

DALY UNIT No. 1
PROGRESS REPORT
January 1 to December 31, 2011

Enerplus Corporation
Manitoba Team
February 2012

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Introduction

Daly Unit No. 1 became effective July, 1972. This report summarizes the operations of the Unit for the period from January 1 to December 31, 2011 and discusses the performance of the waterflood to date. The area map of the Daly Unit No. 1 is shown in Figure 1.

Discussion

Oil Production

In 2011, oil production rate for the Unit averaged 17.0 sm³/d with a WOR of 20.7 sm³/ sm³. A list of well servicing jobs in 2011 is shown in Table 1.

Total oil production in 2011 is 6,210.5 sm³. Cumulative oil since commencement of production is 1,290.3 sE3m³. Details of the production data are shown in Table 4 as well as graphically in the attached figures.

Water Injection

Average water injection rate for the Unit in 2011 was 348.5 sm³/d. There were no conversions in the Unit during 2011.

Cumulative water injected to December 31, 2011 is 9,809 sE3m³. Details of the water injection data are also shown in Table 4 as well as the attached figures.

Voidage

The total project voidage during 2011 was 133 rE3m³, resulting in the voidage replacement ratio (VRR) of 0.95. It is important to note that there is an aquifer of moderate strength providing pressure support to the south side of the Unit, near the southern boundaries of Sections 4 and 05-010-28W1M. The VRR calculation does not account for the water influx as it is difficult to quantify. The total produced water is injected back into the reservoir (Daly Unit 1) and is included in the injection volume for voidage calculations.

Cumulative total voidage from commencement of production to December 31, 2011 is 10,558 rE3m³ and the cumulative VRR is 0.93. The oil formation volume factor used in the pattern voidage calculations is 1.056 rm³/stm³. Detailed voidage calculations are shown in Table 4 (except for patterns that have been shut-in for long periods).

Reservoir Pressure

In 2011, reservoir pressure was recorded in 9 wells. All 9 pressure tests were AWS (Acoustic Well Sounder) build-up measurements. The pressures ranged from 3,964 kPa to 11,231 kPa, depending on the well location and the length of shut-in as well as voidage replacement history. It should be noted that the initial reservoir pressure is estimated at 6,585 kPaa and the bubble point pressure at 1,517 kPaa.

Based on the available pressure tests, the average reservoir pressure in the Unit in 2011 is 7,938 kPa. A summary of the pressure data is given in Table 2.

Recovery

Based on the current estimated OOIP of 3,498 sE3m³, recovery in the Unit to year-end 2011 is 36.8%.

Waterflood Patterns

The Daly Unit No. 3 waterflood currently has assorted pattern shapes: 3 inverted 5-spot, 2 inverted 6-spot and one each of inverted 9-spot, inverted 8-spot and inverted 7-spot. The current waterflood patterns map is shown in Figure 2.

A list of waterflood patterns and corresponding injectors is given in Table 3. Table 4 provides detailed production, injection, pressure and voidage for each pattern.

