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March 19, 2009

Via E-Mail

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

c/o Noreen Bent
Manager and Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
PO Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
By Email: nbent@bcsc.bc.ca

and

c/o Madame Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
By Email: consultation-en-cours@lautorite.qc.ca

Dear Mrs. Bent and Madame Beaudoin,

Re: Proposed National Instrument 55-104 Insider Reporting Requirements and Exemptions, Companion Policy 55-104CP Insider Reporting Requirements and Exemptions and Related Consequential Amendments - Request for Comment

Nexen is supportive of the efforts to harmonize insider reporting across Canada and reduce the broad class of market participants required to file insider reports. In efforts to promote

market efficiency by providing investors with information concerning the trading activities of insiders, the capacities of SEDI should be enhanced to satisfy the market requirements. Having evaluated the proposed amendments, we encourage consolidation of all insider reporting information in SEDI. Splitting the filing requirements between SEDAR and SEDI serves to fragment reporting and requires that investors and stakeholders have a clear understanding of how and why the filings are in different places, which we do not believe to be the case.

Further comments are provided for your consideration.

1. Definition of “reporting insider”

The proposed definition of reporting insider is intended to focus on a more senior, core group of insiders that includes insiders who, if not covered under other requirements, have routine access to material undisclosed information and exercises, or have the ability to exercise, significant power or influence over the reporting issuer.

We agree that the reporting requirement should be limited to insiders who satisfy both criteria proposed, but suggest that the CSA qualify the meaning of ‘significant power or influence’. Without qualification, reporting issuers will tend to err on the side of caution, diluting the intent to focus on a primary group of reporting insiders.

We also suggest that the CSA remove all references to major subsidiaries and people who influence a principal business unit, division or function. These requirements capture people who may have influence over a portion of the reporting issuer’s business, but no influence over the consolidated business of the reporting issuer. This will narrow the focus to directors, executive officers and major shareholders, as well as capture persons who might not technically qualify as reporting insiders, but have the ability to influence the whole of the business, operations, capital or development of the reporting issuer.

The proposed amendments do not significantly reduce the number of Nexen’s reporting insiders. Nexen has assumed responsibility for filing insider reports for 52 insiders under the current rules and estimates filings for 45 insiders under the proposed changes. Specifically, the proposed rules would cause nine people to be removed from the list, as they do not exercise what we deem to be significant power or influence over the business, and two people added to the list as persons responsible for a principal business unit, division or function. If the CSA were to implement the suggested changes to the definition of reporting insider, we approximate that our list will decrease from 52 to 28.

The intent and listed criteria used to define a reporting insider would be strengthened by eliminating references to major subsidiaries and persons or companies who are responsible for a principal business unit, division or function.

2. Definition of “major subsidiary”

Please see comments above.

3. Reporting deadline

While we do not disagree with an accelerated timeline, we strongly suggest incorporating business days instead of calendar days. This is more consistent with U.S. and U.K. filing timelines and would help to account for timing issues that exist around weekends and statutory holidays.

We support the 10 day filing timeline for initial reports.

4. Definition of “significant shareholder”

We support the proposed determination.

5. Concept of “post-conversion beneficial ownership”

We agree with harmonizing the insider reporting regime with the early warning system and that disclosures of significant shareholdings should be based on post-conversion beneficial ownership. We are a reporting issuer that is committed to transparency and believe that investors should be similarly committed. In fact, it is disingenuous that investors can demand full transparency from a reporting issuer while remaining largely in the shadows themselves. We want to know who our shareholders are and how we may engage them in understanding their investment.

In this spirit of full disclosure, we are unaware of any practical reason to exempt certain securities or security holders from this calculation for the purposes of determining insider status.

6. Issuer grant report

Nexen would not intend to use an issuer grant report. Use of such a report increases the administrative burden and the delayed filing of grants issued to reporting insiders reduces the meaning and impact of the reports currently captured on SEDI.

We object to the annual filing of option grants, as SEDI would no longer reflect a complete record of holdings. The filing of annual accumulations under automatic securities plans is generally immaterial, whereas stock option grants, for example, can be material. The public will not be able to have faith that the numbers reported on SEDI are complete and accurate, as information may or may not be reflected. In order to examine a reporting insider’s total holdings, they will have to know to access SEDAR and will have to reconcile holdings themselves.

All insider trading information should remain with SEDI in order to give the market a transparent and accessible view of insider holdings and trading patterns.

7. Report by certain designated insiders for certain historical transactions

As previously stated, we believe that it is important that all reporting insider transactions, including historic transactions, when required, should be filed on SEDI.

8. Disclosure in shareholder meeting information circulars

We disagree with the proposal to disclose reporting insiders who have filed late insider reports in the information circular. Current filing fees and public postings are appropriate, though it is not clear if insiders filing late reports have been charged late filing fees and if they are being paid.

Thank you for the opportunity to comment on the proposed amendments to National Instrument 55-104. If you have any questions, please contact me at (403) 699.4434.

Yours truly,

/s/ Rick C. Beingessner

Rick C. Beingessner
Vice President, General Counsel, Corporate