Clerk's stamp:

COURT FILE NUMBER	0901-01613
COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY
APPLICANTS	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended** **AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9, as amended** **AND IN THE MATTER OF OILEXCO INCORPORATED and OILEXCO TECHNICAL SERVICES INC.**
DOCUMENT	**TWELFTH REPORT OF ERNST & YOUNG INC., in its capacity as court appointed Monitor of OILEXCO INCORPORATED AND OILEXCO TECHNICAL SERVICES INC.**
	MONITOR
	Greg Pollard Ernst & Young Inc. 1000, 440 – 2nd Avenue S.W. Calgary, Alberta T2P 5E9 Telephone: (403) 206-5479 E-mail: greg.pollard@ca.ey com
	MONITOR'S COUNSEL
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	FMC LAW David Mann / Robert J. Kennedy Fraser Milner Casgrain LLP Bankers Court 15th Floor, 850 - 2nd Street S.W. Calgary, Alberta T2P 0R8 Telephone: (403) 268-7097 / 7161 Fax No: (403) 268-3100 File No.: 131079-85

TWELFTH REPORT OF THE MONITOR

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LISTING OF APPENDICES TO THE TWELFTH REPORT OF THE MONITOR:

INTRODUCTION

1. On February 5, 2009, Oilexco Incorporated ("Oilexco") and Oilexco Technical Services Inc. ("OTSI") (each an "Applicant" or collectively, "the Applicants") filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court dated February 5, 2009 (the "Initial Order").

2. Pursuant to an Order of this Honourable Court dated May 20, 2009, a Claims Process Order was granted approving the claims process and setting a Claims Bar date of July 31, 2009.

3. Pursuant to an Order of this Honourable Court dated September 16, 2009, (the Plan Sanction Order), the Applicants' Plan of Compromise and Arrangement to their unsecured creditors (the "Liquidation Plan") was approved and the Applicants, with the consent of the Monitor, were permitted to make interim distributions in respect of Distribution Claims in which the Pro Rata Share is less than or equal to $5,000. A further Application would be required to approve any distributions of a Pro Rata Share in excess of $5,000.

4. Pursuant to an Order of this Honourable Court dated December 14, 2009, the Applicants were authorized and directed to make an interim distribution to the creditors listed in Appendix 1 of the Monitor's report dated December 8, 2009. A First Distribution payment of $636,935.45 was paid to 57 creditors representing $34,559,508 of claims.

PURPOSE

5. The purpose of this twelfth report of the Monitor (the "Twelfth Report") is to report to this Honourable Court with respect to the following:

   (a) An update of the Claims Process;

(b) The Applicants' financial performance from February 19, 2010, the date of the transfer of the Distribution Pools to the Monitor, to February 2, 2011;

(c) A request for approval by this Honourable Court of a final distribution (the "Final Distribution") to certain Creditors pursuant to the terms of the Plan Sanction Order;

(d) A request for approval by this Honourable Court of the Monitor's professional fees and those of its legal counsel;

(e) A request for approval by this Honourable Court of the Monitor's discharge from these proceedings; and

(f) The recommendations of the Monitor.

TERMS OF REFERENCE

6. In preparing this Twelfth Report, the Monitor has relied upon unaudited financial information, company records and discussions with former management of the Applicants. The Monitor has not performed an audit, review or other verification of such information.

7. Capitalized terms not defined in this Twelfth Report are as defined in the Initial or subsequent Orders. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

8. Information regarding the CCAA proceeding, including the Initial Order and subsequent Orders, supporting affidavits and the Reports of the Monitor have been posted by the Monitor on its website at http://www.ey.com/ca/oilexco .

9. On February 19, 2010, the balance of the funds held at Oilexco with respect to the Distribution Pool were transferred to the Monitor's account. In the summer of

2010, the management and the directors of the Applicants who put forth the Plan of Arrangement resigned their positions with Oilexco, after which date former management of Oilexco had no further involvement in the claims review process. Accordingly, the Monitor has completed the review of the claims of the three largest creditors, whose claims were not reviewed for the purposes of the First Interim Distribution.

