

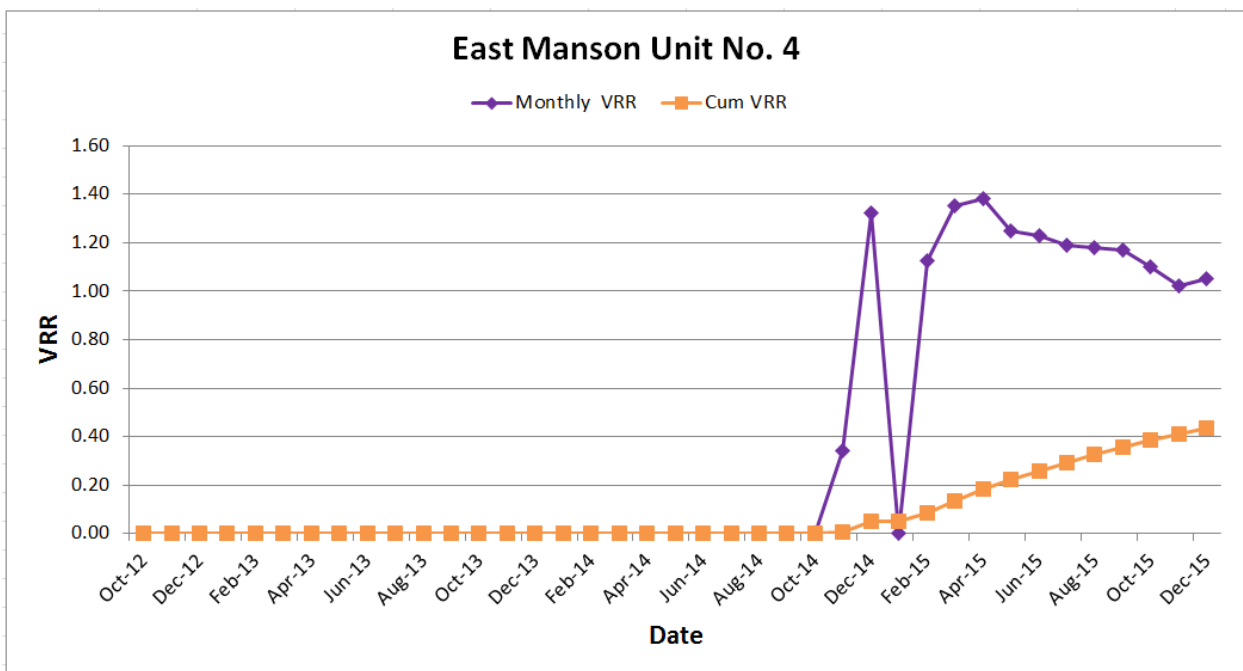
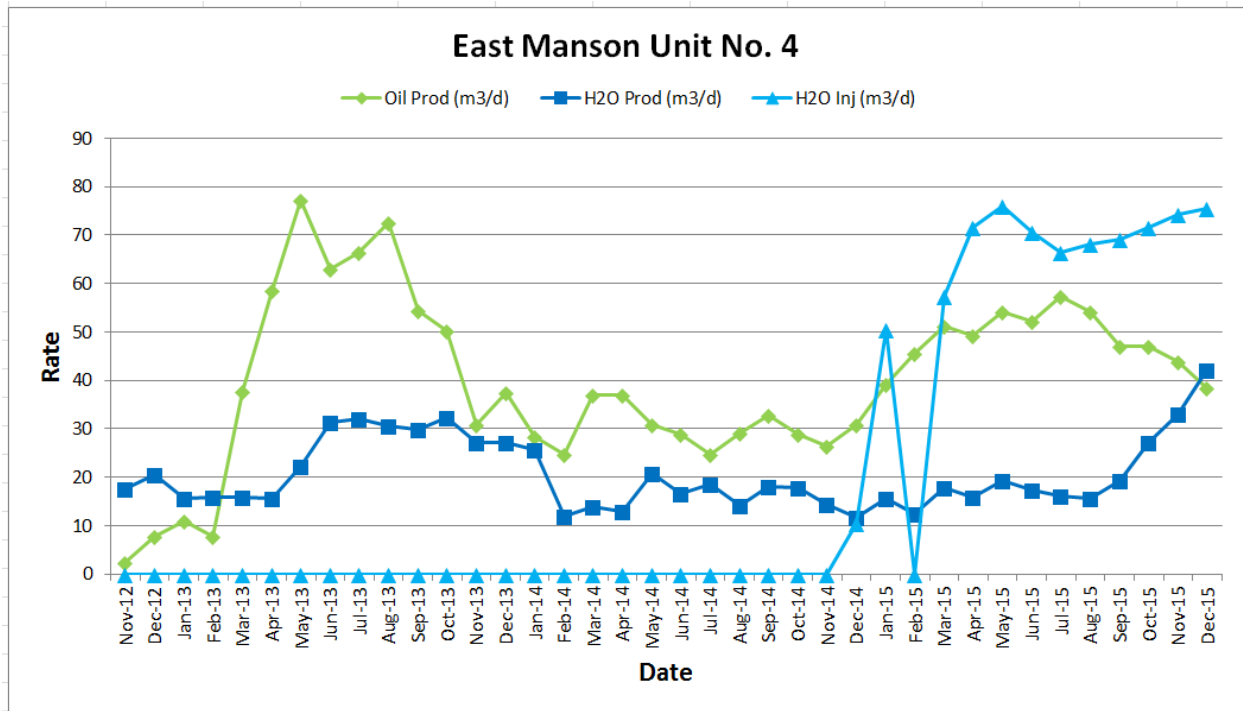
TORC OIL & GAS LTD.

