

TIDELANDS OIL & GAS CORP  
Form SC 13G/A  
February 15, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 13G  
Under the Securities Exchange Act of 1934  
(AMENDMENT No. 3)**

TIDELANDS OIL & GAS CORPORATION

---

(Name of Issuer)

Common Stock

---

(Title of Class of Securities)

886405109

---

(CUSIP Number)

December 31, 2006

---

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall not be subject to all other provisions of the Act (however, see the Notes).

---

CUSIP NO. 886405109

1. NAMES OF REPORTING PERSONS.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
Mercator Momentum Fund, L.P.
  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) ..  
(b) ý
  
3. SEC USE ONLY
  
4. CITIZENSHIP OR PLACE OF ORGANIZATION  
California
  

	5.	SOLE VOTING POWER
		0
	6.	SHARED VOTING POWER
		1,608,388
	7.	SOLE DISPOSITIVE POWER
		0
	8.	SHARED DISPOSITIVE POWER
		1,608,388

  
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON.  
1,608,388
  
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
SHARES  
..
  
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
1.9%
  
12. TYPE OF REPORTING PERSON  
PN

CUSIP NO. 886405109

1. NAMES OF REPORTING PERSONS.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
Mercator Momentum Fund III, L.P.
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) ..  
(b) ý
3. SEC USE ONLY
4. CITIZENSHIP OR PLACE OF ORGANIZATION  
California
5. SOLE VOTING POWER  
0
6. SHARED VOTING POWER  
1,108,141
7. SOLE DISPOSITIVE POWER  
0
8. SHARED DISPOSITIVE POWER  
1,108,141
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON.  
1,108,141
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
SHARES  
..
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
1.3%
12. TYPE OF REPORTING PERSON  
PN

CUSIP NO. 886405109

1. NAMES OF REPORTING PERSONS.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
Monarch Pointe Fund, Ltd.
  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) ..  
(b) ý
  
3. SEC USE ONLY
  
4. CITIZENSHIP OR PLACE OF ORGANIZATION  
British Virgin Islands
  

	5.	SOLE VOTING POWER
		0
	6.	SHARED VOTING POWER
		3,615,706
	7.	SOLE DISPOSITIVE POWER
		0
	8.	SHARED DISPOSITIVE POWER
		3,615,706

  
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON.  
3,615,706
  
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
SHARES  
..
  
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
4.1%
  
12. TYPE OF REPORTING PERSON  
CO

CUSIP NO. 886405109

1. NAMES OF REPORTING PERSONS.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
Robinson Reed, Inc.
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) ..  
(b) ý
3. SEC USE ONLY
4. CITIZENSHIP OR PLACE OF ORGANIZATION  
California
5. SOLE VOTING POWER  
0
6. SHARED VOTING POWER  
246,711
7. SOLE DISPOSITIVE POWER  
0
8. SHARED DISPOSITIVE POWER  
246,711
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON.  
246,711
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
SHARES  
..
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
0.3%
12. TYPE OF REPORTING PERSON  
CO

CUSIP NO. 886405109

1. NAMES OF REPORTING PERSONS.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
M.A.G. Capital, LLC
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) ..  
(b) ý
3. SEC USE ONLY
4. CITIZENSHIP OR PLACE OF ORGANIZATION  
California
5. SOLE VOTING POWER  
0
6. SHARED VOTING POWER  
6,578,946
7. SOLE DISPOSITIVE POWER  
0
8. SHARED DISPOSITIVE POWER  
6,578,946
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON.  
6,578,946
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
SHARES  
..
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
7.2%
12. TYPE OF REPORTING PERSON  
IA

CUSIP NO. 886405109

1. NAMES OF REPORTING PERSONS.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
David F. Firestone
  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)  ..  
(b)  ý
  
3. SEC USE ONLY
  
4. CITIZENSHIP OR PLACE OF ORGANIZATION  
USA
  

	5.	SOLE VOTING POWER
		0
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	6.	SHARED VOTING POWER
		6,578,946
	7.	SOLE DISPOSITIVE POWER
		0
	8.	SHARED DISPOSITIVE POWER
		6,578,946

  
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON.  
6,578,946
  
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN  
SHARES  
..
  
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
7.2%
  
12. TYPE OF REPORTING PERSON  
IN

This statement is hereby amended and restated in its entirety as follows:

**Item 1(a). Name of Issuer.**

The name of the issuer is Tidelands Oil & Gas Corporation (the “Issuer”).

**Item 1(b). Address of Issuer’s Principal Executive Offices.**

The address of the Issuer’s principal executive office is 1862 W. Bitters Road, San Antonio, Texas 78248.

**Item 2(a). Name of Person Filing.**

Mercator Momentum Fund, L.P. (“Momentum Fund”)

Mercator Momentum Fund III, L.P. (“Momentum Fund III” and, with Momentum Fund, the “Funds”)

M.A.G. Capital, LLC (“MAG”)

David F. Firestone (“Firestone”)

Monarch Pointe Fund, Ltd. (“MPF”)

Robinson Reed, Inc. (“RR”)

This statement relates to the securities directly owned by the Funds, MPF and RR. MAG is the general partner of each of the Funds and controls the investments of MPF and RR. Firestone is the Managing Member of MAG. As a result of their control over the Funds and MPF, Firestone and MAG are deemed to beneficially own the securities of the Funds, MPF and RR. The Funds, MPF, MAG and David F. Firestone are referred to herein as the “Reporting Persons.”

