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August 27, 2009

**KAREN FELLOWES**  
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 OUR FILE #: 68622.1

**VIA FACSIMILE**

Osler, Hoskin & Harcourt LLP  
 Suite 2500, TransCanada Tower  
 450 – 1<sup>st</sup> Street SW  
 Calgary, AB T2P 5H1

**Attention: Cynthia Spry**

Dear Ms. Spry:

**Re: Deep Creek Oil & Gas Inc. & Semcan**

Further to your letter of August 14, 2009 and your letter of August 25, 2009, the Trustee has been making efforts to gather the relevant and producible information requested in your letter of August 14<sup>th</sup>. The information will be contained in the form of a Trustee's Report and attachments, which we anticipate being able to file and serve tomorrow.

At this point, I can advise that the Trustee's Report and attachments will provide answers to the following questions (as referenced in your August 14, 2009 letter);

- Questions 1 - information will be contained in Trustee Report and/or attachments;
- Questions 2 - information will be contained in Trustee Report;
- Questions 3 - bank statements will be contained in Trustee Report attachments, with the exception of the ScotiaBank Account, as this account had nothing to do with Davey Lake or SemCan, and is therefore irrelevant to the subject-matter of the appeal of the disallowance.
- Question 4 - information will be contained in Trustee's Report and attachments,
- Question 5 - information will be contained in Trustee Report and attachments;
- Question 6 - information can be determined from a review of the loan and security documents attached to the Trustee's Report.
- Question 7 - information will be contained in Trustee's Report and/or attachments;
- Question 8 - information will be contained in Trustee's Report;

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- Question 9 - information will be contained in Trustee's Report;
- Question 10 - information will be contained in Trustee's Report;
- Question 11 - information will be contained in Trustee's Report;
- Question 12 - this information is irrelevant to SemCan's appeal of the disallowance, which we understand to be the subject matter of your request for information.
- Question 13 - information will be contained in Trustee's Report and attachments.

It appears from your letter of August 25, 2009, that you may be seeking to expand the scope of relief being sought before Madam Justice Romaine. In the Trustee's view, the hearing of the disallowance appeal should be a fairly straightforward matter, and we are not in a position to consent to the attached draft Order or your proposed timetable, proposal for further examinations, etc. I agree with Mr. Jull that we may need to address the scheduling and procedural issues before Madam Justice Romaine on September 2, 2009.

Scott Watson had previously advised you that the Trustee has been examining this matter with a view to considering whether the Consent Order granted by Madam Justice Romaine creates a preference under the *Bankruptcy and Insolvency Act*.

The Trustee has now determined that the effect of the Order may be to create an improper preference, as Deep Creek issued a Notice of Intention within three months of the granting of the Order, and the effect of the Order was to create a priority in favour of SemCan, which would otherwise be an unsecured creditor. The Trustee has issued a supplemental notice of disallowance, a copy of which will be served on you shortly.

Yours very truly,

PARLEE McLAWS LLP



KAREN FELLOWES

KLF/adk

cc.: P. Jull  
G. Odhams