EAST MANSON UNIT #4

ENHANCED OIL RECOVERY (EOR) ANNUAL REPORT

East Manson Unit No. 4

Cum PRD OIL	46.2 e3m3
Cum PRD GAS	0.0 e3m3
Cum PRD WTR	25.3 e3m3
Cum INJ WTR	15.5 e3m3



Discussion

TORC Oil & Gas Ltd. ("TORC") acquired Surge Assets closing date June 15, 2015 which included the operatorship of the East Manson Unit No. 1, No. 3 and No. 4.

The most recently developed waterflood in TORC's Manson area is located in EMU #4 (Section 12-14-29W1). Flood performance in this unit has been the strongest when placed into direct comparison with the floods instituted in EMU #1 and EMU #3, largely an effect of higher calculated oil in place and more conductive reservoir which has facilitated strong injection.

The 00/11-12-014-29W1 and 00/05-12-014-29W1 injectors have proven to be very strong support wells for their offset producers. From the floods inception in late 2014 response has been very strong with Unit production more than doubling from 26 m3/d to 57 m3/d. This unit also benefits from low wellhead injection pressures, which will allow us to expedite fillup, and provide pressure maintenance in a timely manner. More recently in the later part of 2015, water breakthrough has been evident in our 02/05-12-014-29W1 and 03/05-12-014-29W1 producers, a factor which we are currently investigating, but perceive to be due to the perpendicular orientation of these wellbores relative to their support injectors. Injection pressures within the unit remain the lowest of all flooded East Manson units, not frequently climbing higher than 100 psi at surface. In spite of the measured increase in cut, fluid levels continue to rise, and production has been stabilized, so the goal of providing pressure support within the unit is being achieved.

A FeS Reducer chemical injection at the north and south ends of our field was setup in 2015, and appears to be working, as bi-weekly sampling of the water in two production tanks at the battery show little or no FeS. Continuous sampling a monitoring of injection water ensures water quality meets injection standards for the flood.