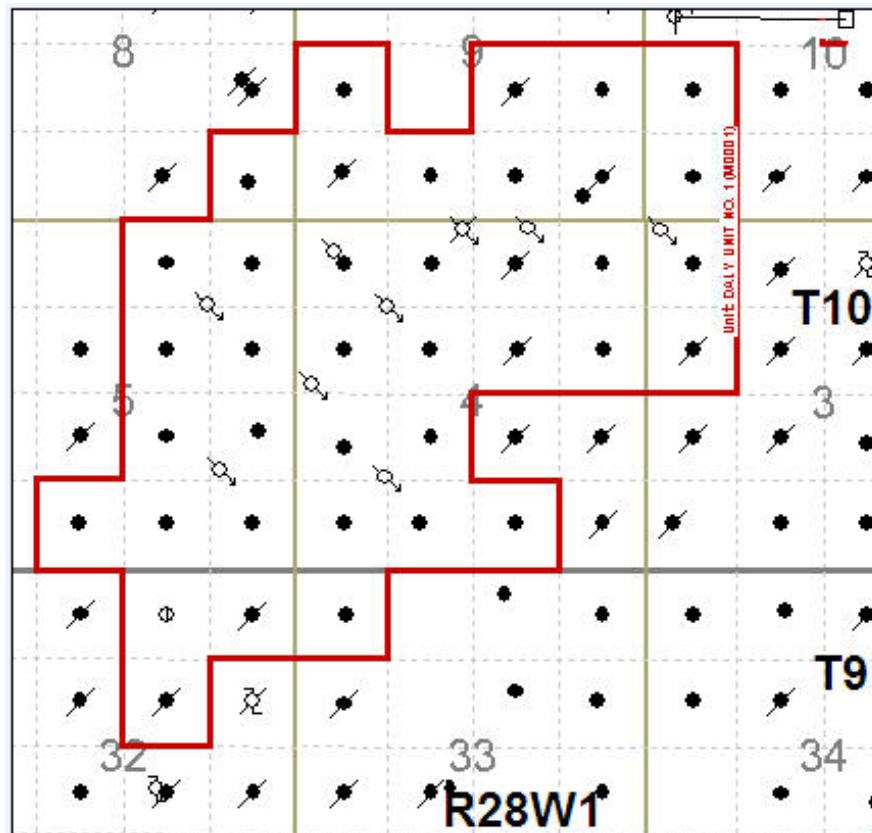


Figure 1: Daly Unit No. 1 Map

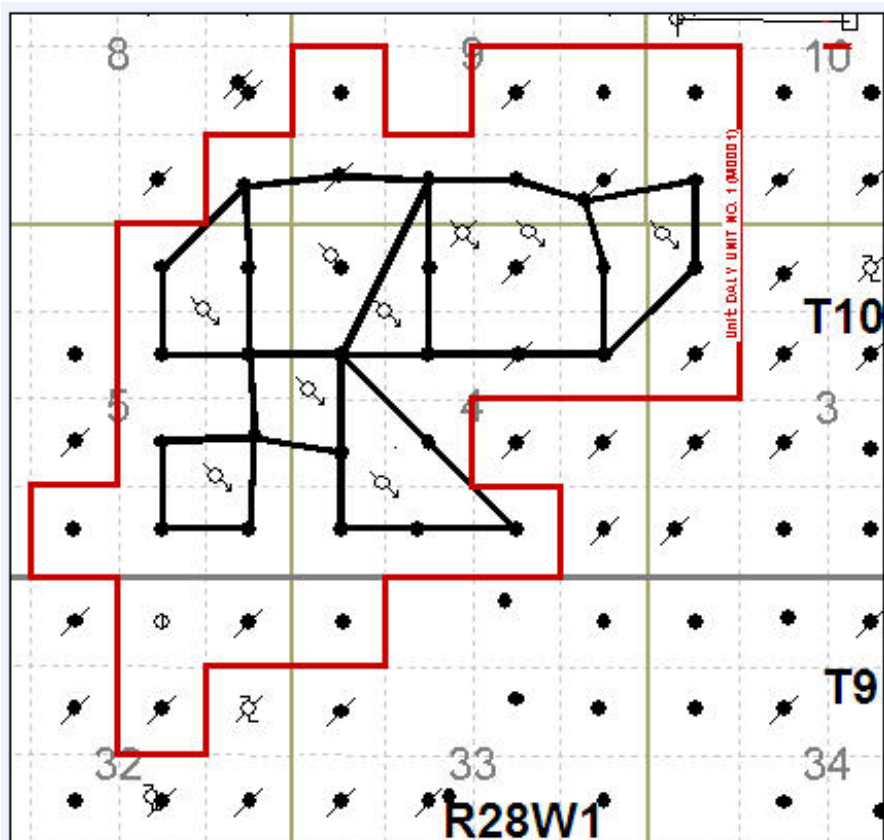


Figure 2: Pattern Map

Table 1: Well Servicing Report

UWI	Start Date	Type	Objective
100/08-09-010-28W1	22-Feb-11	Maintenance	Tubing pressure tested. Exchanged insert pump.
102/05-04-010-28W1	8-Mar-11	Maintenance	3.9 m3 acid pumped
102/13-03-010-28W1	8-Mar-11	Maintenance	4.5 m3 acid pumped
102/13-04-010-28W1	8-Mar-11	Maintenance	4.0 m3 acid pumped
103/12-04-010-28W1	15-Mar-11	Maintenance	8.3 m3 acid pumped
102/15-04-010-28W1	15-Mar-11	Maintenance	9.0 m3 acid pumped
102/12-04-010-28W1	19-Mar-11	Maintenance	Pumped 3.8 m3 of acid.
100/16-05-010-28W1	1-Sep-11	Maintenance	Replaced 39 joints of pipe.
100/12-04-010-28W1	28-Oct-11	Suspension	Retrievable plug to be run - suspend formation. Required two packers, as casing is in rough shape.
100/05-04-010-28W1	25-Nov-11	Maintenance	Double displacement pump was required (rebuild was insufficient).

Table 2: 2011 Pressure Surveys

UWI	Test Date	Test Type	Shut-In Since	BH Pressure (kPaa)
100/15-32-009-28W1/00	10-Aug-11	AWS	1999/02	8321
100/03-04-010-28W1/00	10-Aug-11	AWS	2010/09	3964
100/05-04-010-28W1/00	10-Aug-11	AWS	2011/06	8471
100/11-04-010-28W1/00	10-Aug-11	AWS	2007/01	11231
100/12-04-010-28W1/00	10-Aug-11	AWS	2011/06	9739
100/08-05-010-28W1/00	10-Aug-11	AWS	2011/06	8814
100/09-05-010-28W1/00	10-Aug-11	AWS	2011/06	8679
100/10-05-010-28W1/00	10-Aug-11	AWS	2009/10	8106
100/15-05-010-28W1/00	10-Aug-11	AWS	2009/11	4117
Average Reservoir Pressure in 2011 ---->				7,938

Table 3: Waterflood Patterns and Corresponding Injectors

Pattern	Well
102/13-03	102/13-03-010-28W1/00
102/15-04	102/14-04-010-28W1/00
102/15-04	102/15-04-010-28W1/00
102/12-04	102/12-04-010-28W1/00
102/12-04	102/12-04-010-28W1/02
102/13-04	102/13-04-010-28W1/00
102/15-05	102/15-05-010-28W1/00
103/12-04	103/12-04-010-28W1/00
102/05-04	102/05-04-010-28W1/00
102/08-05	102/08-05-010-28W1/00

Table 4
Daly Unit #1
Total For Unit

Date	Monthly Oil Prod sm3	Oil Rate (CD) sm3/d	Monthly Water Prod sm3	Water Rate (CD) sm3/d	Water Oil Ratio	Monthly Water Inj sm3	Water Inj Rate (CD) sm3/d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2011	558.6	18.38	8674.6	285.35	15.53	8711.9	286.58	7084	0.94	0.93
2/28/2011	520.3	17.12	6867.0	225.89	13.20	6882.1	226.38	7029	0.93	0.93
3/31/2011	559.0	18.39	7543.4	248.14	13.49	7577.3	249.25	7035	0.93	0.93
4/30/2011	499.9	16.44	8170.3	268.76	16.34	8190.0	269.41	7217	0.94	0.93
5/31/2011	485.1	15.96	9175.4	301.82	18.91	9227.3	303.53	7286	0.95	0.93
6/30/2011	374.8	12.33	11108.0	365.39	29.64	11205.5	368.60	7296	0.97	0.93
7/31/2011	474.0	15.59	12204.9	401.48	25.75	12254.3	403.10	7586	0.96	0.93
8/31/2011	558.0	18.36	13157.7	432.82	23.58	13225.6	435.05	7586	0.96	0.93
9/30/2011	549.3	18.07	12988.2	427.24	23.65	13000.2	427.64	7587	0.96	0.93
10/31/2011	559.0	18.39	13326.6	438.38	23.84	13338.0	438.75	7628	0.96	0.93
11/30/2011	546.2	17.97	11789.3	387.81	21.58	11805.8	388.35	7704	0.95	0.93
12/31/2011	526.3	17.31	11720.0	385.53	22.27	11720.0	385.53	7642	0.95	0.93
Cumulative Oil Produced (E3m3)					1290.25					
Cumulative Water Produced (E3m3)					9152.43					
Cumulative Water Injected (E3m3)					9809.19					
Cumulative Voidage Replacement Ratio					0.93					

