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TIDELANDS OIL & GAS CORP  
Form SC 13G/A  
May 02, 2006

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. 2)

TIDELANDS OIL & GAS CORPORATION  
(Name of Issuer)

Common Stock  
(Title of Class of Securities)

886405109  
(CUSIP Number)

December 31, 2005  
(Date of Event Which Requires Filing of this Statement)

Rule 13d-1(b)  
 Rule 13d-1(c)  
 Rule 13d-1(d)

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-----  
1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Mercator Momentum Fund, L.P.  
EIN:03-0021366

-----  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)   
(b)

-----  
3. SEC USE ONLY

-----  
4. CITIZENSHIP OR PLACE OF ORGANIZATION

California

-----  
5. SOLE VOTING POWER

0

-----  
NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH

-----  
6. SHARED VOTING POWER  
-----  
751,974  
-----

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REPORTING PERSON WITH 7. SOLE DISPOSITIVE POWER 0

8. SHARED DISPOSITIVE POWER

751,974

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

751,974

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.97%

12. TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Mercator Momentum Fund III, L.P.  
EIN:32-0056070

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)   
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

California

5. SOLE VOTING POWER

0

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH 6. SHARED VOTING POWER 521,928

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REPORTING PERSON WITH 7. SOLE DISPOSITIVE POWER 0

8. SHARED DISPOSITIVE POWER

521,928

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

521,928

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.67%

12. TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Monarch Pointe Fund, Ltd.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)   
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

British Virgin Islands

5. SOLE VOTING POWER

0

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON 6. SHARED VOTING POWER

1,690,460

7. SOLE DISPOSITIVE POWER

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PERSON  
WITH

0

8. SHARED DISPOSITIVE POWER

1,690,460

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,690,460

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.14%

12. TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Robinson Reed, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

British Virgin Islands

5. SOLE VOTING POWER

200,000

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON

6. SHARED VOTING POWER

0

7. SOLE DISPOSITIVE POWER

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WITH 0

8. SHARED DISPOSITIVE POWER

200,000

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

200,000

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.26%

12. TYPE OF REPORTING PERSON\*

CO

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

M.A.G. Capital, LLC

EIN: 300021359

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

California

5. SOLE VOTING POWER

0

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING

6. SHARED VOTING POWER

6,336,072, some of which are held by Mercator Momentum Fund and Mercator Momentum Fund III (together, the "Funds"), some of which are owned by Monarch Pointe Fund, Ltd. ("MPF"), and some of which are owned by M.A.G. Capital, LLC ("MAG"). MAG

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PERSON WITH is the general partner of the Funds and controls the investments of MPF.

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

6,536,072, some of which are held by the Funds, some by MPF, some by Robinson Reed, Inc. ("RR") and some by MAG.

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

6,536,072

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

7.81%

12. TYPE OF REPORTING PERSON\*

IA

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

David F. Firestone

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

5. SOLE VOTING POWER

0

NUMBER OF 6. SHARED VOTING POWER

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SHARES  
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

6,336,072, all of which are held by the Funds, MPF and MAG. David F. Firestone is Managing Member of MAG.

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7. SOLE DISPOSITIVE POWER

0

-----

8. SHARED DISPOSITIVE POWER

6,536,072, all of which are held by the Funds, MPF, RR and MAG. David F. Firestone is Managing Member of MAG.

-----

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

6,536,072

-----

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

|\_ |

-----

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

7.81%

-----

12. TYPE OF REPORTING PERSON\*

IN

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\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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

Item 1. Issuer.

(a) The name of the issuer is Tidelands Oil & Gas Corporation (the "Issuer").

(b) The address of the Issuer's principal executive office is 1862 West Bitters Rd., San Antonio, Texas 78410.

Item 2. Reporting Person and Security.

(a) Mercator Momentum Fund, L.P. ("Momentum Fund") and Mercator Momentum Fund III, L.P. ("Momentum Fund III" and, with Momentum Fund, the "Funds") are private investment limited partnerships organized under California law. The general partner of each of the Funds is M.A.G. Capital, LLC (formerly Mercator Advisory Group, LLC) ("MAG"), a California limited liability company. David F. Firestone is the Managing Member of MAG. Monarch Pointe Fund, Ltd. ("MPF") is a corporation organized under the laws of the British Virgin Islands. MAG controls the investments of MPF. Robinson Reed, Inc. ("RR") is a corporation organized under the laws of the British Virgin Islands. MAG controls the investments of RR in the Issuer's securities. The Funds, MPF, RR, MAG and David F. Firestone are

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referred to herein as the "Reporting Persons."

(b) The business address of each of the Funds, MAG and David F. 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 AV.Du Leman 8B, CH-1003, Lausanne, Switzerland.

(c) Each of the Funds is a California limited partnership. MAG, their general partner, is a California limited liability company. Each of MPF and RR is a corporation organized under the laws of the British Virgin Islands.

