

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

IN THE MATTER OF THE RECEIVERSHIP OF JURASSIC OIL & GAS LTD.

**RECEIVER'S THIRD REPORT
ALGER & ASSOCIATES INC.**

APRIL 20, 2010

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Exhibits

- A. Statement of Receipts & Disbursements – June 23, 2009 to April 16, 2010.
- B. Projected Statement of Receipts & Disbursements to Discharge
- C. Receiver's Discharge Certificate

Introduction

1. On June 23, 2009, Alger & Associates Inc. was appointed Receiver and Manager ("Alger" or the "Receiver") of Jurassic Oil & Gas Ltd. ("Jurassic" or the "Company") by the Court of Queen's Bench of Alberta pursuant to the Order of the Court of Queen's Bench Action No. 0901-09235.
2. On July 13, 2009 and September 16, 2009, the Receiver filed its First and Second Receiver's Reports respectively with this Honourable Court.
3. The purpose of the Receiver's Third Report is to provide this Honourable Court with:
 - a. Updated information on Jurassic's activities since the Receiver's Second Report ;
 - b. Actual and Projected Statements of Receipts & Disbursements; and
 - c. The proposed final distribution of funds to ATB Financial.
4. Capitalized terms not defined in this Report are defined in the Receiver's previous reports.

Limitations of Report

5. The information contained in this report has been obtained from the records of Jurassic. The Receiver has relied on this information and has not performed an audit, review or other verification of such information.

Oil and Gas Operations

6. As outlined in the Receiver's Second Report, on September 9, 2009 the Receiver sold, subject to Court approval, its remaining oil and gas assets to Beatton Energy Inc. ("Beatton"). On September 23, 2009, the Court of Queen's Bench approved the sale to Beatton. The Beatton sale closed on October 14, 2009 with an effective sale date of August 1, 2009.
7. The Receiver, through its agent Midlake Oil & Gas Ltd. ("Midlake"), continued to oversee the operation of Jurassic's Peco property, with its two producing gas wells, up until the sale to Beatton and thereafter facilitated the transfer work. The revenue, crown royalties and operating expenses have all been received and paid by the Receiver on a current basis since the date of the receivership to date. The transition of these activities to Beatton is now

complete, except for various crown royalty issues that are still being resolved with Beatton and the Alberta government as discussed below.

8. The Columbia properties that were included in the Beatton sale were operated by a joint venture partner. The information supplied by the operating partner indicated that these properties were not profitable and as such the only revenue received for them during the receivership period was a nominal amount of gross over-riding royalty payments.
9. The Brazeau property included in the Beatton sale was comprised of a standing shut-in well.

Marketing of Oil and Gas Assets

10. The marketing of Jurassic's oil and gas assets was separated into two phases:
 - a. Completion of pre-receivership negotiated sale of Peco 4-2 well bore to Conoco; and
 - b. Completion of the sale of the remaining oil and gas assets to Beatton.

Completion of Peco 4-2 Well Bore Sale to Conoco

11. The sale of the Peco 4-2 well bore to Conoco was disclosed in the First Receiver's report dated July 13, 2009. As disclosed in the Receiver's Second Report, the sale was approved by the Court on July 28, 2009 and closed on August 19, 2009.
12. Of the \$85,545.82 holdback made by the Receiver's counsel at the time of the sale, \$75,000 was released to the Receiver on October 26, 2009 following the transfer of the Peco 4-2 well license to Conoco and \$10,545.82 was paid directly to ATB Financial by the Receiver's counsel in March 2010 following a settlement with the lien claimant.

Completion of Sale of Remaining Oil and Gas Assets to Beatton

13. The sale of the remaining oil and gas assets to Beatton, outlined in the Receiver's Second report, closed on October 14, 2009, with the interim statement of adjustments provided to Beatton at that time. The final statement of adjustments was provided to Beatton on February 9, 2010, along with the payment of the amount owing of \$12,120.

14. In February and March, 2010, the Alberta government continued to render invoices for crown royalties to Jurassic, despite the transference of the properties to Beatton. The crown royalty invoices from the government aggregate just over \$7,000.
15. The Receiver has been liaising with Beatton to rectify this situation. Beatton have informed the Receiver that these amounts have been paid by them, but as yet have not provided evidence of these payments, such that the Receiver can provide this information to the government to have these invoices reversed or credited back. The Receiver and its agent will be continuing these efforts.

Assignment of Crown Royalty Deposit

16. Given the potential time frame for realization of the refund of the crown royalty deposit of \$14,544, the Receiver intends to assign the refund of the crown royalty deposit to ATB Financial, because they are the first secured creditor and because they will be suffering a shortfall in realization on its security well in excess of this amount.

Statement of Receipts & Disbursements

17. Attached as Exhibit "A" is the Receiver's Statement of Receipts & Disbursements for the period from the date of the Receivership Order on June 23, 2009 to April 16, 2010.
18. Based on proceeds from the sale of assets, oil and gas sales and other receipts, net of operating expenses and costs of administration of the receivership, the Receiver holds \$101,315 of cash in trust as at April 16, 2010.
19. The Receiver has provided for \$10,000 as the estimated cost to complete this file as outlined in the Projected Statement of Receipts & Disbursements attached as Exhibit "B". The Receiver anticipates the receipt of \$8,820 from the secured lender, as the invoices for the Receiver's fees and disbursements are issued to ATB Financial, a provincial government entity, in order to qualify for GST-exempt status.

