & Gas Ltd.
1100, 606 - 4th Street S.W.
Calgary, Alberta T2P 1T1

Big Bear Exploration Ltd.
1530 Trimac House
800 - 5th Ave. S.W.
Calgary, Alberta T2P 3T6

At the Big Bear shareholder meeting held on January 26, 2000, holders of common shares of Big Bear ("Big Bear Shareholders") were asked to consider a special resolution approving the Arrangement and the Big Bear Shareholders passed the special resolution at that meeting.

Description, Number and Values of the Securities involved in the Exchange

There are 14,123,800 Avid Shares outstanding as at January 6, 2000. There are 42,254,207 Big Bear Shares outstanding as at December 17, 1999 of which a total of 2,129,191 Big Bear Shares, being less than 5.04% of the outstanding Big Bear Shares, are held by 440 beneficial Big Bear Shareholders resident in Quebec.

Pursuant to the Arrangement:

- (a) Big Bear Shareholders beneficially holding 750 or fewer Big Bear Shares will receive the Avid Cash Consideration (as defined in the Circular);
- (b) Big Bear Shareholders beneficially holding more than 750 Big Bear Shares will receive the Avid Share Consideration (as defined in the Circular).

The Avid Share Consideration will result in Big Bear Shareholders receiving approximately one Avid Class A Share for every 15 Big Bear Shares. Approximately 2,816,947 Avid Class A Shares will be issued.

On November 26, 1999, the day prior to the announcement of the Arrangement, the closing price of the Avid Shares on the CDNX was \$2.25. The closing price of the Big Bear Shares on the TSE on November 26, 1999, the day prior to the announcement of the Arrangement was \$0.11.

Since the Big Bear Shareholders beneficially holding 750 or fewer Big Bear Shares will receive the Avid Cash Consideration (as defined in the Circular) and will not have an opportunity to receive Avid Shares, the transaction could be considered to be a "Going Private Transaction" pursuant to s. 106.1 of the Regulation.

The Method for Evaluating the Securities and the Basis for the Exchange

The exchange ratio was determined based on negotiations between management of Avid and Big Bear. Griffiths McBurney & Partners Inc. ("Griffiths") of Suite 310, 407 - 2nd Street S.W., Calgary, Alberta T2P 2Y3, financial advisor to Big Bear, has issued a fairness opinion in which Griffiths concluded that the Arrangement is fair, from a financial point of view, to the Big Bear Shareholders. A copy of the fairness opinion is attached as Schedule "C" to the Circular.

Each of Avid and Big Bear are responsible for its own costs relating to the Arrangement, including, among other things, accounting and legal fees, government filing fees, the preparation and printing of the Circular, the fees and expenses of Griffiths with respect to their financial advisory services and the fairness opinion provided in connection with the Arrangement. The total of such costs to Big Bear is estimated to be approximately \$250,000.

Conditions and Date for Completion of the Transaction

Apart from the resolutions being passed at the shareholder meeting of Big Bear, there are a number of conditions to the completion of the Arrangement which are set out in the Circular at page 24 under "Procedure for the Arrangement Becoming Effective". The conditions are also set out in an arrangement agreement among Avid, Big Bear and 855171 Alberta Ltd. dated November 26, 1999, as amended and restated December 16, 1999 (the "Arrangement Agreement"). The Arrangement Agreement provides that the respective obligations of Avid and Big Bear to complete the Arrangement are subject to the obtaining of all necessary consents, approvals and authorizations, regulatory or otherwise.

The anticipated Effective Date of the Arrangement is Monday, January 31, 2000.

Decision Requested

We hereby apply for an exemption from the requirement to prepare a valuation in section 106.1 of *Regulation respecting securities* (Québec) (the "Regulation") under the *Securities Act* (Québec) (the "Act") in respect of the Arrangement.

We respectfully submit that costs and delays caused by the preparation of a valuation would be detrimental to the interests of holders of Big Bear Shares and Avid Shares. This detriment would outweigh any benefit that may result from having a valuation prepared and providing a summary of the valuation to Big Bear Shareholders.

We respectfully submit that such approval would not be detrimental to the public interest or that of other investors and the market in Quebec given the *de minimis* number of shares and shareholders receiving the Avid Cash Consideration.

We enclose the following:

1. our payment of \$500 in accordance with Article 271.6(1) of the Regulation; and
2. a verification statement from an officer of Avid.

If you have any comments or further inquiries, please contact the undersigned.

Yours truly,

BURSTALL WARD

"Roger MacLeod"

VERIFICATION

TO: THE QUEBEC SECURITIES COMMISSION

The undersigned hereby authorizes the making and filing of the attached application by Burstall Ward on our behalf and confirms the truth of the facts contained therein.

DATED the 28th day of January, 2000, at the City of Calgary, in the Province of Alberta.

AVID OIL & GAS LTD.

Per: "Harley Winger"
Secretary