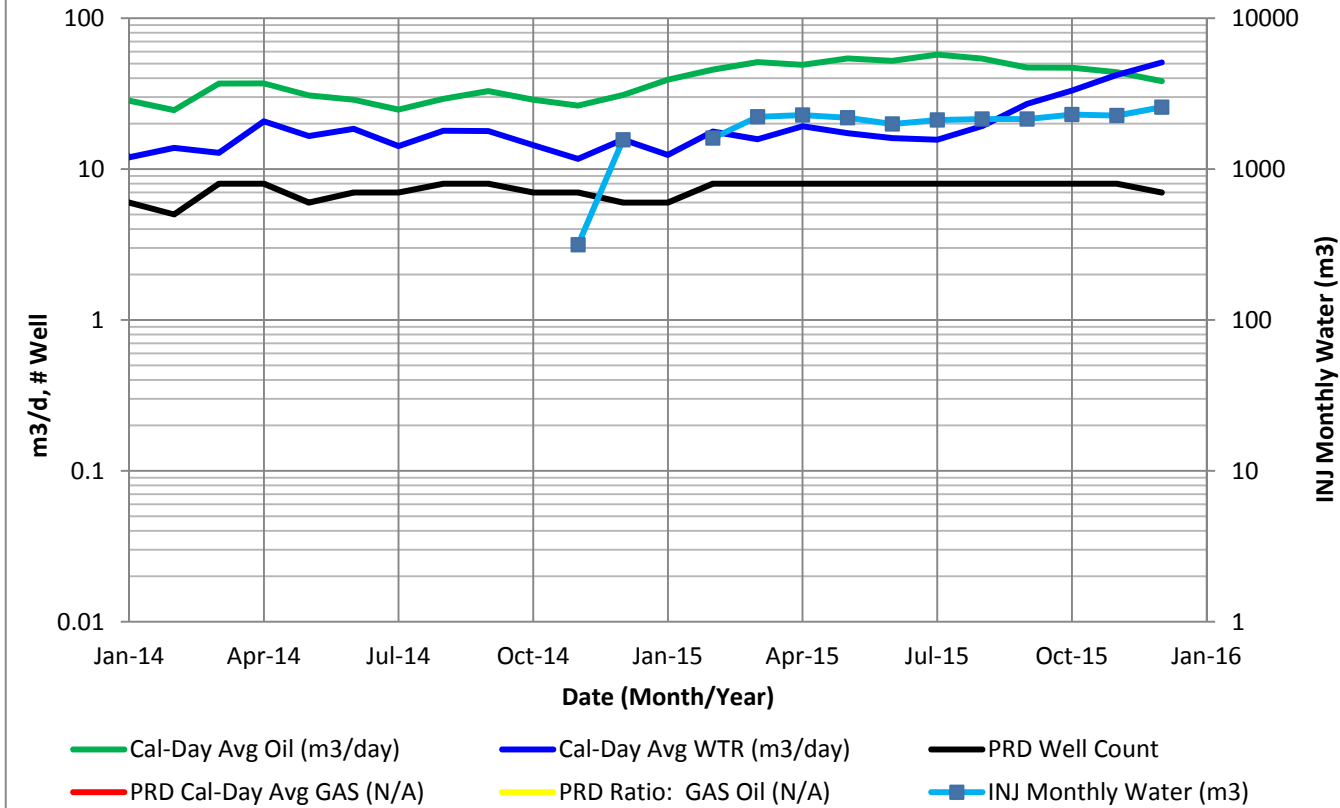
Extensions of the flood in EMU#4 are being considered but may require further expansion of the unit. At present time the TORC team has discussed the potential of scaling the flood in EMU #4 up, however would like to conduct surveillance on the unit for another year to see if such an expansion is warranted.

Operationally, the waterflood in East Manson Unit #4 proved to be very low maintenance, with injectors very capable of providing the deliverability required to support producing wells and requiring only very sporadic iron sulfide reducing treatments to enhance injectivity. Fluid levels in offset producing wells required constant monitoring due to strong producer / injector relationship.