Record-Keeping

20. As outlined in our previous reports, since our appointment numerous creditors have notified the Receiver that the stated balance of the Company's indebtedness to them contained in the Notice and Statement of Receiver sent to them was understated.
21. The Receiver, through Midlake, has updated Jurassic's accounting records as necessary to properly administer the affairs of the Company.

Creditor Claims

22. ATB Financial ("ATB")
 - a. As disclosed in the Receiver's Second Report, ATB was owed approximately \$1.2 million as at the date of receivership, before consideration of costs incurred and recoveries received by them since that time. ATB has a first priority charge over Jurassic's assets that has been reviewed by the Receiver's legal counsel
 - b. Based on the \$775,000 of interim distributions outlined in the Statement of Receipts & Disbursements attached as Exhibit "A" and the \$100,135 of proposed final distribution to the ATB outlined in the Projected Statement of Receipts and Disbursements attached as Exhibit "B", ATB will suffer a significant shortfall in realization on its security.
 - c. It is the Receiver's intension to pay all of the remaining funds on hand, or subsequently received, to ATB.

23. Liens

- a. As outlined in the Receiver's Second Report, at July 20, 2009, there were two liens registered against the Peco lands that were the subject of the property sales to Conoco and Beatton as follows:
 1. Tarpon Energy Services Inc. ("Tarpon") – The Receiver's counsel had previously held back \$10,546 from the Conoco sale in regard to the lien on the Peco 4-2 property. In October 2009 the Receiver's counsel held back an additional \$10,000

from the Beatton sale proceeds. In March 2010, the matter was settled and the Receiver's counsel remitted the balance of the trust account to the ATB.

2. Precision Rentals ("Precision") – In October 2009, the Receiver's counsel held back \$20,000 from the Beatton sale proceeds for purposes of this matter. In December 2009, this matter was settled and the amount held in trust by the Receiver's counsel was paid to Receiver.

24. Priority claims

- a. Based on the Company's records as updated by Midlake from information made available to them since the date of receivership, there are no amounts owing for unpaid source deductions or GST and in fact, based on these updated records, the Company was in a nominal net GST receivable position as at the date of receivership. In April 2010, based on the updated records for the period to March 31, 2010, the Receiver paid the balance of GST owing as at that date. The Receiver does not anticipate any future GST receipts or payments.
- b. Subject to the information contained above in paragraph 1, the Receiver has paid the balance due for Alberta Crown Royalties and property taxes as outlined in the Statement of Receipts & Disbursements attached as Exhibit "A". If the reversals of the erroneous crown royalty invoices are not processed by the government, the refund of the \$14,544 crown royalty deposit will likely be negatively affected.
- c. Prior to the updating of Jurassic's records, Jurassic's records indicated a payable of \$3,002 to the Gross Over-riding Royalty ("GORR") holders on the Peco property. With the updating of Jurassic's records by Midlake and Midlake's further investigations, there are no amounts owing to the GORR holders.

25. Other Creditor claims

- a. As outlined in the Receiver's Second report, six secured creditors holding Jurassic debentures in the total amount of \$418,537 as per Jurassic's records have registered their security against the Company's assets subsequent to ATB's registration.

- b. Based on Jurassic's records there are unsecured claims of approximately \$515,000, however, based on information received from numerous of these claimants it appears that this balance is likely understated.
- c. Specific details of the creditor claims were listed in the Notice and Statement of Receiver attached to the First Receiver's Report.
- d. Since our appointment as Receiver there have been numerous inquiries made by Jurassic shareholders or their transfer agents on the status of the receivership and the likelihood of any recovery for them.
- e. Based on the actual and projected Statements of Receipts & Disbursements attached as Exhibits "A" and "B" and the quantum of ATB's first secured claim, there will be no realization for Jurassic's other secured or unsecured creditors.

Taxation of Receiver and Receiver's Counsel accounts

26. Concurrently with preparation of this report, the Receiver has sworn an affidavit for purposes of the taxation of its accounts and those of its counsel.

Proposed Activities to conclude the Administration of the Receivership

27. Following the time for any appeals of the proposed Discharge Order, the Receiver will be authorized to distribute the available funds to ATB, after payment of all outstanding fees and costs as detailed in Exhibit "B" to our report. Upon the collection or assignment of the remaining assets, the Receiver will file a certificate with respect to the Receivership proceedings in the form attached as Exhibit "C" (the "Discharge Certificate") to this report with the Court certifying that:
- (a) All funds in the Receivership proceedings have been paid to ATB;
 - (b) The administration of the Receivership proceedings is complete as described in this report;
 - (c) The Receiver has sent out all required statutory notices to the Creditors and Superintendent of Bankruptcy;

Jurassic Oil & Gas Ltd.
Receiver's Third Report
Alger & Associates Inc.
April 20, 2010

(d) Upon the filing the Discharge Certificate by the Receiver with this Court, the Receiver shall be discharged; and

(e) The Receivership proceedings shall be terminated.

