

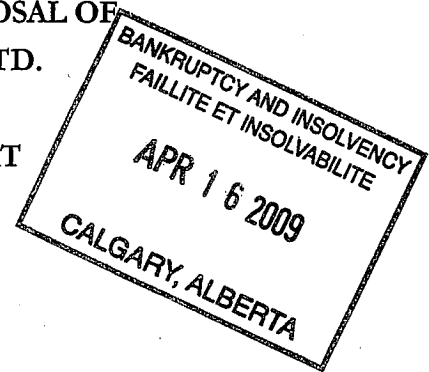
Action No.:25-1179833

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE PROPOSAL OF
DEEP CREEK OIL & GAS LTD.

TRUSTEE'S FIRST REPORT

April 15, 2009



Introduction

1. On March 19, 2009, Deep Creek Oil & Gas Inc. ("Deep Creek" or "the Company") filed a Notice of Intention to Make a Proposal ("NOI") pursuant to the Bankruptcy and Insolvency Act, which is attached as Exhibit "1" to this report. Alger & Associates Inc. (the "Trustee") consented to act as Trustee.
2. On March 19, 2009, the Trustee issued the required report on the Company's projected statement of cash flow for the seventy-three (73) day period from March 18, 2009 to May 31, 2009. The projected statement of cash flow is attached as Exhibit "2" to this report.
3. The First Trustee's Report ("Trustee's Report") will provide the Court with information in the following major areas:
 - a) Comparison of Actual Cash Flow to Projected Cash Flow;
 - b) On-going Operations;
 - c) Revised Cash Flow Forecast;
 - d) Secured Creditors; and
 - e) Trustee Recommendation

Disclaimer and Limitations of Report

4. The information contained in the Trustee's Report was obtained from the records of Deep Creek and various other sources. The information was not audited nor otherwise verified by the Trustee as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this report may not disclose all significant matters about Deep Creek. Accordingly, we do not express an opinion or any other form of assurance on the information presented herein. The Trustee may refine or alter its observations as further information is obtained or is brought to its attention after the date of the Trustee's Report.
5. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction, or use of the Trustee's Report.

Any use that any party makes of this report, or any reliance on or decisions to be made based on it is the responsibility of such party.

Comparison of Actual Cash Flow to Projected Cash flow

6. The Statement of Receipts and Disbursements for the period March 18 to April 14, 2009 is attached as Exhibit "3" to this report.
7. The only significant difference in the actual cash flow is a \$20,000 refundable deposit required from a utility company and the receipt of a GST refund in the amount of \$68,545.
8. The Trustee has reviewed all of the receipts and disbursements and agreed them to the bank statement of the Company.
9. Due to the timing of the report, not all receipts and disbursements for the period ending April 30, 2009 have been received at the date of this report. Based on the cash balance, the Company has sufficient funds to discharge the projected expenses for the period when the bills are presented for payment.

On-going Operations

10. The Company has continuing operations as planned since the filing of the NOI.
11. One joint venture partner purported to forfeit a joint venture interest in the name of the Company. Upon discussion with the Trustee, the forfeiture notice was withdrawn.

Restructuring Plan

12. The Company is in discussion with creditors, potential purchasers and new equity investors in order to formulate a restructuring plan.

Revised Cash Flow Forecast

13. The Company filed a cash flow forecast with the NOI on March 19, 2009. Based on actual results to date, the Company has prepared a revised projected statement of cash

flow for the period ending July 31, 2009. The revised cash flow is attached as Exhibit "4" to this report.

14. Based on the revised statement of projected cash flow, the Company will have a cash balance of \$37,586 as at July 31, 2009.

Secured Creditor

15. Keele Capital Mezzanine Limited Partnership ("Keele") has a first charge over all assets of Deep Creek and is owed approximately \$2.3 million.
16. A forbearance agreement was entered into between Keele and the Company prior to filing the NOI.
17. Keele has advised the Trustee that it is supportive of the extension of the stay.

Trustee Recommendation

18. The Company is acting in good faith and has continued to work on a viable proposal for all creditors.
19. The Trustee believes that potential benefits to the unsecured creditors, is greater if a viable proposal is made, therefore it is appropriate to seek an extension of the stay for a further 45 days.

DATED at Calgary, Alberta this, 15th day of April 2009.