**Item 2(b). Address of Principal Business Office, or, if None, Residence.**

The business address of each of the Funds, MAG and Firestone is 555 S. Flower Street, Suite 4200, Los Angeles, CA 90071. The business address of MPF is c/o Bank of Ireland Securities Services, Ltd., New Century House, International Financial Services Center, Mayor Street Lower, Dublin 1, Republic of Ireland. The business address of RR is 4 Pikinoni Street, P.O. Box 56220, 3305 Limassol, Cyprus.

**Item 2(c). Citizenship.**

Each of the Funds is a California limited partnership. MAG, their general partner, is a California limited liability company. Firestone is a U.S. Citizen. MPF is a corporation organized under the laws of the British Virgin Islands. RR is a corporation organized under the laws of the British Virgin Islands.

**Item 2(d). Title of Class of Securities.**

The title of the class of securities to which this statement relates is the common stock of the Issuer, par value \$0.001 per share (the “Common Stock”).

**Item 2(e). CUSIP No.**

The CUSIP number is 886405109.



**Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b) or 13d-2(b), Check Whether the Person Filing is a:**

- (a) .. Broker or dealer registered under Section 15 of the Act
- (b) .. Bank as defined in Section 3(a)(6) of the Act
- (c) .. Insurance Company as defined in Section 3(a)(19) of the Act
- (d) .. Investment Company registered under Section 8 of the Investment Company Act of 1940
- (e) ý Investment Adviser registered under section 203 of the Investment Advisers Act of 1940
- (f) Employee Benefit Plan, Pension Fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974 or Endowment Fund; see Rule 13d-1(b)(1)(ii)(F)
- (g) .. Parent Holding Company, in accordance with Rule 13d-1(b)(1)(ii)(G) (Note: See Item 7)
- (h) .. Group, in accordance with Rule 13d-1(b)(1)(ii)(H).

**Item 4. Ownership.**

As of December 31, 2006, each of the Funds and MPF directly owned the following securities of the Issuer:

Momentum Fund owned warrants to purchase up to 1,608,388 shares of Common Stock.

Momentum Fund III owned warrants to purchase up to 1,108,141 shares of Common Stock.

MPF owned warrants to purchase up to 3,615,706 shares of Common Stock.

RR owned warrants to purchase up to 246,711 shares of Common Stock.

Neither MAG nor David F. Firestone directly owned any securities of the Issuer.

The documentation governing the terms of the warrants contains provisions prohibiting any exercise of the warrants that would result in the Reporting Persons owning beneficially more than 9.99% of the outstanding shares of Common Stock as determined under Section 13(d) of the Securities Exchange Act of 1934. The Reporting Persons have never had beneficial ownership of more than 9.99% of the outstanding shares of Common Stock.

As of December 31, 2006, the aggregate number and percentage of class of securities identified pursuant to Item 4 beneficially owned by each person identified in Item 2(a) may be found in rows 9 and 11 of the cover pages. The percentages were based on the assumption that the Issuer had 84,537,270 shares of Common Stock outstanding as of December 31, 2006, which is the number reported by the Issuer as outstanding, according to its Registration Statement on Form S-1/A filed on November 27, 2006.

**Item 5. Ownership of Five Percent or Less of a Class.**

If this Schedule is being filed to report the fact that as of the date hereof the Reporting Person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following "

**Item 6. Ownership of More than Five Percent on Behalf of Another Person.**

Not Applicable.

**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.**

Not Applicable.



**Item 8. Identification and Classification of Members of the Group.**

Not Applicable.

**Item 9. Notice of Dissolution of Group.**

Not Applicable.

**Item 10. Certification.**

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purposes or effect.

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 14, 2007

Dated: February 14, 2007

MERCATOR MOMENTUM FUND, L.P.

MERCATOR MOMENTUM FUND III, L.P.

By: M.A.G. CAPITAL, LLC, its general partner

By: M.A.G. CAPITAL, LLC, its general partner

By: /s/ Harry Aharonian

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

Harry Aharonian, Portfolio Manager

Dated: February 14, 2007

Dated: February 14, 2007

MONARCH POINTE FUND, LTD.

ROBINSON REED, INC.

By: /s/ Harry Aharonian

By: M.A.G. CAPITAL, LLC  
Its: Investment Manager

Harry Aharonian, Portfolio Manager

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

Dated: February 14, 2007

Dated: February 14, 2007

M.A.G. CAPITAL, LLC

/s/ David F. Firestone

By: /s/ Harry Aharonian

David F. Firestone

---

Harry Aharonian, Portfolio Manager

10 of 11

---

EXHIBIT A

**AGREEMENT OF JOINT FILING**

The undersigned hereby agree that the statement on Schedule 13G filed herewith (and any amendments thereto), is being filed jointly with the Securities and Exchange Commission pursuant to Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, on behalf of each such person.

Dated: February 14, 2007

MERCATOR MOMENTUM FUND, L.P.

By: M.A.G. CAPITAL, LLC,  
its general partner

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

MERCATOR MOMENTUM FUND III, L.P.

By: M.A.G. CAPITAL, LLC,  
its general partner

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

MONARCH POINTE FUND, LTD.

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

ROBINSON REED, INC.

By: M.A.G. CAPITAL, LLC  
Its: Investment Manager

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

M.A.G. CAPITAL, LLC

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

/s/ David F. Firestone

---

David F. Firestone

11 of 11

---