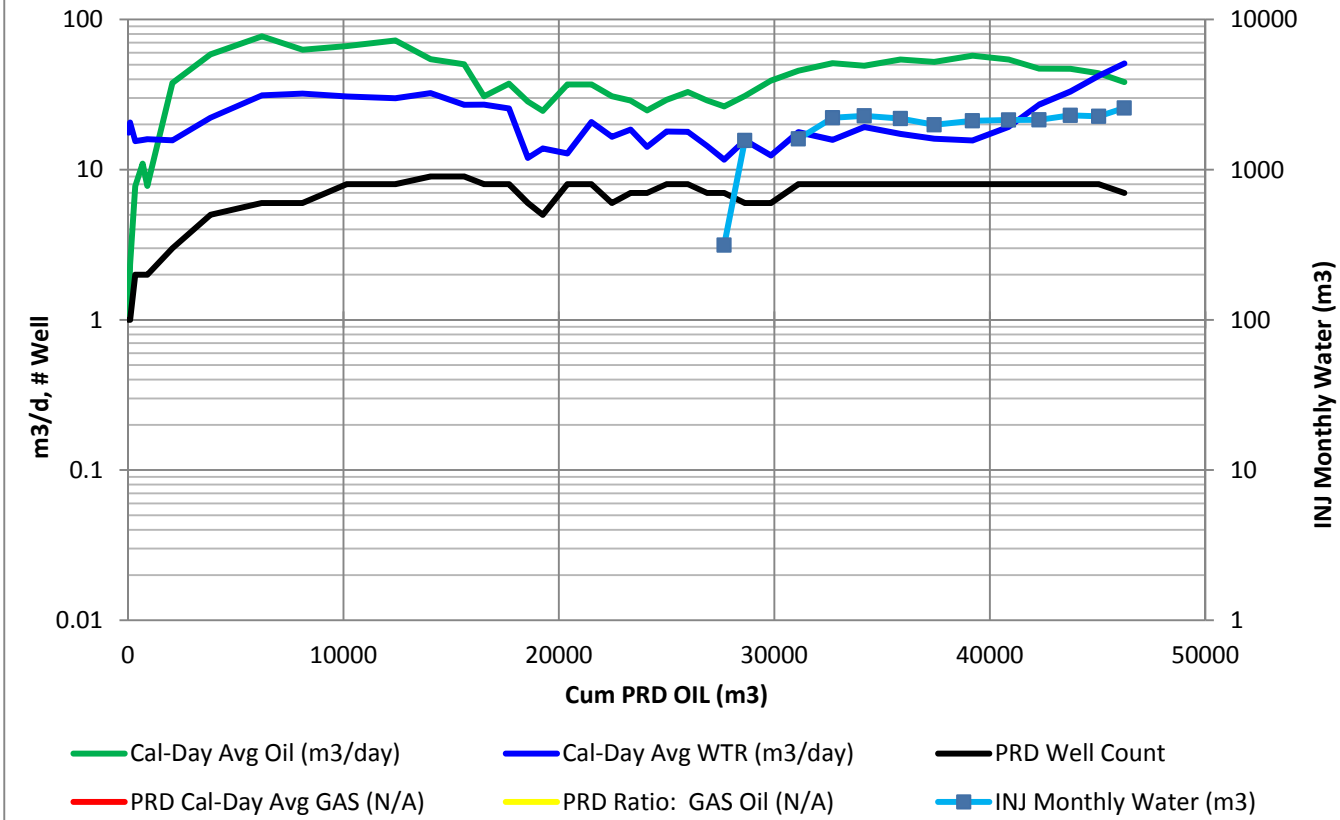
East Manson Unit No. 4 - Injection Parameters

Month	Oil Rate (m3/d)	Gas Rate (m3/d)	Water Rate (m3/d)	Water Inj Rate (m3/d)	Water Inj Press (psi)	Cum Oil (m3)	Cum Gas (e3m3)	Cum Water (m3)	Cum Inj Water (m3)	GOR (m3/m3)	WOR (m3/m3)
Jan-15	39.1	0.0	12.4	0.0	-	29840.2	0.0	16994.8	1877.1	0	0.32
Feb-15	45.6	0.0	17.7	57.2	-	31117.3	0.0	17491.7	3479.7	0	0.39
Mar-15	51.1	0.0	15.8	71.5	-	32702.3	0.0	17980.8	5697.5	0	0.31
Apr-15	49.1	0.0	19.2	76.0	-	34176.4	0.0	18557.8	7977.3	0	0.39
May-15	54.1	0.0	17.3	70.6	-	35853.6	0.0	19093.8	10165.5	0	0.32
Jun-15	52.1	0.0	16.1	66.3	303	37417.9	0.0	19575.5	12155.3	0	0.31
Jul-15	57.3	0.0	15.6	68.1	206	39195.7	0.0	20060.3	14267.7	0	0.27
Aug-15	54.0	0.0	19.3	69.1	228	40871.0	0.0	20657.6	16411.1	0	0.36
Sep-15	47.1	0.0	27.1	71.5	287	42283.4	0.0	21469.6	18557.4	0	0.57
Oct-15	47.0	0.0	33.1	74.1	315	43739.4	0.0	22496.7	20856.0	0	0.71
Nov-15	43.9	0.0	42.1	75.5	333	45055.2	0.0	23760.1	23119.7	0	0.96
Dec-15	38.3	0.0	50.9	82.9	413	46242.5	0.0	25337.7	25690.9	0	1.33