(d) 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").

(e) The CUSIP number is 886405109.

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

(a)  Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o).

(b)  Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c).

(c)  Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c).

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(d)  Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).

(e)  An investment adviser in accordance with ss. 240.13d-1(b)(1)(ii)(E).

(f)  An employee benefit plan or endowment fund in accordance with ss. 240.13d-1(b)(1)(ii)(F).

(g)  A parent holding company or control person in accordance with ss. 240.13d-1(b)(1)(ii)(G).

(h)  A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(i)  A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3).

(j)  Group, in accordance with ss. 240.13d-1(b)(1)(ii)(J).

Not Applicable.



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### Item 4. Ownership.

MMF III owns shares of Common Stock. The Funds, MPF, RR and MAG each own warrants to purchase shares of Common Stock.

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, 2005, the Funds, MPF, RR and MAG owned the following securities of the Issuer:

Momentum Fund owned warrants to purchase up to 751,974 shares of Common Stock.

Momentum Fund III owned 3,836 shares of Common Stock and warrants to purchase up to 518,092 shares of Common Stock.

MPF owned warrants to purchase up to 1,690,460 shares of Common Stock.

RR owned warrants to purchase up to 200,000 shares of Common Stock.

MAG owned warrants to purchase up to 3,371,710 shares of Common Stock.

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David F. Firestone owned no securities of the Issuer directly.

The right to vote and the right to dispose of the shares beneficially owned by Momentum Fund, Momentum Fund III and MPF are, in each case, shared among either Momentum Fund, Momentum Fund III or MPF, as applicable, and both MAG and David F. Firestone. The right to vote and the right to dispose of the shares beneficially owned by MAG are shared by MAG and David F. Firestone. The right to vote the shares beneficially owned by RR is held solely by RR. The right to dispose of the shares beneficially owned by RR is shared among RR, MAG and David F. Firestone.

Assuming that the Issuer had 77,156,341 shares of Common Stock outstanding as of December 31, 2005, which is the number reported by the Issuer as outstanding as of September 30, 2005 in its Quarterly Report on Form 10-QSB for the quarter ended September 30, 2005, the individual Reporting Persons had beneficial ownership of the following numbers of shares of Common Stock which represented the following percentages of the Common Stock outstanding:

	Shares Owned -----	Percentage -----
Momentum Fund	751,974	0.97%
Momentum Fund III	521,928	0.67%
MPF	1,690,460	2.14%

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Robinson Reed	200,000	0.26%
MAG	6,536,072	7.81%
David F. Firestone	6,536,072	7.81%

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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 [\_\_\_]

Not Applicable.

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 or Control Person.

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. Certifications.

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

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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

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correct.

Dated: May 1, 2006

MERCATOR MOMENTUM FUND, L.P.

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

By:

-----  
Harry Aharonian, Portfolio Manager

Dated: May 1, 2006

MERCATOR MOMENTUM FUND III, L.P.

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

By:

-----  
Harry Aharonian, Portfolio Manager

Dated: May 1, 2006

MONARCH POINTE FUND, LTD.

By:

-----  
Harry Aharonian, Portfolio Manager

Dated: May 1, 2006

ROBINSON REED, INC.

By:

-----  
Harry Aharonian, Portfolio Manager

Dated: May 1, 2006

M.A.G. CAPITAL, LLC

By:

-----  
Harry Aharonian, Portfolio Manager

Dated: May 1, 2006

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David F. Firestone

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EXHIBIT INDEX

Exhibit A

Agreement of Joint Filing

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EXHIBIT A

AGREEMENT OF JOINT FILING

The undersigned hereby agree that they are filing jointly pursuant to Rule 13d-1 of the Securities Exchange Act of 1934 a report on Schedule 13G, containing the information required by Schedule 13G, for shares of the common stock of Tidelands Oil & Gas Corporation beneficially owned by Mercator Momentum Fund, L.P., Mercator Momentum Fund III, L.P., Monarch Pointe Fund, Ltd., Robinson Reed, Inc., M.A.G. Capital, LLC and David F. Firestone and such other holdings as may be reported therein.

Dated: May 1, 2006

MERCATOR MOMENTUM FUND, L.P.

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

By: \_\_\_\_\_  
Harry Aharonian, Portfolio Manager

MERCATOR MOMENTUM FUND III, L.P.

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

By: \_\_\_\_\_  
Harry Aharonian, Portfolio Manager

MONARCH POINTE FUND, LTD.

By: \_\_\_\_\_  
Harry Aharonian, Portfolio Manager

ROBINSON REED, INC.

By: \_\_\_\_\_  
Harry Aharonian, Portfolio Manager

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M.A.G. CAPITAL, LLC

By:

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Harry Aharonian, Portfolio Manager

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David F. Firestone