



Action No. 0901-02012

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

BETWEEN:

BG INTERNATIONAL LIMITED

Plaintiff

- and -

CANADIAN SUPERIOR ENERGY INC.

Defendant

Appeal No. 0901-0048AC

IN THE COURT OF APPEAL OF ALBERTA

BETWEEN:

BG INTERNATIONAL LIMITED

(Plaintiff)
Respondent

- and -

CANADIAN SUPERIOR ENERGY INC.

(Defendant)
Appellant

**FIRST INTERIM RECEIVER'S REPORT TO THE COURT
SUBMITTED BY DELOITTE & TOUCHE INC.**

February 20, 2009

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INTRODUCTION

1. On the application of BG International Limited ("**BGI**") on February 11, 2009, Deloitte & Touche Inc. (the "**Receiver**") was appointed Interim Receiver of Canadian Superior Energy Inc.'s Participating Interest, as outlined in Article 3.2(c) of a Joint Operating Agreement dated August 11, 2007 among BGI, Canadian Superior Energy Inc. ("**CSEI**") and Challenger Energy Corp. (the "**JOA**") and given exclusive charge of conduct of all Joint Operations as defined in the JOA (the "**Receivership Order**").
2. This First Report of the Receiver (the "**First Report**") provides the Court with a summary of the Receiver's activities from the date of the Receivership Order.

TERMS OF REFERENCE

3. In preparing this First Report, the Receiver has relied upon information provided by CSEI and BGI. The Receiver has not performed an audit or other form of verification of such information.
4. Capitalized terms not defined in this First Report are as defined in the Receivership Order. All references to dollars are in US currency unless otherwise noted.

INITIAL ACTIVITIES OF THE RECEIVER

5. On Wednesday, February 11, 2009 after the Receivership Order was granted, Victor Kroeger, partner in charge of this engagement on behalf of the Receiver and Larry Robinson, Q.C. of Davis LLP, Receiver's counsel, accompanied representatives of CSEI, its counsel and representatives of BGI to CSEI's offices in Calgary and participated in a

prescheduled conference call with representatives of Maersk Drilling and representatives of Sinopec. The Receiver's understanding of the purpose of that call was to determine whether or not Maersk and/or Sinopec would elect to discontinue their services as a result of CSEI's failure to pay their invoices. Maersk was taking the position that the call constituted the final meeting required by their contract to terminate services. CSEI disagreed with that interpretation.

6. During the discussions that ensued the status of the Receiver was explained to Maersk/Sinopec including the provisions in the order that allowed the Receiver to borrow \$47 million, the commitment from BGI to lend those funds, the expectation that CSEI would be providing the Receiver with a list of its outstanding payables and the expectation that during the week of February 16th procedures would all be in place to permit Maersk's proper overdue accounts to be paid and future amounts paid in the ordinary course.
7. CSEI representatives also discussed the possibility of CSEI providing security to Maersk for their overdue accounts and future accounts. After a discussion amongst themselves, a spokesman for Maersk/Sinopec advised that after considering matters, Maersk/Sinopec were satisfied that the procedures which were being implemented by the Receiver were satisfactory and based on what they had heard they would continue to provide their drilling vessel for the project.
8. In order to ensure the anticipated public announcement by CSEI of the appointment of the Receiver did not alarm the Government of the Republic of Trinidad and Tobago, the Receiver participated in a telephone call with the Minister of Energy and Energy Industries at the start of business in Trinidad on Thursday, February 12th during which

call the Receiver's mandate and intentions were explained to the Minister. A representatives of both CSEI and BGI participated in that telephone call.