FINANCIAL PERFORMANCE SINCE FEBRUARY 19, 2010

10. Below is a summary of the Applicant's receipts and disbursements from since February 19, 2010, the date of the transfer of the Distribution Pools to the Monitor, to February 2, 2011.

Financial Performance Since February 19, 2010		
Funds transferred from Applicants	$	18,016,323
Interest income		83,658
Other income		195
		18,100,176
Monitor's fees and expenses		(350,516)
Monitor's legal counsel fees and expenses		(53,310)
Applicant's legal counsel fees and expenses		(3,087)
Other operating expenses		(356)
Bank service charges		(16)
		17,692,891
First Interim Distribution payments		(4,723)
Estimated ending cash available for distribution	$	17,688,168

11. The remaining assets of the Applicants include estimated cash of $17,688,168 as at February 2, 2011.

THE LIQUIDATION PLAN

12. The Plan provides that the Creditors will participate in the distribution of the net remaining cash on hand (the "Distribution Pool"), which comprises the current cash on hand, expected realization from remaining tangible assets less costs to complete the Liquidation Plan and other holdback amounts.

13. At the Effective Time each Claim will be compromised, and thereafter each Creditor will receive, in full satisfaction of its Distribution Claim against the Applicants:

    (a) The lesser of (i) the amount of its Distribution Claim in respect of such Applicant, and (ii) $2,500 (the "Small Claims Exemption"); and

    (b) The amount of its Pro Rata Share.

14. The Pro Rata Share of a Creditor means the amount determined by the following formula:

    (a) Pro Rata Share = (A/B) x C

    where:

    (b) A = the Distribution Claim of the Creditor, if any, greater than the Small Claims Exemption;

    (c) B = the sum of all Distribution Claims of all Creditors, excluding Distribution Claims that are subject to the Small Claims Exemption; and

    (d) C = the Distribution Pool less the aggregate amount to be paid in respect of Distribution Claims that are subject to the Small Claims Exemption.

UPDATE ON THE PROOF OF CLAIMS PROCESS

15. The Claims Process proceeded in accordance with the Order of this Honourable Court dated May 20, 2009, with a Claims Bar Date of July 31, 2009.

16. Claims totalling $1,182,298,020 including both primary and guarantee claims, have been received by the Monitor.

17. Claims denominated in US dollars or British Pounds have been translated into their Canadian dollar equivalent amounts using the Bank of Canada noon spot rate as at February 5, 2009 pursuant to the Order of this Honourable Court dated May

20, 2009. The First Distribution calculation used slightly different exchange rates and the claim amounts have been revised to reflect the rates noted above.

18. The Monitor and the Applicants reviewed the Proofs of Claim submitted to the Monitor with respect to the First Distribution and agreed with the amounts as submitted, or as agreed to with the Creditor, for 57 creditors representing $34,559,508 of claims. A First Distribution payment of $636,935.45 was paid to these creditors.

19. The Monitor continued to review the claims of the following creditors:

    (a) Royal Bank of Scotland on behalf of a syndicate of banks ("RBS"); claims as submitted totaling $392,368,750.57;

    (b) Sevan Production UK Limited ("Sevan"); guarantee claim as submitted totaling $317,353,006.10 (US$257,947,66); and

    (c) Diamond Offshore Drilling (UK) Limited ("Diamond"); guarantee claim as submitted totaling $438,016,754.73 (US$356,024,348).

20. The Monitor developed a protocol to review these three claims while accommodating the concerns of all three of these creditors surrounding the confidential nature of the documentation and methodology giving rise to their respective claims. In keeping with that protocol, the Monitor is only reporting on the results of its analysis in this Report.

21. Ernst & Young (UK), in its role as Administrator under a Company Voluntary Arrangement, also reviewed the claims of various trade creditors of Oilexco North Sea Limited, including Sevan and Diamond. The Monitor, in addition to conducting its own review of the claims of Sevan and Diamond, attended at the office of Ernst & Young (UK) and reviewed the analysis undertaken by the Administrator.

22. The Monitor's counsel has completed its review of the unsecured guarantees with respect to the claims of RBS, Sevan and Diamond and is of the opinion, subject to

the normal course assumptions and qualifications usual in such opinions, the unsecured guarantees with respect to the claims of RBS, Sevan and Diamond constitute legal, valid and binding obligations of the Applicants.