DATED at Calgary, Alberta this 20th day of April, 2010.

Alger & Associates Inc., Receiver



Per: Guy W. L. Odhams
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IN THE MATTER OF THE RECEIVERSHIP OF JURASSIC OIL & GAS LTD.
RECEIVER'S STATEMENT OF RECEIPTS & DISBURSEMENTS
FOR THE PERIOD FROM JUNE 23, 2009 TO APRIL 16, 2010

Receipts

Receipts from sale of oil and gas assets	\$ 1,058,625
Receipts from oil and gas sales	123,809
Receipts from secured lender	96,405
Receipts from closure of Company bank account	10,264
Receipts from joint venture partners	5,401
Receipts from sale of furniture	266
Interest income	4
Total Receipts	<u>1,294,775</u>

Disbursements

Payments to secured creditor	775,000
Royalty payments	46,974
Property taxes and mineral leases	15,531
Rented/Leased equipment	29,576
Other operating expenses	36,975
Receiver's fees	97,182
Receiver's counsel's fees and disbursements	57,887
Agent's fees and disbursements	99,182
Contract services and expenses	6,033
Insurance	5,456
Production accounting fees	3,840
Software Fees	1,745
Other disbursements	2,418
GST	15,661
Total Disbursements	<u>1,193,460</u>

Cash Held in Trust

\$	<u>101,315</u>
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ACTION # 0901-09235

IN THE MATTER OF THE RECEIVERSHIP OF JURASSIC OIL & GAS LTD.
PROJECTED RECEIVER'S STATEMENT OF RECEIPTS & DISBURSEMENTS
FOR THE PERIOD FROM JUNE 23, 2009 TO DISCHARGE

	Actual to Apr-16-10		Projected to Discharge	Total Projected
<u>Receipts</u>				
Receipts from sale of oil and gas assets	\$ 1,058,625			\$ 1,058,625
Receipts from oil and gas sales	123,809			123,809
Receipts from secured lender	96,405	A	8,820	105,225
Receipts from closure of Company bank account	10,264			10,264
Receipts from joint venture partners	5,401			5,401
Receipts from sale of furniture	266			266
Interest income	4			4
Total Receipts	1,294,775		8,820	1,303,595
<u>Disbursements</u>				
Payments to secured creditor	775,000		100,135	875,135
Royalty payments	46,974			46,974
Property taxes and mineral leases	15,531			15,531
Rented/Leased equipment	29,576			29,576
Other operating expenses	36,975			36,975
Receiver's fees	97,182	B	7,000	104,182
Receiver's counsel's fees and disbursements	57,887	C	2,500	60,387
Agent's fees and disbursements	99,182			99,182
Contract services and expenses	6,033			6,033
Insurance	5,456			5,456
Production accounting fees	3,840			3,840
Software fees	1,745			1,745
Other disbursements	2,418	D	350	2,768
GST	15,661	E	150	15,811
Total Disbursements	1,193,460		110,135	1,303,595
Cash Held in Trust	\$ 101,315		\$ (101,315)	\$ 0

Notes

- A Represents anticipated receipt for Receiver's March bill and final billing for estimated cost to complete.
B Estimate of cost to complete file. (April 1 to discharge)
C Estimate of cost to complete file. (December 1 to discharge)
D Estimate for miscellaneous items.
E Applicable GST on above items.

**IN THE MATTER OF THE RECEIVERSHIP OF
JURASSIC OIL & GAS LTD.**

THIRD & FINAL REPORT OF THE RECEIVER

APRIL 20, 2010

EXHIBIT "C"

DISCHARGE CERTIFICATE

The undersigned hereby certifies for the purposes of the Order made on the __ day of _____, 2010 in the matter of JURASSIC OIL & GAS LTD. under Action No. 0901-09235 (“the Receivership Proceedings”) that:

1. All funds under the control of the Receiver as set out in Exhibit “B” of our report dated April 20, 2010 were transferred to the Lenders.
2. The Receiver has sent out all required statutory notices to the Creditors and Superintendent of Bankruptcy.
3. The administration of the Receivership proceedings as described in the Receiver’s reports to Court has been completed.

DATED at Calgary, Alberta, this ____ day of _____, 2010.

Alger & Associates Inc.

In its capacity as Court Appointed Receiver and Manager of Jurassic Oil & Gas Ltd., and not in its personal capacity.

Guy W. L. Odhams
Senior Vice President

Action No. 0901-09235

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

**IN THE MATTER OF THE RECEIVERSHIP OF
JURASSIC OIL & GAS LTD.**

DISCHARGE CERTIFICATE

ALGER & ASSOCIATES INC.

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File No. 25866

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

**IN THE MATTER OF THE
RECEIVERSHIP OF
JURASSIC OIL & GAS LTD.**

**RECEIVER'S THIRD REPORT
ALGER & ASSOCIATES INC.
APRIL 20, 2010**

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File No. 25866