9. As Joint Venture activities were scheduled to resume on Saturday, February 14, 2009, CSEI representatives requested the Receiver prepare a general letter which could be circulate to all Vendors informing them of the steps that were being taken by the Receiver to ensure that their overdue accounts would be satisfied and future accounts paid when due. With receipt of a Vendors list from CSEI on February 18, 2009, the Receiver mailed the attached letter to 79 suppliers. The Receiver is also contacting all unpaid suppliers to verify outstanding amounts which in turn will allow the Receiver to advise BGI with accuracy the amounts necessary for BGI to fund to satisfy those accounts.
10. A specific Vendor, Secunda Marine Services notified CSEI by letter on February 12, 2009 that it would suspend services on February 16, 2009 unless its overdue accounts were paid in full. Secunda Marine Services provides one of the supply vessels for the offshore well operations. On February 13, 2009, CSEI requested the Receiver contact Secunda Marine Services to attempt to arrange continuation of those services and the Receiver provided assurances to Secunda Marine Services that steps were being taken to permit payments to be made and based on those assurances, Secunda Marine Services has continued to perform its contract.
11. To date the Receiver has issued these Receiver Certificates:
 - (a) Certificate #1 - February 18, 2009 - US \$962,280;
 - (b) Certificate #2 - February 19, 2009 - US \$4,000,000; and

(c) Certificate #3 - February 20, 2009 - US \$2,000,000.

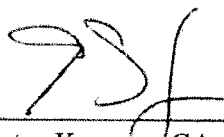
These borrowings have been necessary to make partial payments to certain critical suppliers, without whose services, operations would cease.

12. The Receiver requires no direction or assistance of the Court at this time.

All of which is respectfully submitted this 20th day of February, 2009.

DELOITTE & TOUCHE INC.,
In its capacity as Interim Receiver of
CSEI's Participation Interest in Block 5C Trinidad
and Tobago
And not in its personal capacity

Per:


for Victor Kroeger, CA • CIRP, CFE
Senior Vice President

Deloitte

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February 18, 2009

**Attention: Suppliers to Canadian Superior Energy Inc.'s
Block 5C, Trinidad**

Dear Sir:

**Re: Interim Receivership of Canadian Superior Energy Inc.'s ("CSEI") Participation
Interest in Block 5C, Trinidad.**

On February 11, 2009 Deloitte & Touche Inc. was appointed Interim Receiver of CSEI's Participation Interest in Block 5C Trinidad pursuant to a Court Order granted in the Court of Queen's Bench of Alberta. A copy of the Court Order is attached hereto.

In our role as Interim Receiver we assume the temporary operatorship of the Block 5C Trinidad properties however we have retained BG International to act as our subcontract operator. We are attempting to maintain operations on a business as usual basis and you should not necessarily see any change.

The Court Order allows us to borrow up to US\$47 million to be used to pay the costs associated with this role. We are obtaining from CSEI all outstanding supplier invoices to determine the proper payments necessary to bring supplier claims current and to understand the normal billing process for future invoices and payments. We hope to start making payments by the end of the week of February 15th or early in the week of February 22nd, 2009.

All future invoices are to be sent to CSEI in accordance with current practice and they will forward the approved invoices to us for payment.

We thank you in advance for your continued support of this project.

Yours truly,
DELOITTE & TOUCHE INC.
in its capacity as Interim Receiver
of CSEI's Participation Interest in Block 5C Trinidad
and not in its personal capacity

Victor P. Kroeger, CA•CIRP, CFE
Senior Vice President

Audit . Tax . Consulting . Financial Advisory .

Member of
Deloitte Touche Tohmatsu

Action No.: 0901-02012

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

BETWEEN:

BG INTERNATIONAL LIMITED

Plaintiff

- and -

CANADIAN SUPERIOR ENERGY INC.

Defendant

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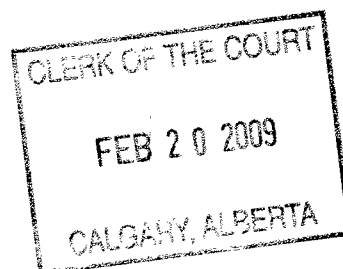
Respondent

- and -

CANADIAN SUPERIOR ENERGY INC.

(Defendant)

Appellant



**FIRST INTERIM RECEIVER'S REPORT
TO THE COURT SUBMITTED BY
DELOITTE & TOUCHE INC.**

Davis LLP

Barristers & Solicitors
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