ACCEPTED CLAIMS

23. The claims of the three largest Creditors noted above have been accepted by the Monitor for the purpose of this Final Distribution as follows:

(a) Royal Bank of Scotland on behalf of a syndicate of banks ("RBS"), in the amount of $236,398,851.49;

(b) Sevan in the amount of $189,355,063.31 (US$153,909,667); and

(c) Diamond in the amount of $265,128,395.09 (US$215,498,980).

DISTRIBUTION UNDER THE PLAN

24. The Monitor intends to make a Final Distribution to creditors. The Final Distribution will comprise the balance of the funds that have been recovered from the liquidation of the assets of the Applicants, net of costs of the Monitor, its legal counsel and the Applicants' legal counsel and will be based on the determination of each Creditor's claim as follows:

(a) For those Creditors whose claims have been determined at the date of the First Distribution, the payment will be based on the amount set forth in the First Distribution (as revised to reflect the Bank of Canada noon spot rate as at February 5, 2009 for claims denominated in foreign currency); and

(b) For all other creditors, the payment will be based on the final determination of each Creditor's claim.

25. The table below provides a summary of the estimated total distribution and the amount currently available for Final Distribution:

Estimated Distribution Pool	Note		
Cash on hand (February 2, 2011)	a	$	17,688,168
First Interim payment			636,935
Professional costs to complete Plan	b		(35,000)
Estimated operating costs	c		(5,000)
Contingency reserve			-
Estimated total distribution			18,285,103
First Interim payment			(636,935)
Estimated ending cash available for the Final Distribution		$	17,648,168
Claims as allowed		$	725,441,818
% total recovery of claim			2.5%

(a) Cash on hand – represents all cash currently held by the Monitor;

(b) Professional costs to complete Plan – represents estimated costs to be incurred to complete the Plan including that of the Monitor, the Monitor's counsel and the Applicants' counsel;

(c) Estimated operating costs – represents the costs estimated to be incurred up to final distribution of the remaining funds which consists primarily of consulting fees to be paid to former employees of the Applicants to assist in the payment of the Final Distribution;

APPROVAL OF THE FEES AND EXPENDITURES OF THE MONITOR AND ITS COUNSEL

26. The Monitor and its counsel respectfully request that this Honourable Court approve their incurred and accrued fees and expenses (the "Monitor's Professional Fees") of $1,492,641.08. Copies of the invoices will be available to the Court at the hearing, if required.

DISCHARGE OF THE MONITOR

27. The Monitor advises that, upon the Final Distribution, that the required administration relating to this CCAA proceeding will have been completed, it is not aware of being required for any further purposes, and no further significant assets will remain that could be recovered to provide any material distributions to the creditors. Accordingly, the Monitor believes it is appropriate that it be discharged upon the completion of the Final Distribution. The Monitor recommends that any further distributions to creditors can be administered by the Monitor with no further Court approval required given the uncertainty of any further distributions to creditors and, even if made, such distributions would be insignificant.

RECOMMENDATION

28. The Monitor recommends that this Honourable Court approve the:

(a) The Final Distribution to the Creditors identified in Appendix 1 in accordance with the Liquidation Plan;

(b) The actions, conduct and activities of the Monitor as outlined in this Twelfth Report and in all previous Reports filed by the Monitor in these proceedings'

(c) The fees and disbursements of the Monitor and its legal counsel;

(d) The Monitor's request for discharge.

All of which is respectfully submitted this 10th day of February, 2011.

