

Form 42

Securities Act

**REPORT ON TAKE-OVER BID, ISSUER BID OR
APPLICATION UNDER
CLAUSE 104(2)(c) OF THE ACT**

(Subsection 203.1(1) of the Regulation)

1. Name and address of the offeree issuer:.....Ranchero Oil & Gas Ltd.
2. Name and address of the offeror:.....Newquest Energy Inc.
3. What is the designation of the class(es) of securities that are subject to the bid? (Include the CUSIP number).....Common Shares - CUSIP # 751898107
4. What is the date of the bid?.....January 28, 2000
5. What is the maximum number of securities sought by the offeror for each class of securities subject to the bid?.....8,263,624
6. What is the value, expressed in Canadian dollars, of the consideration offered per security for each class of securities subject to the bid?.....\$0.86 (based on the closing price of Newquest's Class A Shares on The Toronto Stock Exchange on January 25, 2000 of \$0.30 and the exchange ratio under the take-over bid of 2.86 Class A Shares of Newquest for each Common Share of Ranchero.)
7. What is the number of securities of each class subject to the bid, excluding the offeror's securities, that are held by security holders whose last address as shown on the books of the offeree issuer is in Ontario?.....2,364,773
8. What is the fee payable in respect of the bid, as calculated under subsection 32(1) of Schedule 1.....\$900.00
9. The information given in this report is true and complete.

Date: February 1, 2000

NEWQUEST ENERGY INC.

(Signed) "J. Thomas Code"

Per: _____
J. Thomas Code
President and Chief Executive Officer