Alger & Associates Inc., Trustee



Guy Odhams

Contact: Guy W.L. Odhams
Direct Line: (403) 296-3143
Email: godhams@alger.ca

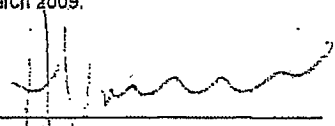
District of: Alberta
Division No. 02 - Calgary
Court No. 25-1179833 C/x
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

Take notice that:

1. I, Deep Creek Oil & Gas Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Alger & Associates Inc. of 400, 602 - 11 Avenue SW, Calgary, AB, T2R 1J8, a licensed trustee, have consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the city of Calgary in the Province of Alberta, this 19th day of March 2009.



 Deep Creek Oil & Gas Inc.
 Insolvent Person

To be completed by Official Receiver:

Filing Date _____

 Official Receiver

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
1041084 ALBERTA LTD.	St Albert AB T8N 2A9		21,614.33
1113985 ALBERTA LTD.	Bowden AB T0M 0K0		21,661.50
449702 BC Ltd.	#5 330 Smith Drive Armstrong BC		100,000.00
593202 AE ROYALTY			893.48
AON REED STENHOUSE INC.	125 - 9TH AVENUE S E Calgary AB T2G 0P9		1,392.87
BERNICE DOREEN SUDER	Innisfail AB T0M 1A0		550.00
BEST OILFIELD			1,999.80
BIG SKY STEEL FABRICATORS (2002) LTD,	KINDERSLEY SK S0L 1S0		1,888.96
BILL'S TRUCKING CO. LTD.	COLEVILLE SK		630.00
BONNIE HOUSTON	CALGARY AB T2W 3Y8		3,969.00
BP CANADA ENERGY COMPANY	240, 4TH AVENUE S W CALGARY AB T2P 2H8		5,239.55
BRAHMATECH LTD.	RED DEER AB T4N 5H2		3,236.64
BRAMKO	KINDERSLEY SK S0L 1S1		592.20
BRITT ASH ENT LTD.	LAKE COUNTRY BC V4V 1A9		10,500.00
CAL - GAS INC.	CALGARY AB T2C 2C8		9,283.65
CAL-OKA TRANSPORT LTD.	CALGARY AB T2G 5G5		1,036.38
CANDOR CORP.	CALGARY AB T3Z 1G8		3,645.00
CARNWOOD WIRELINE SERVICE LTD.	EDMONTON AB T6E 6M3		534.45
CCS MIDSTREAM SERVICES	CALGARY AB T2P 3S8		8,310.97
CENTURY OILFIELD SERVICES INC.	CALGARY AB T2P 0R9		68,112.98
CENTURY VALLEN			2,138.20

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
CHAMPION TECHNOLOGIES			4,060.04
CORE LABORATORIES CANADA LTD.	CALGARY AB T2P 3C1		4,547.98
CSM TUBULAR TECHNOLOGIES LTD.	RED DEER COUNTY AB T4S 2A8		8,644.13
D & D OILFIELD RENTALS CORP.	REDCLIFF AB T0J 2P0		5,973.00
DR. HOWAN KOO INC.	1345 West 55th Ave Vancouver BC V6P 1R3		50,000.00
E.M. VAC SERVICE LTD.	CALGARY AB S0L 1S0		1,375.00
ELHEXCO PETROLEUM LTD.	LITTLETON CO 80120-5660		304.66
Elmhurst Consulting	KINDERSLEY SK S0L 1S0		12,206.43
EMM ENERGY INC	CALGARY AB T2P 3E5		1,999.64
ENERGY ACCOUNTING SERVICES INC	CALGARY AB T2R 0C9		21,454.74
ENERLAW LLP	CALGARY AB T2P 1G7		21,123.26
ESTON WELDING			678.76
EVEREADY ENERGY SERVICES			1,772.40
F1 COMPUTER SERVICES	WESTBANK BC V4T 1E6		386.75
FAST TRACK ACCOUNTING SERVICES LTD.	CALGARY AB T3A 6A8		1,131.38
GLOBAL STEEL LTD.	144 - 4TH AVENUE S W CALGARY AB T2P 3N4		75,664.32
GOOD TO GO RENTALS	KINDERSLEY SK S0L 1S0		7,039.50
GOOD TO GO TRUCKING	KINDERSLEY SK S0L 1S0		5,853.75
GOWLING LAFLEUR HANDERSON LLP	CALGARY AB T2O 4V5		5,817.97
HAMM HOLDINGS			945.00
HAUKEDAL ENTERPRISES INC.	RED DEER AB T4P 3R4		1,944.61