ERNST & YOUNG INC.
In its capacity as Court Appointed
Monitor of the Applicants

For

Greg Pollard, CA, CIRP
Senior Vice-President

APPENDIX 1

Creditor Payment Analysis

Oilexco Inc
Final Distribution Calculation

Claim #	Claimant	Currency	Total Claim	Claim Amount in CAD	Accepted claim amount in CDN$ (A)	Small Claims exemption (B)	Distribution claim (A -B)	Pro-rata share (%)	Pro-rata share ($)	Total Distribution	First Distribution	Second Distribution
FIRST DISTRIBUTION												
1-001	Solium Capital Inc	CAD	7,339	7,339.20	7,339.20	2,500.00	4,839.20	0.00	121.06	2,621.06	2,571.08	49.98
1-002	Halliwell Consulting Limited	GBP	86,447	155,500.13	155,500.13	2,500.00	153,000.13	0.02	3,827.48	6,327.48	4,723.17	1,604.30
1-003	Sifton Interlake Construction Ltd.	CAD	5,150	5,150.25	5,150.25	2,500.00	2,650.25	0.00	66.30	2,566.30	2,538.93	27.37
1-004	Canadian Western Trust	CAD	875	875.00	875.00	875.00	0.00	0.00	0.00	875.00	875.00	0.00
1-005	Schlumberger Offshore Services Ltd and Schlumberger Oilfield UK PLC	GBP	7,413,341	13,335,118.02	13,335,118.02	2,500.00	13,332,618.02	1.84	333,531.02	336,031.02	196,263.57	139,767.45
2-001	Supreme Office Products	CAD	1,387	1,386.70	1,386.70	1,386.70	0.00	0.00	0.00	1,386.70	1,386.70	0.00
2-002	Data Group Limited Partnership / Sundog	CAD	410	409.50	409.50	409.50	0.00	0.00	0.00	409.50	409.50	0.00
2-003	Hampson Russell Limited Partnership	CAD	744	744.20	744.20	744.20	0.00	0.00	0.00	744.20	744.20	0.00
1-010	Marketwire LP	CAD	1,565	1,564.50	1,564.50	1,564.50	0.00	0.00	0.00	1,564.50	1,564.50	0.00
1-014	HDL Investments Inc. by its Agent Tillyard Management Inc.	CAD	1,435,199	1,435,199.36	1,435,199.00	2,500.00	1,432,699.00	0.20	35,840.64	38,340.64	23,544.98	14,795.66
1-015	AGR Peak Well Management	CAD	874,880	874,879.57	874,879.57	2,500.00	872,379.57	0.12	21,823.59	24,323.59	15,314.43	9,009.17
2-004	Hans Springer	CAD	284,760	284,760.00	284,760.00	2,500.00	282,260.00	0.04	7,061.06	9,561.06	6,646.13	2,914.93
1-028	Yasmin Abdul	CAD	287,154	287,154.00	287,154.00	2,500.00	284,654.00	0.04	7,120.95	9,620.95	6,681.30	2,939.66
2-005	Claudia Brietzke	CAD	64,855	64,855.00	64,855.00	2,500.00	62,355.00	0.01	1,559.88	4,059.88	3,415.94	643.95
2-006	Rainer Tonn	CAD	432,726	432,726.00	432,726.00	2,500.00	430,226.00	0.06	10,762.61	13,262.61	8,819.61	4,443.00
2-007	Kristin Obreiter	CAD	275,310	275,310.00	275,310.00	2,500.00	272,810.00	0.04	6,824.66	9,324.66	6,507.32	2,817.34
2-008	Michael Scott	CAD	504,000	504,000.00	504,000.00	2,500.00	501,500.00	0.07	12,545.61	15,045.61	9,866.56	5,179.05
1-029	Michael Lock	CAD	525,000	525,000.00	525,000.00	2,500.00	522,500.00	0.07	13,070.95	15,570.95	10,175.03	5,395.92
1-030	Vanessa Stephanie Everts	CAD	29,400	29,400.00	29,400.00	2,500.00	26,900.00	0.00	672.93	3,172.93	2,895.14	277.80
1-031	William Cook	CAD	388,500	388,500.00	388,500.00	2,500.00	386,000.00	0.05	9,656.24	12,156.24	8,169.97	3,986.27
1-032	Kim Mikkelsen	CAD	388,500	388,500.00	388,500.00	2,500.00	386,000.00	0.05	9,656.24	12,156.24	8,169.97	3,986.27
1-033	Edward Dawson	CAD	587,664	587,664.00	587,664.00	2,500.00	585,164.00	0.08	14,638.56	17,138.56	11,095.50	6,043.06
1-034	Aymone Schendel	CAD	45,780	45,780.00	45,780.00	2,500.00	43,280.00	0.01	1,082.70	3,582.70	3,135.74	446.96
1-035	Kim Schwenk	CAD	40,068	40,068.00	40,068.00	2,500.00	37,568.00	0.01	939.81	3,439.81	3,051.84	387.97
1-036	Kim Arlie Galavan	CAD	510,048	510,048.00	510,048.00	2,500.00	507,548.00	0.07	12,696.91	15,196.91	9,955.40	5,241.51
1-037	Marilyn Glerum	CAD	125,568	125,568.00	125,568.00	2,500.00	123,068.00	0.02	3,078.69	5,578.69	4,307.75	1,270.94
1-038	Kim V Ketchum	CAD	152,000	152,000.00	152,000.00	2,500.00	149,500.00	0.02	3,739.92	6,239.92	4,696.01	1,543.90
1-039	Aleksandra Owad	CAD	630,000	630,000.00	630,000.00	2,500.00	627,500.00	0.09	15,697.65	18,197.65	11,717.38	6,480.27
1-040	Rodney Chrsitensen	CAD	656,250	656,250.00	656,250.00	2,500.00	653,750.00	0.09	16,354.32	18,854.32	12,102.96	6,751.36

