



# TUNDRA OIL & GAS PARTNERSHIP

Suite 1000 – 715 5th Avenue SW, Calgary, AB T2P 2X6  
TEL: (403) 261-1876 FAX: (403) 261-1042

August 4, 2010

Manitoba Science, Technology, Energy and Mines  
Petroleum Branch  
Box 1359, 227 King Street W  
Virden, Manitoba  
R0M 2C0

**Attention: Ms. Jennifer Abel, P. Eng**  
**Chief Petroleum Engineer**

Dear Ms. Abel:

**RE: Proposed Sinclair Unit No. 5**  
**Unitization and Waterflood Enhanced Oil Recovery (EOR) Application**

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Thank you for confirming receipt and preliminary review of the proposed Sinclair No. 5 Unitization and Waterflood EOR Application submitted by Tundra Oil and Gas (Tundra).

As requested by your letter of July 14, Tundra hereby submits the following additional information;

## **Mineral and Surface Ownership Notifications**

Names and addresses of mineral owners in the project area, and within 0.5 km area are available, including Sinclair Unit No 3. It's a large file so 2 hard copies will be sent under separate cover.

A listing of surface owners, and copy of the Notice advising the surface owners of the proposed EOR project will also be included



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## Unit Agreement

A copy of the proposed Sinclair No 5 Unit Agreement will be forthcoming from the Tundra head office in Winnipeg by August 6<sup>th</sup>.

## Estimated Reservoir Pressure

Tundra has no historical pressure estimates or actual observations. The range of estimated reservoir pressures provided in the Application was an empirical approximation based on production voidage only. In house operating history in the area dictates reservoir pressure is depleting with primary production. Uncertainty around actual reservoir pressure will remain until actual surveys are conducted between drilling and completion operations as described.

## Analogy to Adjacent Sinclair Main Field

Tundra is not at all referring to the adjacent Sinclair main field waterflood as a direct analogy for the proposed Unit 5 project based on the following:

- Public production data within Sinclair Unit No 1 shows an apparent production response to water injection within the given vertical producing well pattern design, and reservoir conditions.
- Sinclair Unit 5 has been proposed in reservoir with differing Lyleton A & B contributions to OOIP than the Sinclair main field
- Horizontal Producing well construction and completion methods are completely different within the proposed Unit 5.
- The main field waterflood development in Sinclair Unit No 3 falls within the required mineral owner notification radius for the Unit 5 project application.

The Sinclair main field waterflood is therefore just a project operating proximal to the proposed Unit 5 project and not a direct analogy.



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## **Project Economics**

The operational success and magnitude of waterflood response in the proposed Sinclair Unit 5 project area have a range of potential outcomes, and the production and reserves forecasts provided within the application are a best expected estimate. This uncertainty helped to constrain the size of the project area to limit the technical and capital risks.

The Working Interest (WI) Owner(s) of the Approved Unit will fund all capital costs associated with project as described. Tundra, as 100% WI Owner, has considered all project estimates, risks, and uncertainties carefully and intends to develop the project as proposed. Specific internal project economics are considered business sensitive in a competitive industry and cannot be provided.

## **Geological Reports: Appendix 1**

Revised Appendix 1 with requested changes is attached.

The Accumap software used to prepare the cross-section includes faults as part of the default menu for contacts in the cross-section legend. There are no faults indicated within the Unit 5 area that can be determined with the present data. The fault portion of the legend has been turned off on the new cross section display.

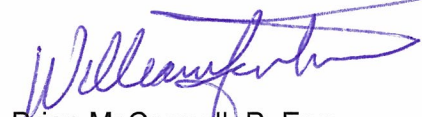
## **Geological Appendices 2 – 10**

Requested changes to Appendices 2 – 10 attached.

If you have any questions or require further discussion, please contact William (Bill) Jenkins at 403-513-1018.

Yours truly,

**TUNDRA OIL & GAS PARTNERSHIP**

  
for Brian McConnell, P. Eng  
Vice President, Exploration  
Attachments