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
HOLLAND'S HOT OILING LTD.	KINDERSLEY SK S0L 1S0		20,894.37
HUDSON LLP.	CALGARY AB T2R 0E1		27,300.00
HURRICANE MANAGEMENT LTD.	ARROWWOOD AB T0L 0B0		2,441.45
HUSKY OIL OPERATIONS LIMITED	CALGARY AB T2P 3G7		1,179.82
HYDRODIG CANADA INC	BENTLEY AB T0C 0J0		545.74
JACAR ENERGY SERVICES	TABER AB T1G 1Y4		1,295.70
JOHNNY OLENICK	OYAMA BC V4V 2H9		10,000.00
Keele Capital Mezzanine Limited Partnership			1,500,000.00
KYNCL TRUCKING LTD.	SUNDRE AB T0M 1X0		19,759.78
LANCO WELL SERVICES LTD.	EDMONTON AB T5L 2P2		87,304.72
LES'S MECHANICAL SERVICE LTD.	VULCAN AB T0L 2B0		294.63
LITTLE DIPPER ENTERPRISES LTD.	EDAM SK S0M 0V0		2,962.13
LO-COST PROPANE	LETHBRIDGE AB T1J 4K8		1,447.43
LONKAR SERVICES	RED DEER AB T4P 3R3		8,745.19
M & L TRUCKING	ALTARIO AB T0C 0E0		2,097.20
MIDFIELD SUPPLY ULC	BROOKS AB T1R 1B8		9,096.02
MIDWEST SURVEYS INC.	CALGARY AB T1Y 6G1		2,177.18
MILES DAVISON LLP	BOW VALLEY SQUARE 11 CALGARY AB T2P 2V7		4,632.66
MINISTER OF FINANCE, PROVINCE OF AB			16,447.91
MINISTER OF FINANCE-SASK			1,063.77
MOUNTAIN VIEW COUNTY	DIDSBURY AB T0M 0W0		346.48
NATIONAL BANK OF CANADA	Montreal QC		800,000.00

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
NATIONAL OILWELL CANADA LTD.	CALGARY AB T2P 2J3		403.01
NIEMEYER'S WELDING & MACHINING LTD.	OLDS AB T4H 1E1		425.13
NOR-ALTA ENVIRONMENTAL SERVICES LTD	EDMONTON AB T5T 5L4		6,059.33
NU VENTURES RECOVERY	KINDERSLEY SK S0L 1S0		40,434.50
O.H. MCGREGOR OILFIELD SERVICES INC.	OLDS AB T4H 1T9		346.50
PAUL W. WHITAKER	LITTLETOWN CO 80123		304.66
PEAK ENERGY SERVICES PARTNERSHIP	CALGARY AB T2P 0B4		3,275.48
PETROTREAT INC.	RED DEER AB T4P 3R2		11,542.90
PFS FIREMEDIC WELL CONTROL	KINDERSLEY SK S0L 1S0		1,233.79
PINNACLE DRILLING FLUIDS LTD.	STOCK EXCHANGE R P O CALGARY AB T2P 4J2		535.50
PRAIRIE OIL TOOLS & RENTALS LTD.	RED DEER AB T4N 3T2		20,057.10
PRECISION DRILLING,	CALGARY AB T2P 3Y7		2,400.33
PROWLER PETROLEUMS LTD	HIGH PRARIE AB T0G 1E0		300,000.00
PURE ENERGY	CALGRY AB T2R 1K4		91,798.73
PUSHOR MITCHELL LLP	KELOWNA BC V1Y 2B3		4,687.30
QUINN PUMPS	CALGARY AB T2P 0E9		16,225.22
R.E. LINE TRUCKING (COLEVILLE) LTD.	COLEVILLE SK S0L 0K0		6,515.02
R.M. OF NEWCOMBE #260	GLIDDEN SK S0L 1H0		450.00
R.N.M. SERVICES LTD.	CALGARY AB T3H 3M4		877.34