Table 4
Daly Unit #1
Pattern: 02/05-04

Date	Monthly Oil Prod M3	Oil Rate (CD) m3/d	Monthly Water Prod m3	Water Rate (CD) m3/d	Water Oil Ratio m3/m3	Monthly Water Inj m3	Water Inj Rate (CD) m3/d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2011	28.2	0.91	75.3	2.43	2.67	441.6	14.25	7197	4.21	1.06
2/28/2011	25.8	0.92	59.0	2.11	2.29	388.4	13.87	7100	4.51	1.06
3/31/2011	27.0	0.87	64.0	2.06	2.37	576.1	18.58	7113	6.23	1.06
4/30/2011	25.5	0.85	71.5	2.38	2.80	989.0	32.97	7510	10.05	1.06
5/31/2011	23.4	0.76	127.3	4.10	5.43	1043.3	33.65	7800	6.86	1.06
6/30/2011	19.7	0.66	1562.6	52.09	79.22	1575.3	52.51	7800	1.00	1.06
7/31/2011	11.2	0.36	42.6	1.38	3.81	2050.2	66.14	7800	37.66	1.07
8/31/2011	27.4	0.88	113.0	3.65	4.13	2231.8	71.99	7800	15.73	1.07
9/30/2011	26.8	0.89	1315.8	43.86	49.19	2202.5	73.42	7800	1.64	1.07
10/31/2011	24.5	0.79	1494.9	48.22	60.98	2070.2	66.78	7813	1.36	1.07
11/30/2011	23.6	0.79	1084.8	36.16	45.98	1020.5	34.02	8913	0.92	1.07
12/31/2011	33.6	1.08	1133.6	36.57	33.72	1026.0	33.10	7997	0.88	1.07
Cumulative Oil Produced (E3m3)					104.67					
Cumulative Water Produced (E3m3)					774.19					
Cumulative Water Injected (E3m3)					940.30					
Cumulative Voidage Replacement Ratio					1.07					

Table 4
Daly Unit #1
Pattern: 02/08-05

Date	Monthly Oil Prod M3	Oil Rate (CD) m3/d	Monthly Water Prod m3	Water Rate (CD) m3/d	Water Oil Ratio m3/m3	Monthly Water Inj m3	Water Inj Rate (CD) m3/d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2011	39.1	1.26	1860.9	60.03	47.59	2407.4	77.66	7197	1.27	1.07
2/28/2011	35.8	1.28	1457.6	52.06	40.69	2218.8	79.24	7100	1.48	1.07
3/31/2011	37.4	1.21	1583.1	51.07	42.30	2439.1	78.68	7110	1.50	1.07
4/30/2011	34.7	1.16	1727.3	57.58	49.74	2231.0	74.37	7400	1.27	1.07
5/31/2011	35.6	1.15	1947.8	62.83	54.75	2317.6	74.76	7400	1.17	1.07
6/30/2011	19.0	0.63	1306.0	43.53	68.74	2833.0	94.43	7410	2.14	1.07
7/31/2011	37.5	1.21	2547.3	82.17	67.93	3068.9	99.00	7700	1.19	1.07
8/31/2011	37.8	1.22	2779.2	89.65	73.52	3565.4	115.01	7700	1.27	1.07
9/30/2011	37.0	1.23	2471.3	82.38	66.75	3610.7	120.36	7690	1.44	1.07
10/31/2011	33.9	1.09	2640.1	85.16	77.95	3564.0	114.97	7394	1.33	1.07
11/30/2011	32.5	1.08	2536.7	84.56	78.02	3832.0	127.73	7220	1.49	1.07
12/31/2011	54.1	1.74	2865.7	92.44	53.02	3792.0	122.32	7797	1.30	1.08
Cumulative Oil Produced (E3m3)					83.28					
Cumulative Water Produced (E3m3)					1309.87					
Cumulative Water Injected (E3m3)					1500.13					
Cumulative Voidage Replacement Ratio					1.08					

Table 4
Daly Unit #1
Pattern: 02/12-04

Date	Monthly Oil Prod M3	Oil Rate (CD) m3/d	Monthly Water Prod m3	Water Rate (CD) m3/d	Water Oil Ratio m3/m3	Monthly Water Inj m3	Water Inj Rate (CD) m3/d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2011	26.6	0.86	99.9	3.22	3.75	2807.3	90.56	7197	21.93	0.72
2/28/2011	24.3	0.87	78.2	2.79	3.22	2514.4	89.80	7100	24.20	0.72
3/31/2011	25.5	0.82	85.0	2.74	3.33	454.5	14.66	7110	4.06	0.72
4/30/2011	13.1	0.44	51.7	1.72	3.95	474.0	15.80	7400	7.23	0.72
5/31/2011	8.8	0.28	134.4	4.34	15.32	695.8	22.45	7400	4.84	0.72
6/30/2011	37.5	1.25	2622.2	87.41	70.02	637.0	21.23	7407	0.24	0.72
7/31/2011	7.1	0.23	38.5	1.24	5.42	923.1	29.78	7600	20.08	0.72
8/31/2011	24.0	0.78	139.5	4.50	5.80	1112.4	35.88	7600	6.75	0.73
9/30/2011	25.2	0.84	2747.8	91.59	109.04	1158.8	38.63	7600	0.42	0.72
10/31/2011	23.1	0.75	3127.0	100.87	135.18	1150.0	37.10	8000	0.37	0.72
11/30/2011	22.3	0.74	178.8	5.96	8.03	985.0	32.83	8000	4.87	0.72
12/31/2011	23.1	0.75	83.7	2.70	3.62	1041.0	33.58	8000	9.62	0.73
Cumulative Oil Produced (E3m3)					133.89					
Cumulative Water Produced (E3m3)					1247.50					
Cumulative Water Injected (E3m3)					1006.38					
Cumulative Voidage Replacement Ratio					0.73					

