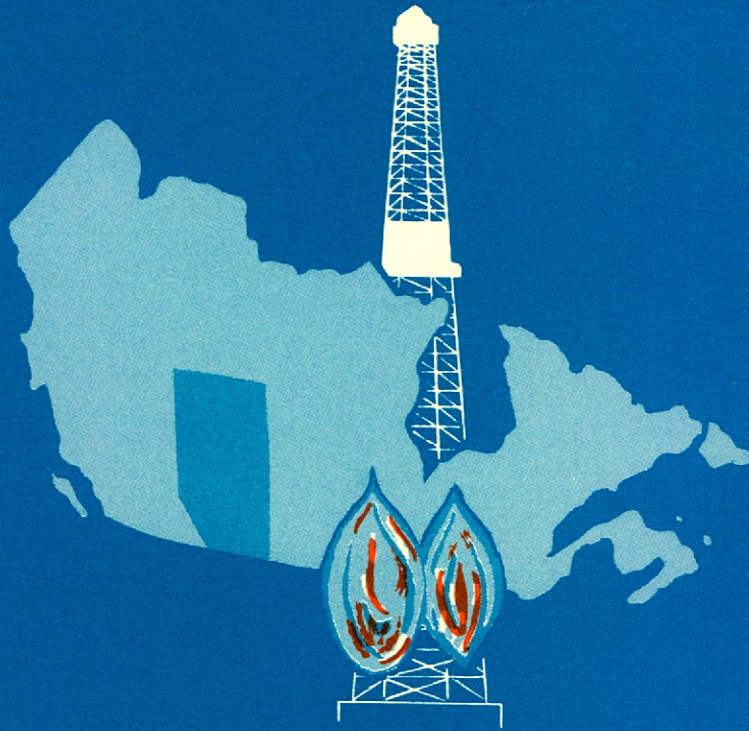


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annual report  
march 31, 1975



MIDCON  
OIL & GAS  
LIMITED







# MIDCON OIL & GAS LIMITED



## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of Midcon Oil & Gas Limited (the "Company") will be held at Four Seasons-Sheraton Hotel, Dufferin Room, 123 Queen Street West, Toronto, Ontario, on Thursday, the 31st day of July, 1975, at the hour of 11:00 o'clock in the forenoon (Eastern Daylight Saving Time) for the following purposes:

1. To receive the consolidated balance sheet of the Company and its subsidiary as at March 31st, 1975, together with the statement of consolidated income and deficit, the consolidated statement of profit and loss and the consolidated statement of source and application of funds for the year ended March 31, 1975, together with the reports of the directors and the auditors on the said consolidated balance sheet and consolidated statements.
2. To elect directors.
3. To appoint auditors and to authorize the directors to fix their remuneration.
4. To transact such other business as may properly come before the said meeting or any adjournment thereof.

DATED at Toronto, Ontario, this 2nd day of July, 1975.

BY ORDER OF THE BOARD,

W. E. Rearden,  
Secretary.

## INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation of proxies by management of Midcon Oil & Gas Limited (hereinafter sometimes called the "Company") for use at the annual general meeting of shareholders of the Company to be held on Thursday, the 31st day of July, 1975, at Four Seasons-Sheraton Hotel, Dufferin Room, 123 Queen Street West, Toronto, Ontario, Canada, for the purposes set forth in the foregoing notice of meeting.

### RIGHT OF REVOCATION

A shareholder executing the enclosed proxy has the power to revoke it at any time before it is exercised.

### PERSONS MAKING SOLICITATION AND METHOD THEREOF

The enclosed proxy is solicited by the management of the Company and the cost of solicitation will be borne by the Company. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The directors of the Company have resolved that the share transfer shall be closed after July 16, 1975, and no transfer of shares will be made until after August 1, 1975. Accordingly, only shareholders of record at the close of business on July 16, 1975, will be entitled to vote at the annual meeting. Each share of the Company is entitled to one vote. The Company has only one class of shares. At June 28, 1975, the Company had outstanding 4,300,000 shares without par value.