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
RECEIVER GENERAL FOR CANADA - DATA ASSESSMENT & EVALUATION PROGRAMS	DATA ASSESSMENT & EVALUATION PROGRAMS OTTAWA ON K1A 1B1		53,726.79
REID HILL ENTERPRISES LTD.	VULCAN AB T0L 2B0		1,512.00
RELIANCE WELL SERVICING (2002) LTD,	DRAYTON VALLEY AB T7A 1S5		157,970.92
ROAD TRAIN OILFIELD TRANSPORT LTD.	BLINDMAN INDUSTRIAL PARK RED DEER COUNTY AB T4S 2A8		5,782.88
RONALD G. KESSLER	CALGARY AB T3A 0C4		4,252.00
ROSEVEAR LAND SERVICES LTD.	DIDSBURY AB T0M 0W0		1,534.48
RUSS GORDON	KINDERSLEY SK S0L 1S0		267.75
S & R TRANSPORT	KINDERSLEY SK S0L 1S0		1,533.00
SAMAX INDUSTRIES INC,	WESTLOCK AB T7P 2P7		5,775.00
SASQUATCH OILFIELD SERVICE LTD	ESTON SK S0L 1A0		1,632.75
SCOTT GARRETT	KINDERSLEY SK S0L 1S1		660.00
SCOTT LAND & LEASE LTD	202 6TH AVE SW CALGARY AB T2P 2R9		3,616.16
SEMCAMS(CENTRAL ALBERTA MIDSTREAM)	CALGARY AB T2P 5H1		3,551.85
SEMCANADA			159,000.00
SNUB SECURE INC,	LAKEVIEW POST OFFICE CALGARY AB T3E 7C6		8,143.80
SOURCE ENERGY TOOL SERVICES INC.	LLOYDMINSTER AB T9V 2S1		6,820.48
SPROULE ASSOCIATES LIMITED	CALGARY AB T2P 3N3		10,000.00
STINGER WELLHEAD PROTECTION (CANADA) INC	CALGARY AB T2P 5E1		3,097.50
SUPERIOR PROPANE	CALGARY AB T2P 5G1		8,058.79
T.H. VAC SERVICES LTD.	KINDERSLEY SK		3,737.30

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
T.K.O. RENTALS	DRAYTON VALLEY AB T7A 1S5		35,665.35
TAJZHA VENTURES LTD.	CALGARY AB T2R 1J8		117,606.15
TALLSTAR			5,297.57
TKO OILFIELD SERVICES LTD.	KINDERSLEY SK S0L 1S0		17,701.43
TMC CONTRACTING LTD.	BROCK SK S0L 0H0		3,423.00
VALEO POWER CORPORATION	CALGARY AB T2P 3H2		11,507.15
VERACITY ENERGY SERVICES LTD	CALGARY AB T2P 1Z2		137,766.81
WCSS WESTERN CANADIAN SPILL SERVICES LTD	CALGARY AB T1Y 6M6		4,244.36
WESTFIRE ENERGY LTD,	CALGARY AB T2P 3E7		6,971.62
WRANGLER TANKER SERVICE LTD.	COLEVILLE SK S0L 0K0		462.00
ZAPATA ENERGY CORPORATION	CALGARY AB T2P 3A8		6,246.60
Total			4,315,321.79

DEEP CREEK OIL & GAS INC.
 PROJECTED STATEMENT OF CASH FLOW
 FOR THE PERIOD FROM MARCH 18 TO MAY 31, 2009

Court No.
 Estate No.

	March	April	May	Total
Receivables				
Production	\$ 100,000	\$ 150,000	\$ 150,000	\$ 400,000
Protected loan Keith Watts	15,000	-	-	15,000
Total	\$ 115,000	\$ 150,000	\$ 150,000	\$ 415,000
Payable				
Royalties	\$ 16,651	\$ 22,000	\$ 33,000	\$ 71,651
Operating expenses	39,827	68,085	68,085	175,997
G+A	9,371	20,750	20,750	50,871
Surface Leases	8,159	-	-	8,159
Interest Tallinn	-	16,250	16,250	32,500
Retainers	15,000	12,500	12,500	40,000
Total	\$ 89,008	\$ 139,585	\$ 150,585	\$ 379,178
NET	\$ 25,992	\$ 10,415	\$ (585)	\$ 35,822

NOTES:

1

The Consolidated Projected Statement of Cash flow has been prepared in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash flow Statement and the Report on Cash flow Statement by the Company making the Proposal. Since the projection is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

2 The Projected Statement of Cash-flow has been prepared solely for the purpose described in Note 1, using the attached set of probable and hypothetical general and specific assumptions. Consequently readers are cautioned that it may not be appropriate for other purposes.

DEEP CREEK OIL & GAS INC.

Per: 

Mr. Andre Voskuil

ALGER & ASSOCIATES INC.

Per: 

for Mr. Guy W. L. Odhams

**DEEP CREEK OIL & GAS INC.
CONSOLIDATED PROJECTED STATEMENT OF CASH FLOW
GENERAL AND SPECIFIC ASSUMPTIONS**

General

- 1** Unless otherwise specified, all figures are based on a combination of historical data and management estimates.

