

SINCLAIR UNIT NO. 2
WATERFLOOD EOR PROJECT

ANNUAL REPORT FOR 2010

April 29, 2011

Tundra Oil and Gas Partnership

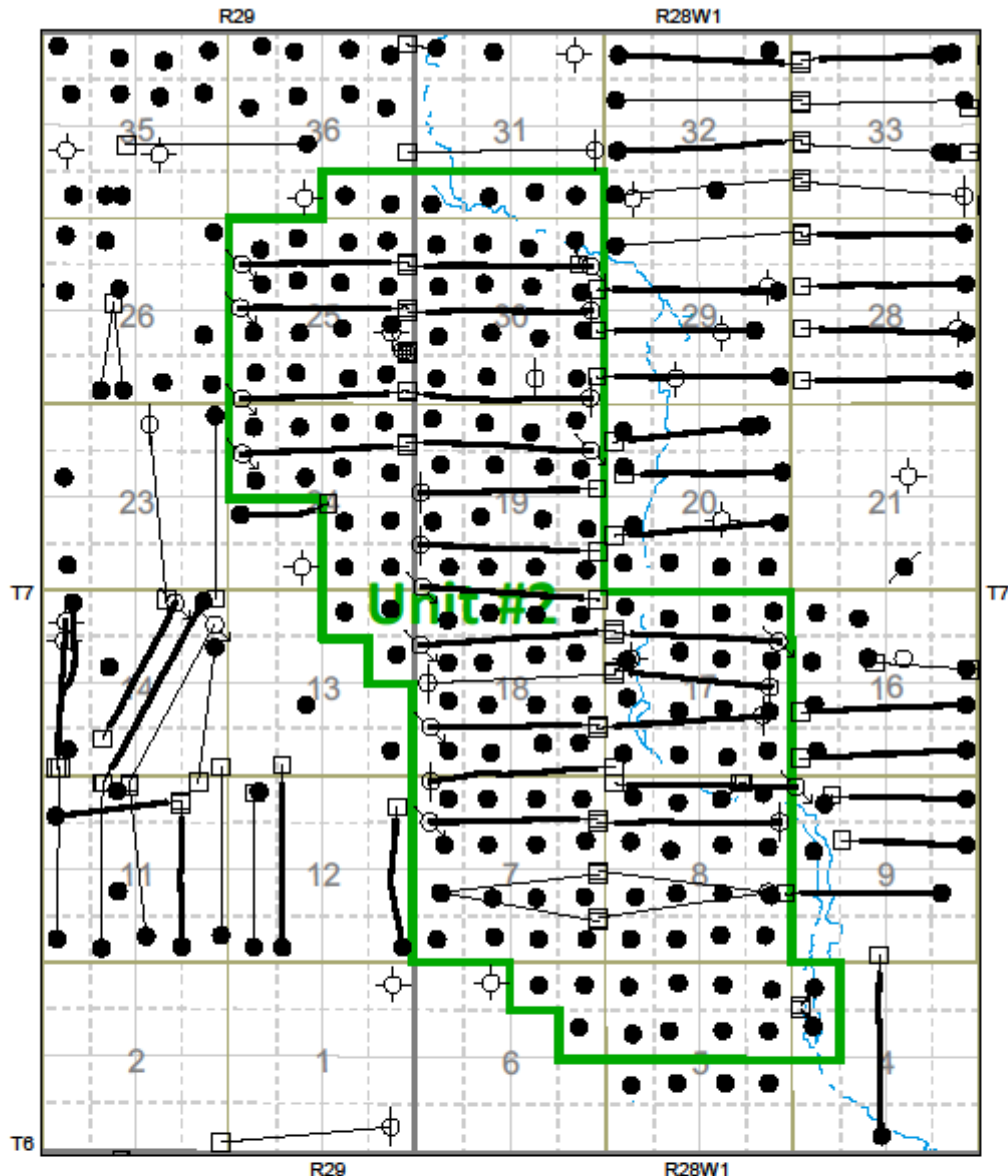
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INTRODUCTION

Sinclair Unit No. 2 Enhanced Oil Recovery (EOR) Waterflood Project was approved under Waterflood Order No 17 effective January 01, 2010 with Tundra Oil and Gas (Tundra) as Operator. The EOR project area contains 146 producing wells in just over 9 sections in Township 7, Ranges 28 and 29 W1 as shown in the figure below.