Table 4
Daly Unit #1
Pattern: 02/13-03

Date	Monthly Oil Prod M3	Oil Rate (CD) m3/d	Monthly Water Prod m3	Water Rate (CD) m3/d	Water Oil Ratio m3/m3	Monthly Water Inj m3	Water Inj Rate (CD) m3/d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2011	24.2	0.78	100.6	3.24	4.16	527.8	17.03	7197	4.19	5.73
2/28/2011	22.2	0.79	78.8	2.81	3.56	423.1	15.11	7100	4.14	5.73
3/31/2011	23.2	0.75	85.6	2.76	3.70	169.6	5.47	7106	1.54	5.73
4/30/2011	21.5	0.72	95.1	3.17	4.43	621.0	20.70	7303	5.27	5.73
5/31/2011	20.7	0.67	108.6	3.50	5.25	701.8	22.64	7400	5.38	5.73
6/30/2011	16.3	0.54	120.8	4.03	7.39	701.8	23.39	7413	5.09	5.73
7/31/2011	20.6	0.66	132.0	4.26	6.42	701.8	22.64	7800	4.57	5.73
8/31/2011	23.5	0.76	150.9	4.87	6.41	1064.7	34.35	7800	6.06	5.73
9/30/2011	22.9	0.76	81.9	2.73	3.57	1120.9	37.36	7807	10.56	5.73
10/31/2011	20.4	0.66	86.3	2.78	4.23	1591.0	51.32	7997	14.76	5.74
11/30/2011	20.7	0.69	83.0	2.76	4.01	1452.0	48.40	7900	13.85	5.74
12/31/2011	21.5	0.69	86.1	2.78	4.01	1402.0	45.23	7900	12.89	5.75
Cumulative Oil Produced (E3m3)					61.17					
Cumulative Water Produced (E3m3)					76.07					
Cumulative Water Injected (E3m3)					807.87					
Cumulative Voidage Replacement Ratio					5.89					

Table 4
Daly Unit #1
Pattern: 02/13-04

Date	Monthly Oil Prod M3	Oil Rate (CD) m3/d	Monthly Water Prod m3	Water Rate (CD) m3/d	Water Oil Ratio m3/m3	Monthly Water Inj m3	Water Inj Rate (CD) m3/d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2011	36.9	1.19	340.7	10.99	9.24	1336.2	43.10	7197	3.52	1.04
2/28/2011	38.5	1.37	304.0	10.86	7.90	289.2	10.33	7100	0.84	1.04
3/31/2011	45.4	1.46	371.1	11.97	8.18	2076.9	67.00	7103	4.96	1.04
4/30/2011	43.0	1.43	414.2	13.81	9.64	1886.0	62.87	7207	4.10	1.04
5/31/2011	45.7	1.47	525.1	16.94	11.50	2071.6	66.83	7400	3.61	1.04
6/30/2011	54.8	1.83	1776.8	59.23	32.44	2112.3	70.41	7413	1.15	1.04
7/31/2011	47.8	1.54	712.1	22.97	14.89	1889.0	60.94	7800	2.48	1.04
8/31/2011	43.8	1.41	618.0	19.93	14.11	2170.1	70.00	7800	3.27	1.04
9/30/2011	43.1	1.44	1420.4	47.35	32.99	1999.3	66.64	7807	1.36	1.05
10/31/2011	41.1	1.33	1601.3	51.66	38.97	2137.8	68.96	7997	1.30	1.05
11/30/2011	39.6	1.32	479.6	15.99	12.13	2225.0	74.17	7897	4.27	1.05
12/31/2011	45.3	1.46	540.1	17.42	11.94	2308.0	74.45	7800	3.93	1.05
Cumulative Oil Produced (E3m3)					158.48					
Cumulative Water Produced (E3m3)					734.08					
Cumulative Water Injected (E3m3)					945.05					
Cumulative Voidage Replacement Ratio					1.06					

Table 4
Daly Unit #1
Pattern: 02/15-04

Date	Monthly Oil Prod M3	Oil Rate (CD) m3/d	Monthly Water Prod m3	Water Rate (CD) m3/d	Water Oil Ratio m3/m3	Monthly Water Inj m3	Water Inj Rate (CD) m3/d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2011	48.2	1.56	163.2	5.26	3.38	899.0	29.00	6406	4.20	5.10
2/28/2011	44.1	1.58	127.8	4.56	2.90	740.1	26.43	6600	4.24	5.10
3/31/2011	46.1	1.49	138.8	4.48	3.01	1505.6	48.57	6590	8.03	5.10
4/30/2011	32.7	1.09	111.8	3.73	3.42	1596.0	53.20	6297	10.91	5.10
5/31/2011	27.4	0.88	100.1	3.23	3.65	1762.4	56.85	6200	13.66	5.10
6/30/2011	22.2	0.74	110.6	3.69	4.99	1944.1	64.80	6213	14.51	5.11
7/31/2011	27.2	0.88	121.2	3.91	4.45	2241.3	72.30	6600	14.95	5.11
8/31/2011	44.9	1.45	234.0	7.55	5.21	1804.2	58.20	6600	6.41	5.11
9/30/2011	45.6	1.52	133.0	4.43	2.92	1745.6	58.19	6600	9.64	5.11
10/31/2011	41.2	1.33	138.9	4.48	3.37	1710.0	55.16	6590	9.38	5.12
11/30/2011	40.7	1.36	133.5	4.45	3.28	1281.3	42.71	6297	7.26	5.12
12/31/2011	42.3	1.36	138.7	4.47	3.28	1227.0	39.58	6203	6.69	5.12
Cumulative Oil Produced (E3m3)					107.22					
Cumulative Water Produced (E3m3)					295.47					
Cumulative Water Injected (E3m3)					2090.14					
Cumulative Voidage Replacement Ratio					5.19					

