

**NEXEN INC.**

801 - 7th Ave SW Calgary AB Canada T2P 3P7
T 403 699.4000 F 403 699.5776 www.nexeninc.com

April 11, 2007

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

Patricia Leeson, Co-Chair of the CSA's Prospectus Systems Committee
Alberta Securities Commission
4th Floor, 300 – 5th Avenue SW
Calgary, AB T2P 3C4

**Re: Notice and Request for Comment dated December 21, 2006 (the "Notice") on
Proposed National Instrument 41-101 General Prospectus Requirements and
Companion Policy 41-101 CP General Prospectus Requirements**

Please accept this letter as our response relating to proposed National Instrument 41-101 (the "**Proposed Rule**") and the corresponding Companion Policy 41-101 (the "**Proposed Companion Policy**") outlined in the Notice.

Nexen Inc. is Canada's fourth largest independent oil and gas company headquartered in Calgary, Alberta with operations throughout the globe and a market capitalization of approximately CDN \$18 billion. Our shares are listed for trading on both the Toronto Stock Exchange and New York Stock Exchange under the symbol "NXY".

In general, we welcome all attempts to harmonize the rules among the various jurisdictions applicable to long form prospectus offerings. We are concerned, however, with the requirement, in all provinces except Ontario, for a certificate from "substantial beneficiaries" of a prospectus offering (the "Certificate Requirement") to be filed within a previous year of a significant acquisition or where a prospectus proceeds will be used to acquire a significant business or assets.

We are concerned with the potential impact of this particular aspect of Proposed Rule and the negative consequences it may, unintentionally, have on future transactions involving the sale of oil and gas properties. In many instances, large cap majors such as Nexen dispose of non-core assets to junior issuers. What may be material to a junior issuer is likely not to be material for Nexen. In addition, in a typical transaction whereby a



company such as Nexen disposes of oil and gas properties to a junior company, along with the purchase and sale, we provide all documents and records in our possession relating to the properties. If the purchaser was then to conduct a public offering, we would no longer be in possession of the materials and it would require significant due diligence on our part to ensure accurate disclosure by the purchaser seeking to raise capital. It is our submission that this Proposed Rule could result in a significantly reduced incentive for companies like ours to sell assets to junior issuers which may, in turn, have a trickle down effect on junior issuers in the oil and gas industry.

We also have concerns that the Certificate Requirement significantly alters the legal risks typically associated with a purchase and sale transaction that may translate into higher purchase prices, increased due diligence costs and significant delays of subsequent offerings by purchasers.

In light of the above, we would request that the Canadian Securities Administrators reconsider the implementation of section 5.13 of the Proposed Rule as it is our submission that such a rule will have unintended negative consequences on future transactions and potentially impair market efficiency and curtail dispositions by major oil companies to junior issuers.

Yours truly,

NEXEN INC.

A large, stylized handwritten signature in black ink, appearing to read "John B. McWilliams". The signature is written over the printed name and extends to the right.

John B. McWilliams, Q.C.
Senior Vice President, General Counsel
and Secretary