



**Via Electronic Correspondence to Addressees Indicated in Schedule A**

March 30, 2007

The British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
New Brunswick Securities Commission

Dear Sirs:

**Re: Comments on Proposed National Instrument 41-101 *General Prospectus Requirements* ("NI 41-101")**

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We are responding to your notice and request for comment dated December 21, 2006 (the "Notice") on NI 41-101, the forms prescribed by NI 41-101 and the companion policy to NI 41-101. Thank you for the opportunity of providing these comments.

Cinch Energy Corp. ("Cinch" or the "Corporation") is a junior oil and gas company listed on the Toronto Stock Exchange and is a reporting issuer in certain provinces in Canada. Our market capitalization is approximately \$67 million.

We would like to respond to one principal area of concern relating to the proposed amendments to NI 41-101. That relates to the requirement for certification by a "substantial beneficiary of the offering" as is proposed to be prescribed by Section 5.13(1) of Schedule 1 to NI 41-101. As a junior oil and gas company, our business model involves both the exploration and development of petroleum and natural gas products and also completing acquisitions that are strategic to the Corporation.

By its terms, the certification requirements may apply to a vendor of properties if those properties constitute a significant business of the issuer, if such vendor is reasonably expected to receive 20% or more of the proceeds of an offering of securities under a prospectus (including by way of repayment of debt or otherwise).

This requirement may require a vendor of properties to sign a certificate to our prospectus if the properties would constitute a "significant acquisition" to us (where more than 20% of the proceeds are used for the acquisition or to repay debt incurred in connection with the acquisition). By its terms, in such circumstances, this would apply to a third party vendor even when dealing at arm's length to the Corporation. We believe that this requirement would

materially impair our ability to complete acquisitions and, in fact, we anticipate it will prevent us from even participating in acquisition processes.

In making acquisitions, we must compete with other entities, both private and public, including large corporations, trusts, and other mid-size and junior issuers. Having a smaller market capitalization and asset base clearly puts the Corporation at a disadvantage to other parties that may be competing for acquisitions that may not be "significant acquisitions" to them. We are required to compete both on price, timing and term, including risk allocation between buyer and seller. NI 41-101 will require the vendor to not only accept greater risk relating to the properties which it is disposing than has been negotiated with at arms length and which is common in the marketplace, but also to assume risk with respect to the Corporation's disclosure. It is doubtful that a vendor would be willing to accept this level of risk, and if they would, it would seek compensation by an increase in the purchase price to compensate the vendor for the assumption of this risk. We anticipate, however, that vendors of a property would simply not accept acquisition proposals from us if they would have to, or if there is a possibility that they would have to, certify or be involved in any way in our prospectus.

From a vendor's point of view, we cannot envision circumstances where a vendor (which may include the Corporation) would be willing to execute a prospectus certificate of another issuer dealing at arm's length. We do not believe that a vendor would be able to be properly compensated for this risk and the likely result, as discussed above, would be that certain potential acquirors would simply be excluded from the process or the ability to bid for or acquire properties. In addition, we do not envision a vendor would be amenable to the confidentiality provisions and possible restrictions related thereto that may be needed as a result of their access to a prospectus which has not yet been issued publicly. Both of these items would reduce the competitive process in the purchase and sale of properties and will therefore likely also artificially affect prices that oil and gas properties are sold for in the industry.

We would also question how a vendor of a property could undertake an appropriate level of due diligence in connection with certifying another issuer's prospectus so that the vendor could comply with its disclosure and internal control requirements.

In summary, we believe that the proposed requirement that a "substantial beneficiary of the offering" certify a prospectus may have a severe adverse effect, not only on the Corporation but on the industry generally. It will prevent certain parties from participating in the process to acquire properties solely based on their size and will affect the price that oil and gas properties are bought and sold for. Given the nature of the oil and gas industry, in which acquisitions and dispositions are a material part of the business model and necessary and appropriate to ensure that assets are developed and exploited in the most efficient manner, we would strongly submit that this proposal be reconsidered.

Thank you for your consideration of this matter and for allowing us to comment.

Yours truly,

**CINCH ENERGY CORP.**

A handwritten signature in blue ink, appearing to read "D. Ramage". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Denise Ramage

*Chief Financial Officer*

**SCHEDULE A**

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