Table 4
Daly Unit #1
Pattern: 02/15-05

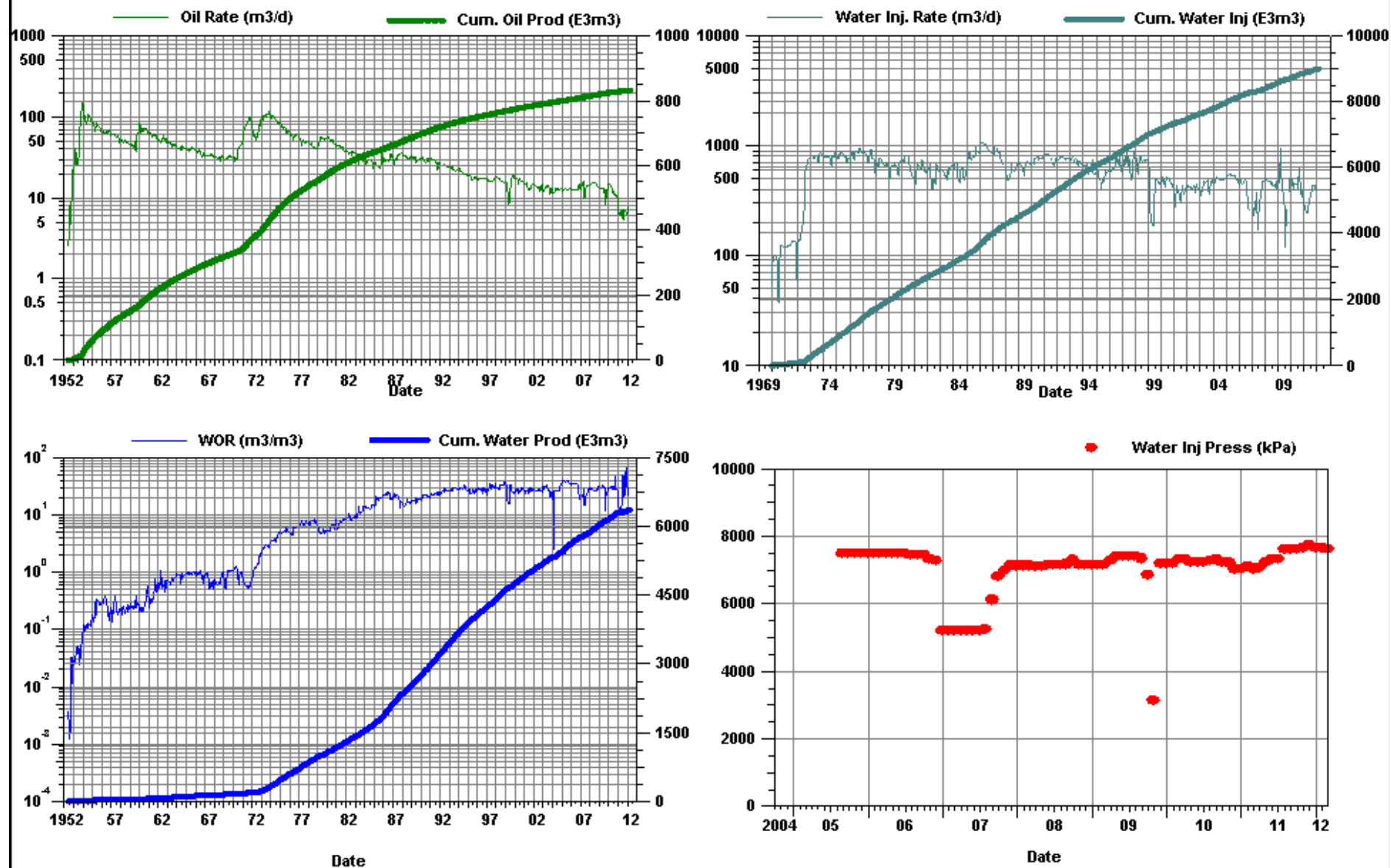
Date	Monthly Oil Prod M3	Oil Rate (CD) m3/d	Monthly Water Prod m3	Water Rate (CD) m3/d	Water Oil Ratio m3/m3	Monthly Water Inj m3	Water Inj Rate (CD) m3/d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/1/2011	4.1	0.13	137.4	4.43	33.52					
2/28/2011	4.3	0.15	37.0	1.32	8.67					
3/31/2011	9.0	0.29	81.0	2.61	8.97					
4/30/2011	8.5	0.28	90.4	3.01	10.60					
5/31/2011	9.1	0.29	112.7	3.63	12.33					
6/30/2011	11.9	0.40	355.9	11.86	29.88					
7/31/2011	11.4	0.37	245.4	7.91	21.45					
8/31/2011	7.0	0.23	106.1	3.42	15.08					
9/30/2011	7.1	0.24	142.4	4.75	20.12					
10/31/2011	8.2	0.26	174.2	5.62	21.34					
11/30/2011	7.9	0.26	167.7	5.59	21.34					
12/31/2011	12.3	0.40	254.2	8.20	20.62					

Cumulative Oil Produced (E3m3)	49.41
Cumulative Water Produced (E3m3)	267.69
Cumulative Water Injected (E3m3)	
Cumulative Voidage Replacement Ratio	