Claim #	Claimant	Currency	Total Claim	Claim Amount in CAD	Accepted claim amount in CDN$ (A)	Small Claims exemption (B)	Distribution claim (A -B)	Pro-rata share (%)	Pro-rata share ($)	Total Distribution	First Distribution	Second Distribution
1-041	Ken Halward	CAD	559,440	559,440.00	559,440.00	2,500.00	556,940.00	0.08	13,932.50	16,432.50	10,680.92	5,751.59
1-042	Robert Chenery	CAD	630,000	630,000.00	630,000.00	2,500.00	627,500.00	0.09	15,697.65	18,197.65	11,717.38	6,480.27
1-043	Robert Van Wielingen	CAD	534,240	534,240.00	534,240.00	2,500.00	531,740.00	0.07	13,302.10	15,802.10	10,310.75	5,491.34
1-044	Dean Bilous	CAD	287,154	287,154.00	287,154.00	2,500.00	284,654.00	0.04	7,120.95	9,620.95	6,681.30	2,939.66
1-045	Robert Elgie	CAD	346,500	346,500.00	346,500.00	2,500.00	344,000.00	0.05	8,605.56	11,105.56	7,553.03	3,552.53
1-046	Arthur Millholland	CAD	5,509,314	5,509,314.00	5,509,314.00	2,500.00	5,506,814.00	0.76	137,759.39	140,259.39	83,389.85	56,869.53
1-047	Ladine Beever	CAD	204,624	204,624.00	204,624.00	2,500.00	202,124.00	0.03	5,056.37	7,556.37	5,469.01	2,087.36
1-048	Susan Strang	CAD	40,966	40,966.00	40,966.00	2,500.00	38,466.00	0.01	962.27	3,462.27	3,065.03	397.24
1-049	Lisa Roe	CAD	91,233	91,233.00	91,233.00	2,500.00	88,733.00	0.01	2,219.76	4,719.76	3,803.40	916.36
1-050	William Smith	CAD	1,328,250	1,328,250.00	1,328,250.00	2,500.00	1,325,750.00	0.18	33,165.19	35,665.19	21,974.00	13,691.18
2-009	Natasha Bizina	CAD	92,000	92,000.00	92,000.00	2,500.00	89,500.00	0.01	2,238.95	4,738.95	3,814.67	924.28
2-010	Stephen Molyneux	CAD	402,633	402,633.00	402,633.00	2,500.00	400,133.00	0.06	10,009.79	12,509.79	8,377.57	4,132.22
2-011	Shauna Lawrence	CAD	27,333	27,333.00	27,333.00	2,500.00	24,833.00	0.00	621.23	3,121.23	2,864.77	256.45
2-012	David Greenwood	CAD	382,872	382,872.00	382,872.00	2,500.00	380,372.00	0.05	9,515.45	12,015.45	8,087.30	3,928.15
2-013	Hugh Wishart	CAD	388,500	388,500.00	388,500.00	2,500.00	386,000.00	0.05	9,656.24	12,156.24	8,169.97	3,986.27
2-014	Iti Misra	CAD	69,000	69,000.00	69,000.00	2,500.00	66,500.00	0.01	1,663.58	4,163.58	3,476.82	686.75
2-015	Mary Mollerson	CAD	19,200	19,200.00	19,200.00	2,500.00	16,700.00	0.00	417.77	2,917.77	2,745.31	172.46
2-016	Peter Aldrich	CAD	420,000	420,000.00	420,000.00	2,500.00	417,500.00	0.06	10,444.25	12,944.25	8,632.68	4,311.57
1-069	Frederick J Ketter	CAD	388,500	388,500.00	388,500.00	2,500.00	386,000.00	0.05	9,656.24	12,156.24	8,169.97	3,986.27
1-070	Allan Gunn	CAD	266,800	266,800.00	266,800.00	2,500.00	264,300.00	0.04	6,611.77	9,111.77	6,382.32	2,729.46
2-017	Constance Bertram	CAD	30,000	30,000.00	30,000.00	2,500.00	27,500.00	0.00	687.94	3,187.94	2,903.95	284.00
2-018	Olga Konstantinova	CAD	94,095	94,095.00	94,095.00	2,500.00	91,595.00	0.01	2,291.36	4,791.36	3,845.44	945.91
2-019	Ryan Kliciak	CAD	106,250	106,250.00	106,250.00	2,500.00	103,750.00	0.01	2,595.43	5,095.43	4,023.99	1,071.44
2-020	Daniel Barson	CAD	280,329	280,329.00	280,329.00	2,500.00	277,829.00	0.04	6,950.22	9,450.22	6,581.04	2,869.17
1-074	TAQA North Ltd	CAD	1,716	1,716.25	1,716.25	1,716.25	0.00	0.00	0.00	1,716.25	1,716.25	0.00
2-021	Cynthia Macarthur	CAD	24,000	24,000.00	24,000.00	2,500.00	21,500.00	0.00	537.85	3,037.85	2,815.81	222.03
1-076 LA	Pitney Bowes Leasing	CAD	1,656	1,655.89	1,656.00	1,656.00	0.00	0.00	0.00	1,656.00	1,656.00	0.00
2-022 LA	Jeffrey Beckett	CAD	287,154	287,154.00	287,154.00	2,500.00	284,654.00	0.04	7,120.95	9,620.95	6,681.30	2,939.66
				34,559,508.57	**34,559,508.32**	**133,352.15**	**34,426,156.17**	**4.75**	**861,210.53**	**994,562.68**	**636,935.45**	**357,627.23**

