

June 3, 2009

In the Matter of
the Securities Legislation of
Alberta, Saskatchewan, Manitoba, Ontario and Québec
(the **Jurisdictions**)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Masters Energy Inc.
(the **Filer**)

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer under the securities legislation of the Jurisdictions (the **Legislation**) for a decision under the Legislation to be deemed to have ceased to be a reporting issuer in the Jurisdictions (the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Alberta Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer was incorporated under the *Business Corporations Act* (Alberta) (the **ABCA**). Following completion of the Arrangement (as defined herein) on April 29, 2009, the Filer became a wholly-owned subsidiary of Zargon Oil & Gas Ltd.
2. The head office of the Filer is located in Calgary, Alberta.

3. Prior to the Arrangement, the authorized capital of the Filer consisted of an unlimited number of common shares (the **Common Shares**) and an unlimited number of preferred shares (the **Preferred Shares**), issuable in series, of which 15,410,021 Common Shares and nil Preferred Shares were issued and outstanding.

4. Pursuant to a plan of arrangement (the **Arrangement**) under section 193 of the ABCA involving Zargon Energy Trust (**Zargon**), Zargon Oil & Gas Ltd. (**Zargon Oil & Gas**) and the Filer, Zargon, through its wholly-owned subsidiary, Zargon Oil & Gas, acquired all of the issued and outstanding Common Shares. As a result of the Arrangement, the Filer became a wholly-owned subsidiary of Zargon Oil & Gas.

5. The Common Shares were delisted from the Toronto Stock Exchange on May 5, 2009 and the Filer does not have any other securities listed on any stock exchange.

6. The Filer has no intention to seek public financing by way of an offering of its securities.

7. The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada.

8. No securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

9. The Filer is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer.

10. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, other than its obligation to file its interim financial statements and related management's discussion and analysis for the interim period ended March 31, 2009 and the interim certificates under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* in respect of its interim filings for the interim period ended March 31, 2009 which were due on May 15, 2009.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relieve Sought is granted.

Agnes Lau, CA
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