Table 4
Daly Unit #1
Pattern: 03/12-04

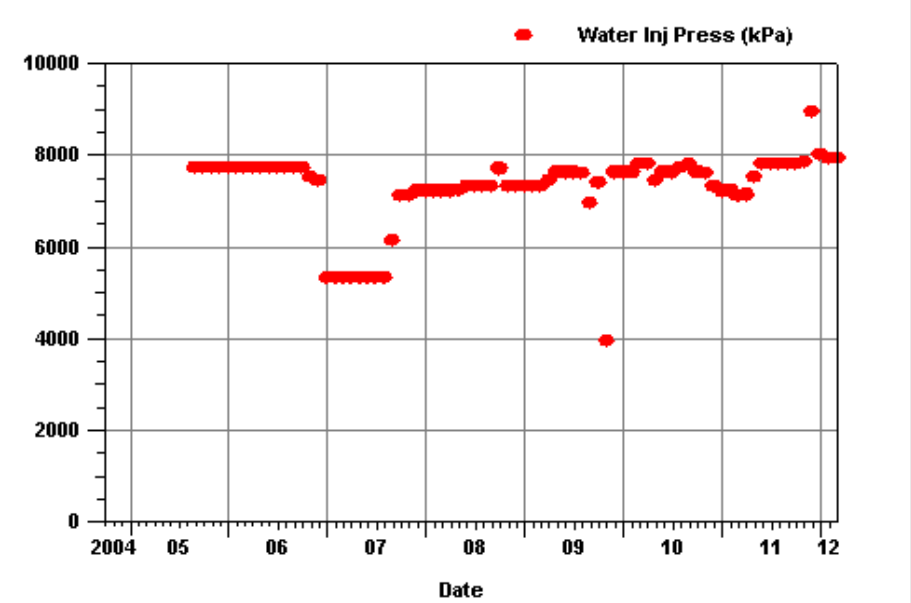
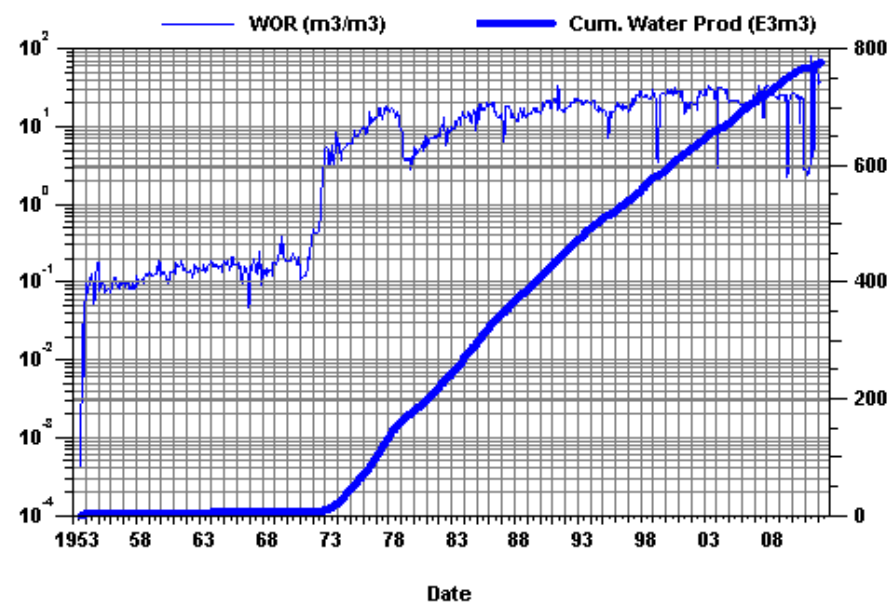
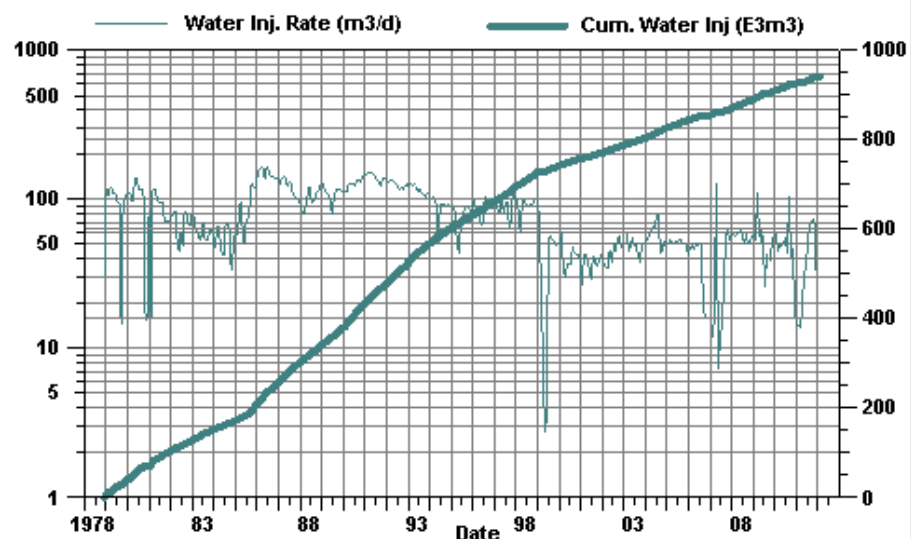
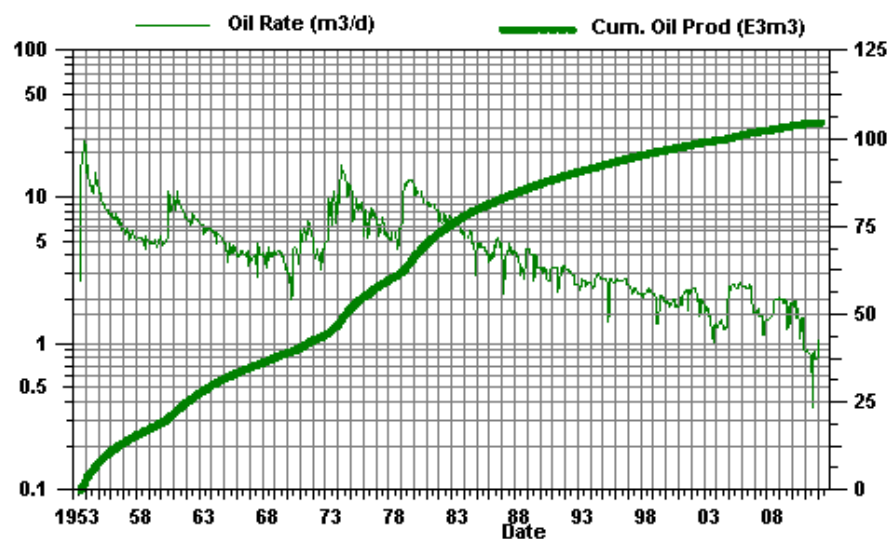
Date	Monthly Oil Prod M3	Oil Rate (CD) m3/d	Monthly Water Prod m3	Water Rate (CD) m3/d	Water Oil Ratio m3/m3	Monthly Water Inj m3	Water Inj Rate (CD) m3/d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2011						292.6	9.44	7197		0.96
2/28/2011						308.1	11.00	7100		0.96
3/31/2011						355.5	11.47	7110		0.96
4/30/2011						393.0	13.10	7400		0.96
5/31/2011	2.7	0.09	150.8	4.86	55.85	634.8	20.48	7400	4.13	0.96
6/30/2011	45.0	1.50	3556.7	118.56	78.99	1402.0	46.73	7413	0.39	0.96
7/31/2011	2.4	0.08	115.1	3.71	47.95	1380.0	44.52	7800	11.73	0.96
8/31/2011						1277.0	41.19	7800		0.96
9/30/2011	0.0	0.00	3448.1	114.94		1162.4	38.75	7807	0.34	0.96
10/31/2011	0.0	0.00	3935.6	126.96		1115.0	35.97	7603	0.28	0.96
11/30/2011	0.0	0.00	956.9	31.90		1010.0	33.67	7703	1.06	0.96
12/31/2011	14.2	0.46	1063.0	34.29	74.67	924.0	29.81	7800	0.86	0.96
Cumulative Oil Produced (E3m3)					135.46					
Cumulative Water Produced (E3m3)					1659.52					
Cumulative Water Injected (E3m3)					1725.02					
Cumulative Voidage Replacement Ratio					0.96					