Figure 1: Sinclair Unit 2 Area Outline



In accordance with Section 73 of the Manitoba Drilling and Production Regulation, Tundra hereby submits the following 2010 Annual Progress Report for Sinclair Unit No 2 as required by Waterflood Order No 17.

DISCUSSION

Production History

For the wells included in Sinclair Unit No. 2, production started in August 2004 with 00/08-25-007-29W1. Oil production peaked at 3.8 m³/d in January of 2008. This production was coming from 127 wells and totaled 481 m³/d for the whole Unit. Since then production has steadily declined while the water oil ratio (WOR) has remained steady, averaging 0.48 m³/m³ over the past three years. Water injection began in November 2010. Production from a portion of the Unit was shut-in from the 22nd to the end of December 2010 due to Enbridge pipeline problems and associated production allocations. Water injection rates were 38 m³/d in November and 226 m³/d in December through 12 wells. In December 2010 the Unit was producing 127 m³/d of oil and 63 m³/d of water. The rates and WOR are presented in Figure 2.

Figure 2: Sinclair Unit 2 Production/Injection Rates and WOR vs Time

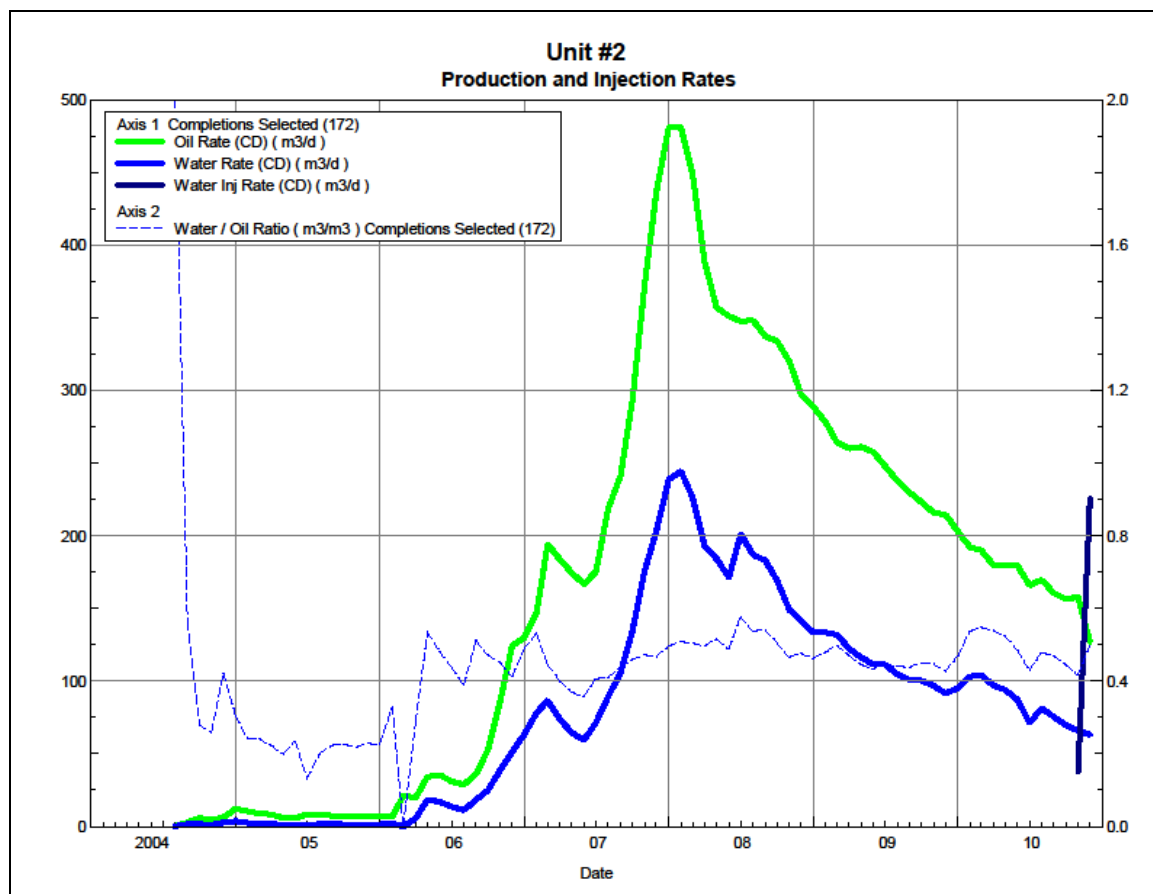
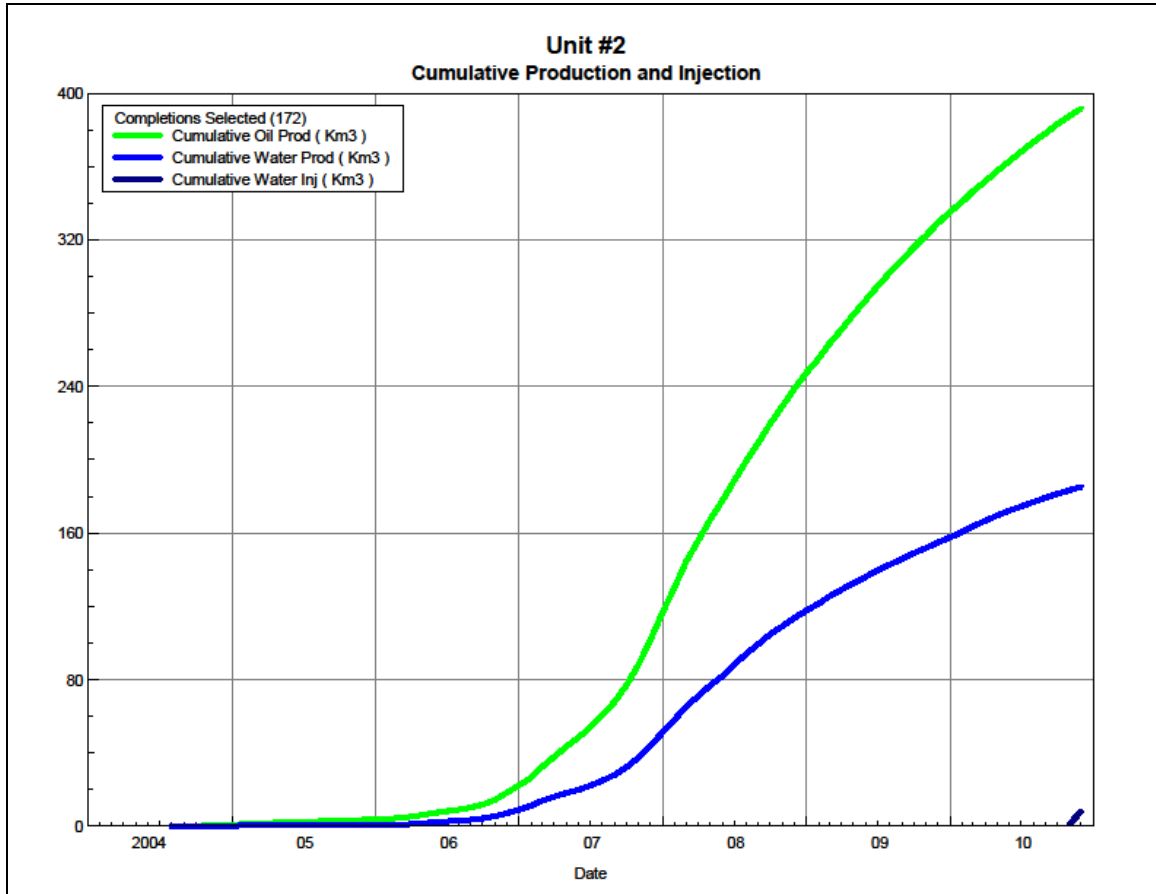


Figure 3 shows the cumulative production for Sinclair Unit 2 to the end of December 2010 as 392 E³m³ of oil, and over 185 E³m³ of water, representing a 6.3 % recovery factor of the OOIP. The cumulative water injected is over 8.1 E³m³.

Figure 3: Sinclair Unit 2 Cumulative Oil, Water and Water Injected vs Time



Waterflood Development Plan

Sinclair Unit No 2 Waterflood (WF) Development Plan

Unit No.2 is still in the early stages of water injection, with injection just beginning in November of last year. As of April 2011 the Unit has 12 active horizontal injectors, 9 more drilled and in various stages of completion, four licensed and nine more planned for drilling in 2011. In order to maximize recoverable oil in place from the Unit, the remaining horizontal injectors, where deemed technically necessary, will be produced for a short period prior to being converted to water injectors. All injection wells are fracture stimulated to improve the injection rates.

