

Daly Unit #14
2017 Annual EOR Report

2017 Update

Figure 1 shows the production history of Daly Unit #14.

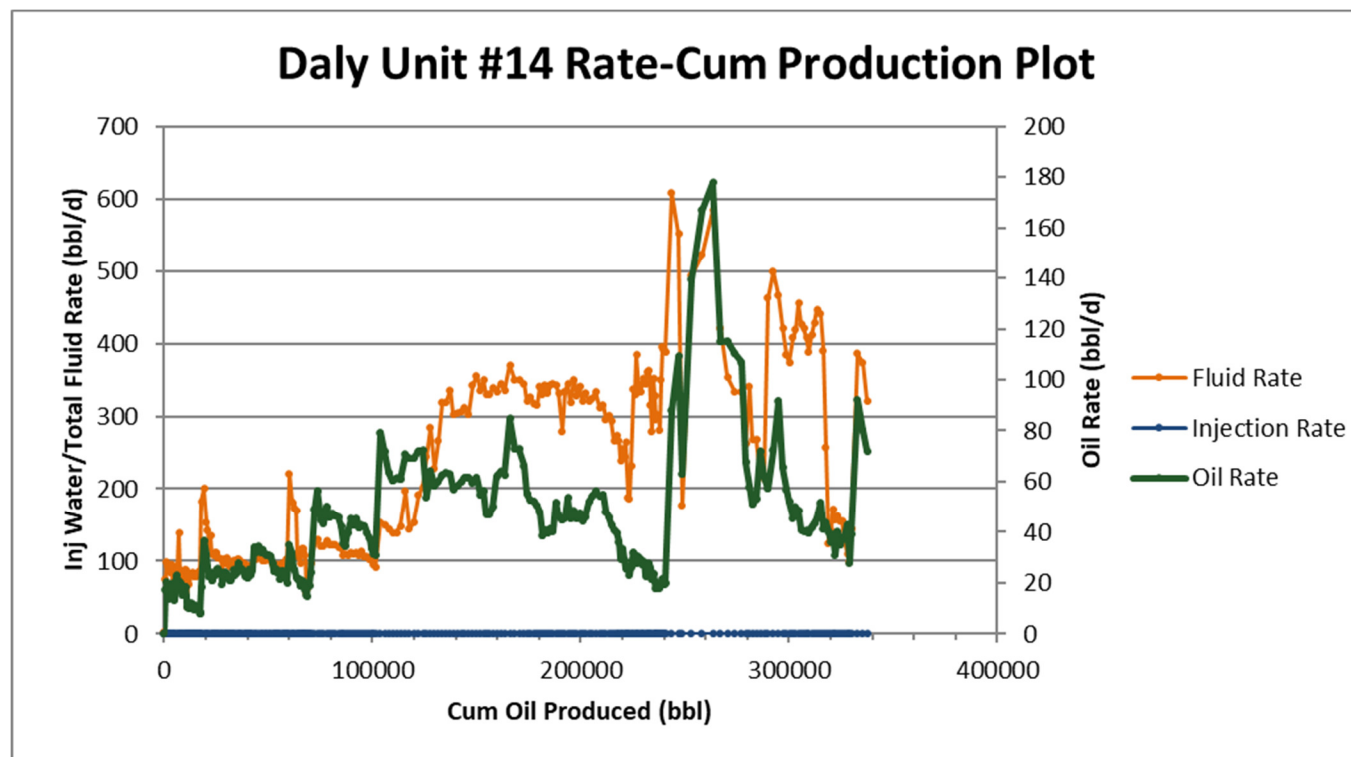


Figure 1: Daly Unit #14 – Production History

In 2017, oil production from the Daly Unit #14 was 7.6 m³/d (48 bbl/d), totaling 2.8 10³m³ (17.6 mbbl). Annual production inclined 14% from 2016 to 2017, with the drilling of a new horizontal well. Cumulative oil production from the Daly Unit #14 was 53.7 10³m³ (338 mbbl) at the end of 2017. In December 2017, there were 12 active oil producers.

The first development in this unit occurred in 1994 with the deepening of existing vertical producers in the Lodgepole, Daly Unit #13, into the Bakken formation. Further wells were deepened to the Bakken throughout the years, continuing until 2009 where there were a maximum of 11 wells in the unit. In 2014, Corex continued to develop the unit through horizontal multistage fractured wells, drilling two wells in the Bakken formation in the southern portion of the unit. In 2017, Corex drilled one horizontal

Bakken well within the unit. With continued development and primary production it will be beneficial to implement a waterflood.

All produced water from the Daly Unit #14 was disposed through the use of a disposal well outside of the unit. The producing WOR of the unit is 3 m³/m³.

Activities of note within the Daly Unit #14 in 2017:

- August 2017, drill the 104/04-25-009-29W1/00 horizontal well in the Bakken formation.

2017 Reservoir Pressure Surveys

In 2017, no pressure surveys were conducted in Daly Unit #14. There are also no recent recorded pressures within the unit. The estimated initial reservoir pressure for the Bakken is 9,500 kPaa. Thus far, due to minimal production out of the Bakken for the majority of the unit it is likely that most of the unit is near initial reservoir pressure. With further development, due to the inter well spacing it is likely that the average reservoir pressure will drop below the initial reservoir pressure relatively quickly. Therefore an implementation of a waterflood will be advantageous.

2017 Well Servicing

UWI	Unit	Licence	Operation	Date	Objective
104/04-25-009-29W1/00	DU#14	10718	Construction	2017-04-10	
104/04-25-009-29W1/00	DU#14	10718	Drilling - original	2017-08-12	
104/04-25-009-29W1/00	DU#14	10718	Initial Completion	2017-08-19	
104/04-25-009-29W1/00	DU#14	10718	Equip & Tie-In	2017-09-18	
104/04-25-009-29W1/00	DU#14	10718	Pump Repair	2017-11-07	

Waterflood Development

In 2017, a third Bakken well was drilled in the southern portion of the unit. The intention is that after some time on production one of the producers will be converted to injection, likely sometime in 2019. Further horizontal well development is proposed to continue in Q3 and Q4 of 2019 and potentially into 2020. After a period of primary production additional wells will be converted to injection. Injection water will be sourced from 100/03-32-009-28W1/00 then filtered and treated prior to injection.