To the knowledge of the directors or senior officers of the Company, the following was at June 28, 1975, the only beneficial owner directly or indirectly of equity shares of the Company which carry more than 10% of the voting rights attached to all equity shares of the Company:

<u>Name of Shareholder</u>	<u>Approximate number of shares</u>	<u>Percentage of out- standing equity shares represented</u>
Yellowknife Bear Mines Limited	2,082,470	48.43%

### ELECTION OF DIRECTORS

The shareholders will be asked at the annual general meeting to elect five (5) directors. The following are the names of the five persons for whom it is intended that votes will be cast for their election as directors pursuant to the proxy which is hereby solicited: Robert G. Price, J. F. Paxton, J. Douglas Streit, William E. Rearden, and H. C. Kerr, Q.C.

The term of office for each director is from the date of the meeting at which he is elected until the annual general meeting next following or until his successor is elected or appointed. In the event that prior to the annual general meeting any vacancies occur in the slate of nominees submitted herewith, it is intended that discretionary authority shall be granted to vote the shares represented by the proxy for the election of any other person or persons as directors. The management is not presently aware that any of such nominees would be unwilling to serve as a director if elected.

J. Douglas Streit is the President, J. F. Paxton is Vice-President, and W. E. Rearden is the Secretary of the Company at present.



## INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name and Principal Occupation</u>	<u>Period(s) served as a Director</u>	<u>Shares beneficially owned directly or indirectly as of July 2, 1975</u>
JAMES F. PAXTON, Mining Executive	Since August, 1956	501
J. DOUGLAS STREIT, Member of Toronto Stock Exchange and Geologist	Since July, 1957	125,853
WILLIAM E. REARDEN, Secretary	Since July, 1967	1,000
ROBERT G. PRICE, Petroleum Engineer	Since July, 1968	10
H. C. KERR, Q.C. Lawyer	Since June 8, 1973	5,000

All nominees have held the principal occupations indicated for more than the last five years.

### REMUNERATION OF MANAGEMENT

During the fiscal year ended March 31, 1975, the aggregate direct remuneration paid by the Company and its subsidiary whose financial statements are consolidated with those of the Company, to directors and senior officers was \$5,000.00. The Company paid \$6,190.42 during such fiscal year by way of head office rental and secretarial fees to a private company whereof J. Douglas Streit is an officer, director and shareholder.

### APPOINTMENT OF AUDITORS

It is intended to vote the shares represented by the enclosed form of proxy to re-appoint the firm of McCormack, Parker, Chartered Accountants, of Toronto, the present auditors, as the auditors of the Company. They were first appointed auditors of the Company on July 27, 1966.

### PARTICULARS OF MATTERS TO BE ACTED UPON AND DISCRETIONARY AUTHORITY

Management is not aware that any matters will be submitted to the forthcoming annual general meeting of shareholders other than the receipt and consideration of the aforesaid consolidated financial statements, the election of directors and the appointment of auditors, all as referred to in the foregoing notice of meeting. If any other matters not now known to management shall properly come before the meeting, including a vacancy or vacancies caused by one or more of the nominees for directors becoming unavailable for election, the shares represented by the enclosed form of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy, and discretionary authority necessary in such event is conferred by any person completing the enclosed form of proxy.

## MANNER OF VOTING PROXIES

The shares represented by proxies in the form enclosed will be voted, and will be voted in accordance with the statements made above. It is intended that the accompanying instrument of proxy, if signed, dated and returned to the Company prior to the meeting and completed in the names of the persons therein named, will be voted in the election of the board of directors and in favour of the appointment of auditors aforesaid, all as set forth above.