East Manson Unit No. 4 - Rate Time



East Manson Unit No. 4 - Rate Cum



East Manson Unit No. 4 (Section 12-14-29W1) - VRR Table																										
Month	Days	Monthly Oil Prod (bbl)	Monthly Oil Prod (m3)	Monthly Gas Prod (E3m3)	Monthly H2O Prod (bbl)	Monthly H2O Prod (m3)	Monthly H2O Inj (bbl)	Monthly H2O Inj (m3)	Oil Prod (m3/d)	Gas Prod (E3m3/d)	H2O Prod (m3/d)	H2O Inj (m3/d)	Cum Oil (bbl)	Cum Oil (m3)	Cum Gas (E3m3)	Cum H2O (m3)	Cum H2O Inj (m3)	Prod Well Count	GOR (m3/m3)	H2OCut %	Voidage (rm3/d)	Monthly VRR	Cum GOR (m3/m3)	H2OCut %	Cum Void (rm3)	Cum VRR
Oct-12	31	201	32.0	0	3,436	546.2	0	0	1	0	18	0	201	32	0	546	0	1	0	94.5%	18	0.00	0.0	94.5%	572.3	0.000
Nov-12	30	442	70.2	0	3,885	617.6	0	0	2	0	21	0	643	102	0	1164	0	1	0	89.8%	22	0.00	0.0	91.9%	1244.3	0.000
Dec-12	31	1,513	240.5	0	3,019	480.0	0	0	8	0	15	0	2,156	343	0	1644	0	2	0	66.6%	21	0.00	0.0	82.7%	1902.3	0.000
Jan-13	31	2,136	339.6	0	3,071	488.3	0	0	11	0	16	0	4,292	682	0	2132	0	2	0	59.0%	24	0.00	0.0	75.8%	2641.0	0.000
Feb-13	28	1,372	218.2	0	2,810	446.8	0	0	8	0	16	0	5,664	901	0	2579	0	2	0	67.2%	22	0.00	0.0	74.1%	3249.4	0.000
Mar-13	31	7,366	1,171.0	0	3,055	485.7	0	0	38	0	16	0	13,030	2072	0	3065	0	3	0	29.3%	43	0.00	0.0	59.7%	4592.4	0.000
Apr-13	30	11,031	1,753.8	0	4,179	664.4	0	0	58	0	22	0	24,061	3825	0	3729	0	5	0	27.5%	65	0.00	0.0	49.4%	6540.4	0.000
May-13	31	15,054	2,393.4	0	6,089	968.0	0	0	77	0	31	0	39,116	6219	0	4697	0	6	0	28.8%	88	0.00	0.0	43.0%	9260.4	0.000
Jun-13	30	11,857	1,885.0	0	6,057	963.0	0	0	63	0	32	0	50,972	8104	0	5660	0	6	0	33.8%	78	0.00	0.0	41.1%	11604.3	0.000
Jul-13	31	12,968	2,061.7	0	5,981	950.8	0	0	67	0	31	0	63,940	10165	0	6611	0	8	0	31.6%	79	0.00	0.0	39.4%	14065.0	0.000
Aug-13	31	14,137	2,247.6	0	5,822	925.6	0	0	73	0	30	0	78,078	12413	0	7536	0	8	0	29.2%	83	0.00	0.0	37.8%	16636.0	0.000
Sep-13	30	10,260	1,631.2	0	6,107	970.9	0	0	54	0	32	0	88,338	14044	0	8507	0	9	0	37.3%	72	0.00	0.0	37.7%	18802.5	0.000
Oct-13	31	9,800	1,558.1	0	5,269	837.6	0	0	50	0	27	0	98,138	15602	0	9345	0	9	0	35.0%	64	0.00	0.0	37.5%	20781.8	0.000
Nov-13	30	5,813	924.2	0	5,112	812.7	0	0	31	0	27	0	103,952	16527	0	10158	0	8	0	46.8%	50	0.00	0.0	38.1%	22273.3	0.000
Dec-13	31	7,279	1,157.2	0	4,982	792.1	0	0	37	0	26	0	111,230	17684	0	10950	0	8	0	40.6%	53	0.00	0.0	38.2%	23914.1	0.000
Jan-14	31	5,536	880.1	0	2,335	371.3	0	0	28	0	12	0	116,766	18564	0	11321	0	6	0	29.7%	33	0.00	0.0	37.9%	24929.8	0.000
Feb-14	28	4,332	688.7	0	2,435	387.2	0	0	25	0	14	0	121,098	19253	0	11708	0	5	0	36.0%	32	0.00	0.0	37.8%	25821.7	0.000
Mar-14	31	7,200	1,144.7	0	2,500	397.4	0	0	37	0	13	0	128,298	20397	0	12106	0	8	0	25.8%	40	0.00	0.0	37.2%	27056.7	0.000