Specific

2 Production and sales volumes

Assumes production of 80.25 boe/pd of gas, 42.48 boe/pb of oil and 7.83 boe/pd of NGL, for a total of 130.56 boe/pd. This is based on a rolling average of production for the past twelve months.

3 Production Pricing

Gas	Assumes the range of \$4.50 to \$5.00 p/mcf
Oil	Assumes the range of \$50 to \$57 p/bbl
NGL	Assumes the range of \$55 to \$62 p/bbl

4 Crown royalties

Crown Royalties are assumed to be about 22% of oil and gas revenue.

5 Operating cost

Operating cost from well production is assumed to be 45% of the oil and gas production. Based on the rolling average of the past few months.

Deep Creek Oil & Gas Inc.
 Projected General & Administration

	March	April	May
Workers Comp	25	25	25
Printing	450	450	450
Office rent	1500	1500	1500
Stationery/supplies	50	50	50
Printing	50	50	50
Postage	50	50	50
Legal fees	1000	1000	1000
Computer	300	300	300
Consulting services	4000	4000	4000
Accounting services	4000	4000	4000
and admin fees	1000	1000	1000
Phone/fax	500	500	500
Advertising	75	75	75
Management fees	6000	6000	6000
Engineering services	1200	1200	1200
Taxes/licenses	65	65	65
Bank charges	200	200	200
Printing fees	35	35	35
Travel/accomodation	250	250	250
Total G+A	\$ 20,750	\$ 20,750	\$ 20,750

Deep Creek Oil & Gas Inc.
Statement of Receipts and Disbursements
Budget to Actual
For the period March 18, 2009 to April 14, 2009

	April 30, 2009 Projected	April 14, 2009 Actual
Receipts		
Production	\$ 250,000	\$ 134,461
GST refund	\$ -	\$ 68,545
Other funds	15,000	16,000
Total	<u>\$ 265,000</u>	<u>\$ 219,006</u>
Disbursements		
Royalties	\$ 38,651	\$ 36,684
Operating expenses	107,912	67,608
G+A	30,121	35,788
Surface leases	8,159	16,150
Interest	16,250	-
Retainers	27,500	16,000
Total	<u>\$ 228,593</u>	<u>\$ 172,230</u>
Net Cash flow	\$ 36,407	\$ 46,776
Opening cash	\$ -	\$ -
Closing cash	<u>\$ 36,407</u>	<u>\$ 46,776</u>

DEEP CREEK OIL & GAS INC.
PROJECTED STATEMENT OF CASH FLOW
FOR THE PERIOD FROM APRIL 14 TO JULY 31, 2009

	April	May	June	July	Total
Receipts					
Production	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 560,000
Total	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 560,000
Disbursements					
Royalties	\$ 2,069	\$ 33,000	\$ 33,000	\$ 33,000	\$ 101,069
Operating expenses	31,559	68,085	68,085	68,085	\$ 235,814
G & A	20,057	20,750	20,750	20,750	\$ 82,307
Surface leases	-	-	-	-	\$ -
Interest	16,250	16,250	16,250	16,250	\$ 65,000
GST payable	15,000	-	-	20,000	\$ 35,000
Retainers	12,500	12,500	12,500	12,500	\$ 50,000
Total	\$ 97,435	\$ 150,585	\$ 150,585	\$ 170,585	\$ 569,190
NET	\$ 42,565	\$ (10,585)	\$ (10,585)	\$ (30,585)	\$ (9,190)
Opening Cash	\$ 46,776	\$ 89,341	\$ 78,756	\$ 68,171	\$ 46,776
Closing Cash	<u>\$ 89,341</u>	<u>\$ 78,756</u>	<u>\$ 68,171</u>	<u>\$ 37,586</u>	<u>\$ 37,586</u>

Action No. 25-1179833

2009

IN THE COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE PROPOSAL
OF
DEEP CREEK OIL & GAS LTD.

TRUSTEE'S FIRST REPORT

Alger & Associates Inc.

400, 602 11th Avenue SW

Calgary, AB T2R 1J8

Guy Odhams

Telephone: (403) 296-3143

Facsimile: (403) 296-2988

Legal Counsel

Parlee McLaws LLP

Barrister & Solicitors

3400 Petro-Canada Centre

150-6th Avenue SW

Calgary, Alberta T2P 3Y7

Solicitor: Karen Fellowes

Telephone: (403) 294-7031

Facsimile: (403) 767-8872