THE PERSONS NAMED IN THE ACCOMPANYING INSTRUMENT OF PROXY ARE OFFICERS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY PERSON OTHER THAN THOSE NAMED TO REPRESENT HIM AT THE MEETING AND IF USING THE ACCOMPANYING INSTRUMENT, MAY EXERCISE SUCH RIGHT BY INSERTING THE NAME OF HIS NOMINEE IN THE SPACE PROVIDED THEREFOR. A SHAREHOLDER MAY SUBMIT ANY OTHER APPROPRIATE INSTRUMENT OF PROXY.

DATED as of this 2nd day of July, 1975.

Printed in Canada

# MIDCON OIL & GAS LIMITED

## OFFICERS AND DIRECTORS

### OFFICERS

J. DOUGLAS STREIT ..... *President*  
J. F. PAXTON ..... *Vice-President*  
W. E. REARDEN ..... *Secretary-Treasurer*  
GEORGE BROWN ..... *Asst. Secretary-Treasurer*

### DIRECTORS

H.C. KERR, Q.C. .... *Toronto*  
J. F. PAXTON ..... *Toronto*  
R. G. PRICE ..... *Calgary*  
W. E. REARDEN ..... *Toronto*  
J. DOUGLAS STREIT ..... *Toronto*

### AUDITORS

MCCORMACK, PARKER ..... *Toronto, Ontario*

### BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE ..... *Toronto, Ontario*

### TRANSFER AGENTS

GUARANTY TRUST COMPANY OF CANADA ... *Toronto and Calgary*

### HEAD OFFICE

727 - 7TH AVENUE S.W. .... *Calgary, Alberta*

### EXECUTIVE OFFICE

ROOM 1000, 360 BAY ST. .... *Toronto, Ontario*





## Report of the Directors

To the Shareholders,

MIDCON OIL & GAS LIMITED.

Your Directors submit for your consideration the Annual Report of Your Company with attached Financial Statements, Balance Sheet and Auditors' Report for the fiscal year ended March 31, 1975.

### FINANCIAL

Operations during the year resulted in a net loss of \$142,337.00. The loss for the year resulted primarily from the writing down of Investments from cost to market value, and lower gas sales which is discussed elsewhere in this report.

### GAS PRODUCTION OPERATIONS

The principal assets of Midcon Oil & Gas Limited are located in Southeastern Alberta in the area covered by Map #1.

They consist of the following:

1. A fifty percent interest in South Alberta Pipe Lines Ltd.
2. Remaining recoverable pipeline natural gas reserves owned by Midcon in the area covered by Map #1 estimated as of August 1, 1975 to be as follows:

<u>Field</u>	<u>Midcon Shares of Reserves</u>
Etzikom .....	2.175 B.C.F.
7 Persons Creek Unit .....	51.170 B.C.F.
Crowfoot Area .....	4.521 B.C.F.
Total .....	57.866 Billion Cubic Feet

In addition Midcon has under contract a further 5.180 B.C.F. of gas reserves from the "Delta" area from which we have been producing and reselling Natural Gas.

The above reserves will be subject to sliding scale crown royalties on gas produced from crown lands (the higher the sales price, the higher the royalty) and to fixed royalty rates of from 12½% to 15% on gas produced from freehold leases.

South Alberta Pipelines Ltd. gathers, compresses and transports natural gas principally from gas wells owned by Midcon and by Pembina PipeLines Ltd. (the two 50-50 owners of South Alberta) to the City of Medicine Hat and to the Western Co-operative Fertilizers Limited, a fertilizer manufacturing plant in Medicine Hat.

Midcon sells natural gas under two long term contracts to the City of Medicine Hat and to Western Co-operative Fertilizers Ltd. Unfortunately, neither of our gas contracts contain a price re-negotiation clause,

however, both customers urgently require additional gas supplies. In both cases we have advised them that we have substantial undeveloped gas reserves available but that we cannot justify any further development drilling at present gas contract prices. We have also advised them that we are unable to even justify sufficient development drilling to maintain present gas production. Deliveries to the City declined last winter to less than 2 million feet per day compared to the 6 million they requested. The Western Co-op are now also aware that they face a reduction in gas deliveries unless we spend additional funds to maintain existing production rates and we cannot justify such expenditures at existing gas contract prices.