Daly Unit #1 Total For Project



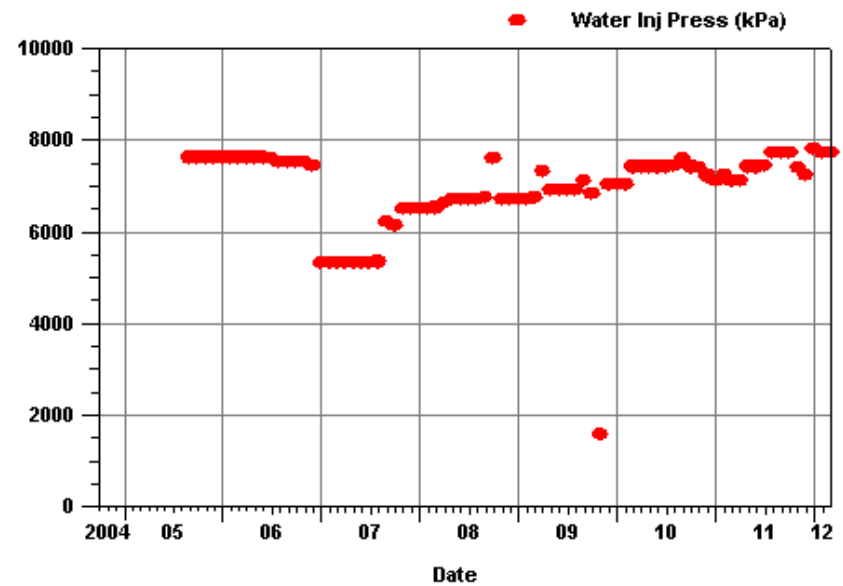
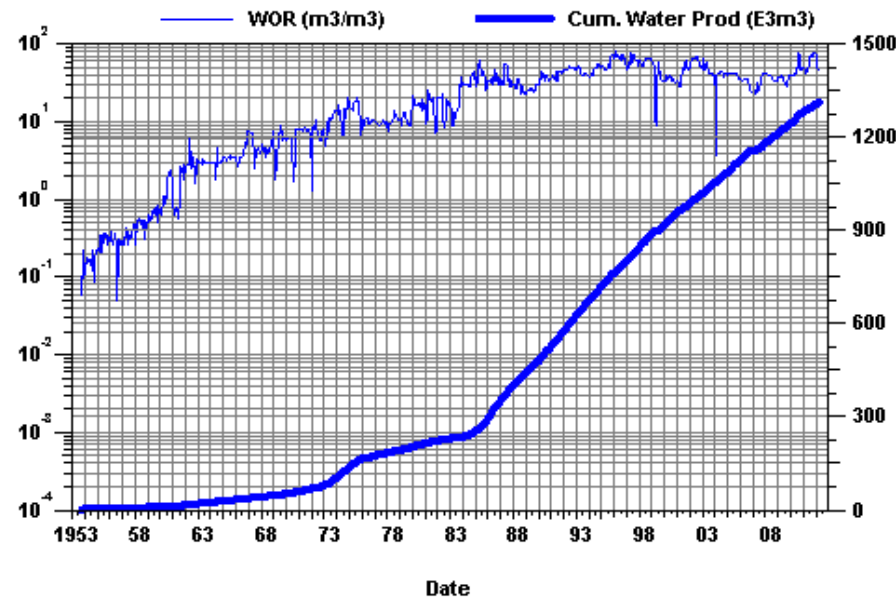
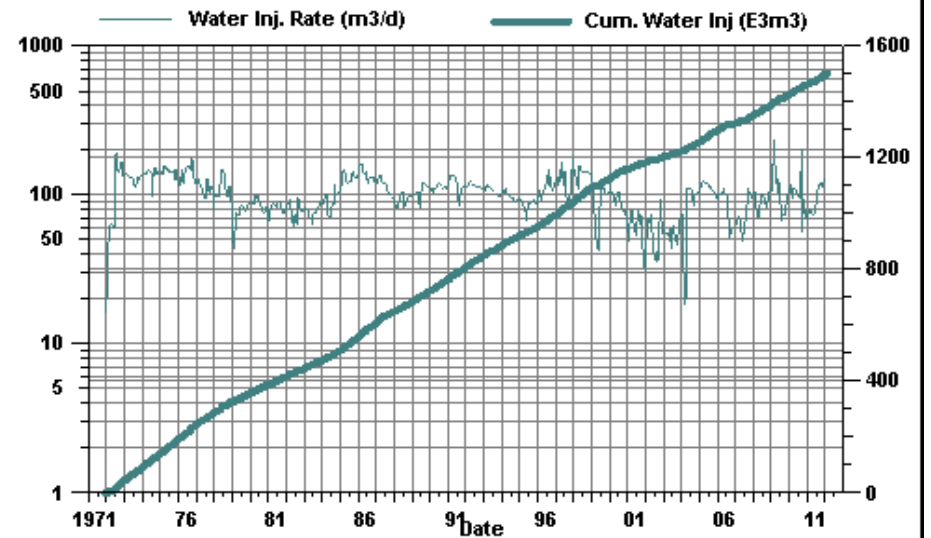
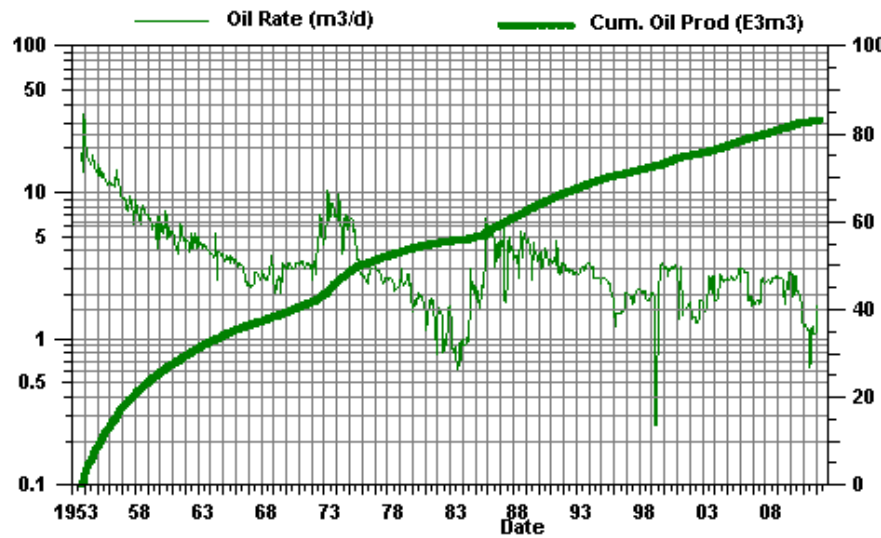
Daly Unit #1