Waterflood performance by injector pattern will be discussed in a later section.

Waterflood EOR Operating Strategy and Performance

Water Source and Quality

The injection water for Unit 2 is sourced from the 16-32-007-29W1 well (Lodgepole formation). The water is treated at the 03-04-008-29W1 battery where it is filtered to 0.5 microns and has scale inhibitor added. The injection water is then distributed to the injectors through the dedicated infrastructure system.

Injection Wellhead Pressures

The monthly wellhead injection pressures for each injection well are summarized in Appendix A. Since injection in this Unit is still in the early stages a few of the injectors show very low wellhead pressure, most show none at all, this is due to the low reservoir pressures in the pattern area. As fill-up occurs the wellhead pressures begin to register.

Reservoir Pressure

Tundra is committed to collecting pressures from every new injection well drilled. Currently, for Unit 2 the pressure data from 12 locations is available. Appendix B summarizes these results. The pressures were corrected to a common datum of -450 m SS for comparison. The table shows quite a range in pressure, from a low of 2780 kPaa to a high of 7325 kPaa. These values appear reasonable given their location in the pool and the corresponding production voidage in the surrounding area.

Well Servicing

The following table summarizes the well servicing performed within Unit 2 during 2010:

Table 1: Sinclair Unit #2 Well Servicing

16-05-007-28	Pump Change	9/13/2010
16-06-007-28	Repair Well	7/18/2010
07-07-007-28	Pump Change	5/21/2010
13-07-007-28	Repair Well	11/30/2010
04-17-007-28	Repair Well	7/19/2010
10-30-007-28	Pump Change	12/2/2010
14-30-007-28	Pump Change	5/21/2010
07-25-007-29	Pump Change	9/7/2010
11-25-007-29	Pump Change	2/6/2010
12-25-007-29	Pump Change	2/6/2010
13-25-007-29	Pump Change & Rod Repair	1/15/2010

Voidage Replacement

Tundra injects water for a minimum of 1 – 3 year period to re-pressurize the reservoir due to cumulative primary production voidage and corresponding pressure depletion. During the initial fill-up period, the instantaneous voidage replacement ratio (VRR) averages approximately 1.25 to 2.0 by individual patterns. The injector pattern VRRs will be discussed in the waterflood performance section of the report.

Waterflood Performance Discussion

At year end 2010, Unit 2 waterflood area had 12 active injection wells in place and nine more in various stages of completion. Water injection started in mid November 2010 at the 02/09-30-007-28W1 injector, with the remaining 11 active injectors started by year end. Since this waterflood is new there is little analysis that can be done at this point. A more in depth discussion will be presented in the 2011 Annual Report. A summary table of the injector patterns is presented in Appendix C. Plots and tables of the production and injection data along with the VRR information are presented in Appendix C for each of the injector patterns.

List of Appendices

Appendix A: Monthly Injection Wellhead Pressures Table and Plots

Appendix B: Sinclair Unit #2 Reservoir Pressure Summary Table

Appendix C: Sinclair Unit #2 Injection Pattern Summary

Appendix D: Injector Pattern Production/Injection Rates, Cumulatives and VRRs
Plots and Tables for the following injectors:

02/12-04-007-28W1
02/09-06-007-28W1
02/15-06-007-28W1
02/04-07-007-28W1
02/05-07-007-28W1
02/12-07-007-28W1
02/13-07-007-28W1
02/01-08-007-28W1
03/01-08-007-28W1
02/08-08-007-28W1
02/09-08-007-28W1
02/01-17-007-28W1
03/01-17-007-28W1
02/08-17-007-28W1
02/09-17-007-28W1
02/05-18-007-28W1
03/05-18-007-28W1
02/12-18-007-28W1
02/04-19-007-28W1
03/04-19-007-28W1
02/12-19-007-28W1
02/16-19-007-28W1
03/16-19-007-28W1
02/04-30-007-28W1
02/08-30-007-28W1
02/09-30-007-28W1
02/16-30-007-28W1
02/15-13-007-29W1
02/12-24-007-29W1
02/04-25-007-29W1
04/08-25-007-29W1
02/12-25-007-29W1
03/12-25-007-29W1
02/15-25-007-29W1