We have had some discussions recently with both the City of Medicine Hat and the Western Co-op with regard to the possibility of either selling them our gas reserves outright or rewriting the present gas contracts to include a price re-negotiation clause, but so far with no concrete results. The gas supply squeeze on both the City and Western Co-op will, we believe force both parties to re-negotiate the prices of our gas contracts to a competitive level, but failing this we have no alternative but to cease all development drilling and wait out the term of these contracts at steadily declining production rates.

For the year ended March 31, 1975 the Midcon share of natural gas sales to Western Co-operative Fertilizers (at 17.5 cents/MCF) and to the City (at 11.5 cents/MCF) totaled 1,614,766 BCF, or an average of 4,424,000 cubic feet per day. This was a decline in annual gas sales of about 10.6% from the previous year.

The average prices paid for natural gas in Alberta have escalated sharply in the past few years. Inter-Rock Oil Co. of Canada (a Midcon subsidiary) now receives 60 cents/MCF for gas produced from the Nevis gas field and sold in Canada by TransCanada Pipelines Ltd. and \$1.00 per MCF (less pipeline transportation costs to the U.S. border) for Nevis gas exported to the U.S.A.

The price of all Canadian Gas exported to the U.S.A. will go to \$1.40 per MCF at the point of export on August 1, 1975 and to \$1.60 per MCF on November 1, 1975.

Gas exported from Alberta to Eastern Canada will also increase in price November 1, 1975 to about 80 cents to 90 cents per MCF, the exact price to be arrived at by agreement between Alberta, Ontario and the Canadian Federal Government.

Based on the present mix of domestic and export sales of Alberta natural gas, a domestic price of about 80 cents to 90 cents/MCF and an export price of \$1.60/MCF on November 1, 1975 would result in an average field gate price of Alberta natural gas of just over \$1.00 per MCF.

The Alberta Petroleum Marketing Commission (a Provincial Crown Agency) now purchases and resells all crude oil produced from crown leases in Alberta. The Province has announced that it will, this year, introduce legislation to have the same Crown Agency purchase all crown natural gas produced in Alberta. It is not clear whether the Petroleum Marketing Commission will then pay all producers the average price of all gas subsequently sold by the agency (on a 1000 B.T.U. gas basis) or whether this average price will apply only to gas exported from the Province.

If the former is the case, Midcon could expect its average price for gas sales to increase from about 15 cents per MCF to about \$1.00 per MCF (before royalties) or from about 12 cents /MCF to 55 cents /MCF after royalties. Under these circumstances, we would of course be in a position to sharply increase gas production with a development drilling program.

It has been a frustrating year for Midcon management in that despite our best efforts we have been unable to obtain a gas sales price increase but as outlined above pressure is steadily increasing and we are very hopeful that there will be a break through in this area within the next year.



### **INTER-ROCK OIL CO. OF CANADA LIMITED**

Inter-Rock owns a 0.28363% interest in the Nevis gas field and sells its Nevis gas production to TransCanada Pipelines Limited, which in turn, markets about 20% of this gas to the United States at \$1.00/MCF and about 80% to Eastern Canada at 60 cents/MCF.

In addition to its Nevis gas interests, Inter-Rock also owns a 2.08333% interest in the Buffalo Lake Oilfield and a 12½% interest in 7 D-3 oilwells in the Erskine field.

Inter-Rock oil production income from these interests will benefit from a crude oil price increase (amount unknown at present) which Federal Energy Minister Donald MacDonald has announced will take place July 1, 1975.

### **ARCTIC ISLANDS**

Midcon and its subsidiary Inter-Rock Oil Co. Of Canada Limited hold a 50% interest in 260,797 acres of Arctic Island permits plus a 1.875% interest in a further 159,579 gross acres of federal permit on Axel Heiberg Island.