Claim #	Claimant	Currency	Total Claim	Claim Amount in CAD	Accepted claim amount in CDN$ (A)	Small Claims exemption (B)	Distribution claim (A -B)	Pro-rata share (%)	Pro-rata share ($)	Total Distribution	First Distribution	Second Distribution
SECOND DISTRIBUTION												
1-027	Royal Bank of Scotland plc (total)	CAD	392,368,751	392,368,750.57	236,398,851.49	2,500.00	236,396,351.49	32.59	5,913,731.00	5,916,231.00	0.00	5,916,231.00
1-072	Sevan Production UK Limited	USD	257,947,660	317,353,006.10	189,355,063.31	2,500.00	189,352,563.31	26.11	4,736,875.66	4,739,375.66	0.00	4,739,375.66
1-073	Diamond Offshore Drilling (UK) Limited	USD	356,024,348	438,016,754.73	265,128,395.09	2,500.00	265,125,895.09	36.55	6,632,434.11	6,634,934.11	0.00	6,634,934.11
				1,147,738,511.40	**690,882,309.89**	**7,500.00**	**690,874,809.89**	**95.25**	**17,283,040.77**	**17,290,540.77**	0.00	**17,290,540.77**
				1,182,298,019.97	**725,441,818.21**	**140,852.15**	**725,300,966.06**	**100.00**	**18,144,251.30**	**18,285,103.45**	**636,935.45**	**17,648,168.00**