

District of: Alberta
Division: 02 – Calgary
Court/Estate No: 25-1179833
Name of Estate: Deep Creek Oil & Gas Inc.

**NOTICE OF DISALLOWANCE OF CLAIM, RIGHT TO PRIORITY OR
SECURITY**

Attention: Christa Nicholson / Cynthia L. Spry
SemCanada Crude Company
c/o Osler, Hoskin & Harcourt LLP
450 – 1 Street SW
Calgary, AB T2P 5H1

SemCanada Crude Company
Ste 1000
530 – 8 Avenue SW
Calgary, AB T2P 3S8

TAKE NOTICE THAT:

Upon further investigation, the Trustee wishes to add the following additional reasons for the disallowance of the trust claim of SemCanada Crude Company (“SemCanada”) to the original Notice of Disallowance claim of SemCanada, sent July 20, 2009:

1. In 2008, SemCanada, after their successful application for protection under the Company Creditors Arrangement Act, provided advance payments to Deep Creek Oil & Gas Inc. (“Deep Creek”) to supply oil from their Davey Lake property. The funds were advanced and used in the business operations of Deep Creek. In November 2008, Deep Creek stopped supplying oil to SemCanada. At that time, SemCanada provided a reconciliation of the Deep Creek account and requested payment of \$159,857. Due to the financial condition of Deep Creek, payment was not made despite repeated requests by SemCanada.
2. On March 5, 2009, Deep Creek consented to a Court Order that confirmed the amount outstanding and, amongst other things, stated that:

The Excess Advance Payments and any other amounts hereafter prepaid by SemCanada Crude to Deep Creek are held in trust by Deep Creek for SemCanada Crude until such time as Deep Creek has supplied crude oil of equivalent value to SemCanada Crude.

3. The Bankruptcy and Insolvency Act (“BIA”) states:

Section 95:

Every transfer of property, every charge made on property, every payment made, every obligation incurred and every judicial proceeding taken or suffered by any insolvent person in favour of any creditor or any person in trust for any creditor with a view to giving that creditor a preference over the other creditors is, when it is made, given, incurred, taken or suffered within the period beginning on the day that is three months before the date of the initial bankruptcy event and ending on the date the insolvent person became bankrupt, both dates included, deemed fraudulent and void as against, or in the Province of Quebec, may not be set up against, the trustee in bankruptcy.

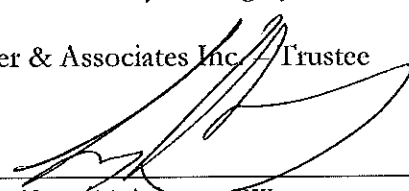
Section 101.1(2):

For the purposes of subsection (1) any reference in section 91 to 101 to “becomes bankrupt” shall be construed as a reference to “files a notice of intention” or files a proposal”, whichever filing was done first, and any reference in those sections to a bankrupt shall be construed as a reference to the debtor in respect of whom the proposal is filed.

4. The Trustee’s position is that paragraph 6 of the March 5, 2009 Court Order, cited above, falls within Section 95 of the BIA wherein a unsecured claim owed to SemCanada was elevated to a “trust” claim, thereby giving SemCanada a priority over all creditors, including existing secured creditors.
5. The Notice of Intention to File a Proposal was filed 14 days after the March 5, 2009 Court Order, creating a preference within the three month period specified under Section 95 of the BIA.
6. Therefore the claim of SemCanada is disallowed as a trust claim, but allowed in full as an unsecured claim.
7. In addition, the Trustee intends make an application to the Court to have paragraph 6 of the March 5, 2009 Court Order declared a fraudulent preference and to seek the appropriate remedial Order.

Dated at the city of Calgary in the Province of Alberta, this 27th day of August 2009.

Alger & Associates Inc. Trustee


400, 602 – 11 Avenue SW
Calgary, AB T2R 1J8
Phone: (403) 298-5800

Cc: Scott Watson, Parlee McLaws LLP, VIA EMAIL: swatson@parlee.com