The Canadian Federal Government withdrew the old regulations covering leasing and royalties north of the 60° parallel about four years ago. As a result it cannot be determined today how much of a permit we can go to lease on in the event of a discovery or what royalty we will be required to pay on oil or gas production from federal permits. In view of the uncertainty of these regulations, your directors cannot justify further exploratory expenditures in Northern Canada until the ground rules are more firmly established. We have, therefore, adopted a holding position in the Canadian North until the situation is clarified.

Respectfully submitted,

On Behalf of the Board of Directors.

J. DOUGLAS STREIT,  
President.

June 20, 1975.



**Consolidated Balance Sheet**

**ASSETS**

	<u>1975</u>	<u>1974</u>
<b>CURRENT ASSETS</b>		
Bank Balances (including interest bearing deposits 1975 \$322,005; 1974 \$318,148) .....	\$ 327,567	\$ 335,786
Accounts Receivable .....	37,808	34,345
Marketable Securities at Market Value 1975 - at Cost 1974 (Note 2) .....	302,990	322,981
Accrued Interest Receivable .....	11,505	11,531
Prepaid Expenses .....	<u>3,480</u>	<u>3,482</u>
	<u>683,350</u>	<u>708,125</u>
<b>INVESTMENTS</b>		
South Alberta Pipe Lines Limited - Shares and Debentures at cost (Note 3) .....	489,500	489,500
Northwest Nitro Chemicals Limited - Shares and Debentures at cost (Note 3) .....	1	1
Other Shares at cost less amounts written off .....	<u>6,001</u>	<u>6,011</u>
	<u>495,502</u>	<u>495,512</u>
<b>PROPERTY, PLANT AND EQUIPMENT AT COST</b>		
Interest in Petroleum and Natural Gas Leases and Rights .....	1,106,043	1,111,251
Producing Well Costs and Production Equipment .....	725,257	723,395
Capped Gas Well .....	5,790	5,790
Furniture, Equipment and Automobile .....	<u>10,977</u>	<u>10,977</u>
	1,848,067	1,851,413
Accumulated Depreciation, Depletion and Amortization .....	<u>514,458</u>	<u>474,468</u>
	<u>1,333,609</u>	<u>1,376,945</u>
<b>OTHER</b>		
Deposits re performance of work (Note 4) .....	<u>3,505</u>	<u>22,734</u>
	<u>\$2,515,966</u>	<u>\$2,603,316</u>

**AUDITORS**

To the Shareholders,  
MIDCON OIL & GAS LIMITED,

We have examined the consolidated balance sheet of Midcon Oil & Gas Limited and subsidiary company as at March 31, 1975 and the consolidated statements of income, deficit and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the

MIDCON OIL & GAS LIMITED

(Incorporated under the laws of the Province of Alberta)

Statement - as at March 31, 1975

**LIABILITIES**

	<u>1975</u>	<u>1974</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Charges .....	\$ 4,841	\$ 4,372
Deferred Income Taxes .....	<u>554,817</u>	<u>491,061</u>
Minority Interest .....	<u>76,698</u>	<u>85,936</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
AUTHORIZED		
5,000,000 Common Shares No Par Value		
ISSUED FULLY PAID		
4,300,000 Shares .....	3,353,505	3,353,505
Deficit - per Schedule .....	<u>1,473,895</u>	<u>1,331,558</u>
	<u>1,879,610</u>	<u>2,021,947</u>
Approved on behalf of the Board		
J. DOUGLAS STREIT, Director.		
WILLIAM E. REARDEN, Director.		
	<u>\$2,515,966</u>	<u>\$2,603,316</u>

(See the accompanying notes to the financial statements)

**REPORT**

companies as at March 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
June 12, 1975

McCORMACK, PARKER  
Chartered Accountants.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1975

### 1. Accounting Policies

#### *Principles of Consolidation*

The accounts of the company and its subsidiary, Inter-Rock Oil Co. of Canada Limited are included in the financial statements. At March 31, 1975 the company owned 56.06% of the voting stock of Inter-Rock.