Apr-14	30	6,971	1,108.3	0	3,909	621.4	0	0	37	0	21	0	135,270	21506	0	12727	0	8	0	35.9%	48	0.00	0.0	37.2%	28490.3	0.000
May-14	31	6,003	954.3	0	3,228	513.2	0	0	31	0	17	0	141,272	22460	0	13240	0	6	0	35.0%	39	0.00	0.0	37.1%	29702.7	0.000
Jun-14	30	5,441	865.0	0	3,489	554.7	0	0	29	0	18	0	146,713	23325	0	13795	0	7	0	39.1%	40	0.00	0.0	37.2%	30891.7	0.000
Jul-14	31	4,834	768.5	0	2,767	439.9	0	0	25	0	14	0	151,547	24093	0	14235	0	7	0	36.4%	32	0.00	0.0	37.1%	31894.8	0.000
Aug-14	31	5,691	904.7	0	3,501	556.6	0	0	29	0	18	0	157,237	24998	0	14791	0	8	0	38.1%	39	0.00	0.0	37.2%	33114.6	0.000
Sep-14	30	6,201	985.9	0	3,370	535.8	0	0	33	0	18	0	163,439	25984	0	15327	0	8	0	35.2%	42	0.00	0.0	37.1%	34372.9	0.000
Oct-14	31	5,625	894.3	0	2,808	446.5	0	0	29	0	14	0	169,064	26878	0	15774	0	7	0	33.3%	36	0.00	0.0	37.0%	35474.4	0.000
Nov-14	30	4,972	790.4	0	2,202	350.0	1,980	315	26	0	12	10	174,035	27669	0	16124	315	7	0	30.7%	31	0.34	0.0	36.8%	36403.2	0.009
Dec-14	31	6,028	958.4	0	3,058	486.2	9,827	1,562	31	0	16	50	180,064	28627	0	16610	1877	6	0	33.7%	38	1.32	0.0	36.7%	37591.5	0.050
Jan-15	31	7,631	1,213.2	0	2,421	384.9	0	0	39	0	12	0	187,695	29840	0	16995	1877	6	0	24.1%	41	0.00	0.0	36.3%	38863.9	0.049
Feb-15	28	8,033	1,277.1	0	3,126	496.9	10,080	1,603	46	0	18	57	195,728	31117	0	17492	3480	8	0	28.0%	51	1.13	0.0	36.0%	40295.6	0.087
Mar-15	31	9,970	1,585.0	0	3,076	489.1	13,950	2,218	51	0	16	72	205,697	32702	0	17981	5697	8	0	23.6%	53	1.35	0.0	35.5%	41944.2	0.137
Apr-15	30	9,272	1,474.1	0	3,629	577.0	14,340	2,280	49	0	19	76	214,970	34176	0	18558	7977	8	0	28.1%	55	1.38	0.0	35.2%	43600.2	0.184
May-15	31	10,550	1,677.2	0	3,371	536.0	13,764	2,188	54	0	17	71	225,519	35854	0	19094	10166	8	0	24.2%	57	1.25	0.0	34.7%	45363.3	0.225
Jun-15	30	9,839	1,564.3	0	3,030	481.7	12,516	1,990	52	0	16	66	235,359	37418	0	19576	12155	8	0	23.5%	54	1.23	0.0	34.3%	46989.3	0.260
Jul-15	31	11,182	1,777.8	0	3,049	484.8	13,287	2,112	57	0	16	68	246,541	39196	0	20060	14268	8	0	21.4%	58	1.19	0.0	33.9%	48774.3	0.294
Aug-15	31	10,538	1,675.3	0	3,757	597.3	13,482	2,143	54	0	19	69	257,079	40871	0	20658	16411	8	0	26.3%	59	1.18	0.0	33.6%	50597.6	0.326
Sep-15	30	8,884	1,412.4	0	5,107	812.0	13,500	2,146	47	0	27	72	265,963	42283	0	21470	18557	8	0	36.5%	62	1.17	0.0	33.7%	52444.7	0.356
Oct-15	31	9,158	1,456.0	0	6,460	1,027.1	14,458	2,299	47	0	33	74	275,121	43739	0	22497	20856	8	0	41.4%	68	1.10	0.0	34.0%	54539.9	0.384
Nov-15	30	8,276	1,315.8	0	7,947	1,263.4	14,239	2,264	44	0	42	75	283,397	45055	0	23760	23120	8	0	49.0%	74	1.02	0.0	34.5%	56770.3	0.409
Dec-15	31	7,468	1,187.3	0	9,923	1,577.6	16,173	2,571	38	0	51	83	290,865	46242	0	25338	25691	7	0	57.1%	79	1.05	0.0	35.4%	59222.6	0.436

11-12 Rate vs Pressure