#### *Exploration and Development Costs*

Exploration expenditures, non-productive development expenses, dry-hole costs and the carrying charges on properties are charged to expense.

Property acquisition costs are capitalized.

#### *Depreciation, Depletion and Amortization*

Capitalized costs of oil and gas properties, and well costs are charged against earnings on the unit-of-production method using estimated recoverable oil and gas reserves. Depreciation of other plant and equipment is based on the estimated service lives of the assets calculated on the diminishing balance method.

#### *Income Taxes*

The company provides for income taxes on the tax allocation basis whereby the provision for income taxes each year is computed on the basis of depreciation and other charges reflected in the statement of income rather than on the related amounts claimed in the companies' tax returns.

### 2. Marketable Securities

	1975	1974
Market Value .....	\$302,990	\$378,250
Cost .....	\$503,369	\$322,981

Marketable securities previously carried at cost were adjusted to market value at March 31, 1975.

### 3. Investments

Midcon Oil & Gas Limited owns 50% of the issued and outstanding common shares of South Alberta Pipe Lines Limited which owns and operates a gas pipeline in the Medicine Hat area of Alberta. The company also owns 50% of the issued and outstanding 5% First Mortgage Redeemable Sinking Fund Bonds of that company. Repayment of the balance of the principal of these bonds, which was due on May 1, 1966 has been postponed with the consent of the bondholders, Pembina Pipe Lines Limited and Midcon Oil & Gas Limited. At March 31, 1975 the company's share of the accumulated deficits of South Alberta Pipe Lines Limited based on the unaudited financial statements of that company amounted to \$126,127 and its share of the income for the year ended March 31, 1975 amounted to \$19,475. It is the policy of the company not to take this share of the deficit, which exceeds its investment in the common shares of South Alberta Pipe Lines Limited by \$46,127, into account in the books.

The company owns 21,500 common shares of Northwest Nitro-Chemicals Limited which company is controlled by Commercial Solvents Corporation. The investment is carried at cost which is not intended to reflect present or future values. The securities are not listed on a stock exchange and the market is therefore restricted to quotations in respect to unlisted securities which are not considered to be representative of market values.

4. The company has a drilling deposit of \$3,505 with the Province of Alberta.

5. The aggregate direct remuneration paid to the directors and the senior officers of the company and its subsidiary in the year ended March 31, 1975 was \$5,000.



## CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 1975

	<u>1975</u>	<u>1974</u>
Gross Oil and Gas Revenue .....	\$394,165	\$351,879
Deduct Royalties .....	<u>39,715</u>	<u>29,271</u>
	\$ 354,450	\$322,608
Well Supervision .....	<u>6,600</u>	<u>6,600</u>
	361,050	329,208
<b>Deductions</b>		
Production, Processing and Transportation Costs .....	172,851	119,680
Dry Hole Costs .....		44,264
Exploration Expenses .....	750	2,207
General and Administrative Expenses .....	<u>58,318</u>	<u>53,221</u>
	231,919	219,372
<b>Operating Profit</b> .....	129,131	109,836
<b>Other Income</b>		
Interest Earned .....	46,831	36,566
Dividends Received .....	9,748	6,400
Profit on Redemption of Investments .....		<u>19,531</u>
	56,579	62,497
	185,710	172,333
<b>Other Deductions</b>		
Depreciation, Depletion and Amortization ...	39,991	45,681
Income (Loss) Applicable to Minority Interests	(2,316)	8,122
Cost of purchase of Additional Interest in Subsidiary in Excess of Book Value .....	<u>10,899</u>	
	48,574	53,803
	137,136	118,530
Provision for Income Taxes - Deferred - (Note 1) .....	<u>63,756</u>	<u>50,187</u>
	73,380	68,343
Adjustment of Marketable Securities to Market Value .....	200,379	
Interest in Leases and Well Costs Written Off .....	<u>15,338</u>	
	215,717	
Net (Loss) Income for the Year .....	<u><u>\$ (142,337)</u></u>	<u><u>\$ 68,343</u></u>
Earnings (Loss) per Share .....	(.033)	.016

(See the accompanying notes to the financial statements)

**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**FOR THE YEAR ENDED MARCH 31, 1975**

	<u>1975</u>	<u>1974</u>
<b>Source of Funds</b>		
Funds from Operations* .....	\$ (31,731)	\$198,039
Decrease in Deposits re Performance of Work .....	19,229	67,513
Redemption of Investments .....	<u>          </u>	<u>50,469</u>
	(12,502)	316,021
<b>Use of Funds</b>		
Additions to Property, Plant and Equipment .....	<u>12,742</u>	<u>19,629</u>
Increase (Decrease) in Working Capital .....	<u>(25,244)</u>	<u>296,392</u>
<b>Working Capital Changes</b>		
Increase (Decrease) in current liabilities		
Bank Balances .....	( 8,219)	221,589
Accounts Receivable .....	3,463	( 4,615)
Marketable Securities .....	(19,991)	48,398
Accrued Interest Receivable .....	( 26)	( 959)
Prepaid Expenses .....	<u>( 2)</u>	<u>3,165</u>
	(24,775)	267,578
Decrease (Increase) in Accounts Payable and Accrued Charges .....	<u>( 469)</u>	<u>28,814</u>
Increase (Decrease) in Working Capital .....	(25,244)	296,392
Working Capital, beginning of the Year .....	<u>703,753</u>	<u>407,361</u>
Working Capital, end of the Year .....	<u>\$678,509</u>	<u>\$703,753</u>

\*Net Income (Loss) adjusted for charges or credits not affecting working capital.

(See the accompanying notes to the financial statements)

**CONSOLIDATED STATEMENT OF GENERAL AND  
ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED MARCH 31, 1975**

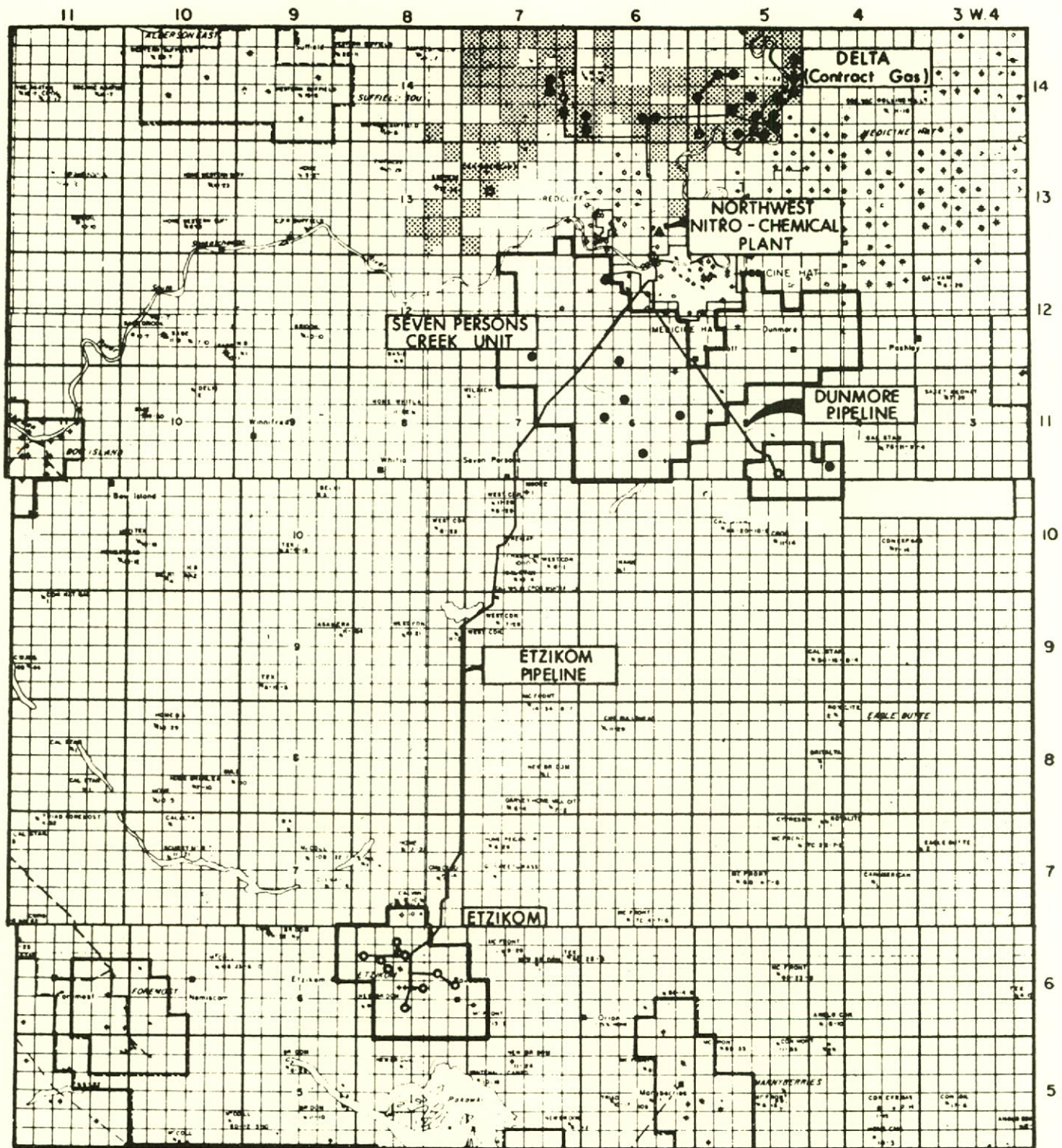
	<u>1975</u>	<u>1974</u>
Head Office Services and Rent .....	\$12,805	\$12,795
Salaries .....	2,400	2,400
Canada Pension Plan .....	49	54
Unemployment Insurance .....	40	24
Directors' Fees .....	2,600	2,300
Secretarial Fees and Administrative Services .....	16,662	15,223
Telephone and Telegraph .....	856	1,159
Travelling Expenses .....	1,265	277
Legal and Audit Fees .....	8,113	5,975
Reports to Shareholders .....	4,392	4,041
Share Certificates .....		346
Transfer Agents' Fees and expenses .....	5,369	5,352
Miscellaneous .....	3,672	3,238
Bank Charges .....	95	37
	<u>\$58,318</u>	<u>\$53,221</u>

**CONSOLIDATED STATEMENT OF DEFICIT  
FOR THE YEAR ENDED MARCH 31, 1975**

	<u>1975</u>	<u>1974</u>
Deficit, beginning of the Year .....	\$1,331,558	\$1,399,901
<b>Deduct</b>		
Net Income (Loss) for the Year .....	( 142,337)	68,343
Deficit, end of the Year .....	<u>\$1,473,895</u>	<u>\$1,331,558</u>

(See the accompanying notes to the financial statements)





**MIDCON HOLDINGS**

OWNED INTERESTS

ETZIKOM PIPELINE .....	50%
DUNMORE PIPELINE .....	50%
ETZIKOM GAS FIELD .....	40%
SEVEN PERSONS CREEK UNIT ..	42.48%

CONTRACT INTEREST

DELTA GAS CONTRACT .....	50%
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**MIDCON OIL & GAS LIMITED**

HOLDINGS IN  
**ETZIKOM - MEDICINE HAT AREA**