02/05-04



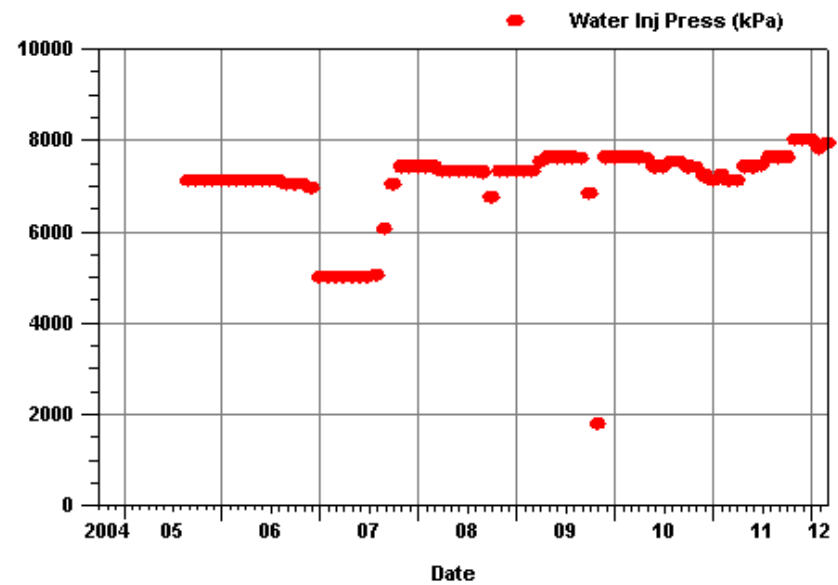
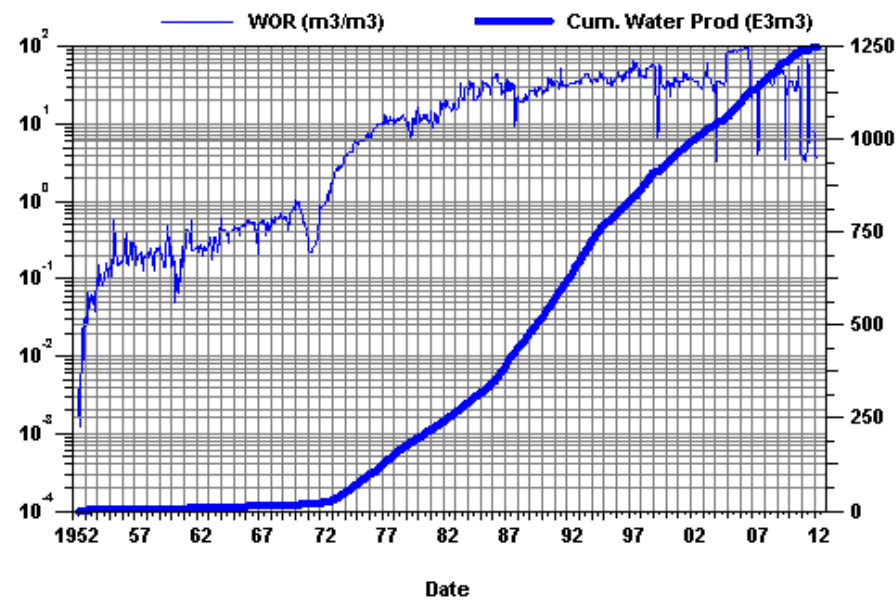
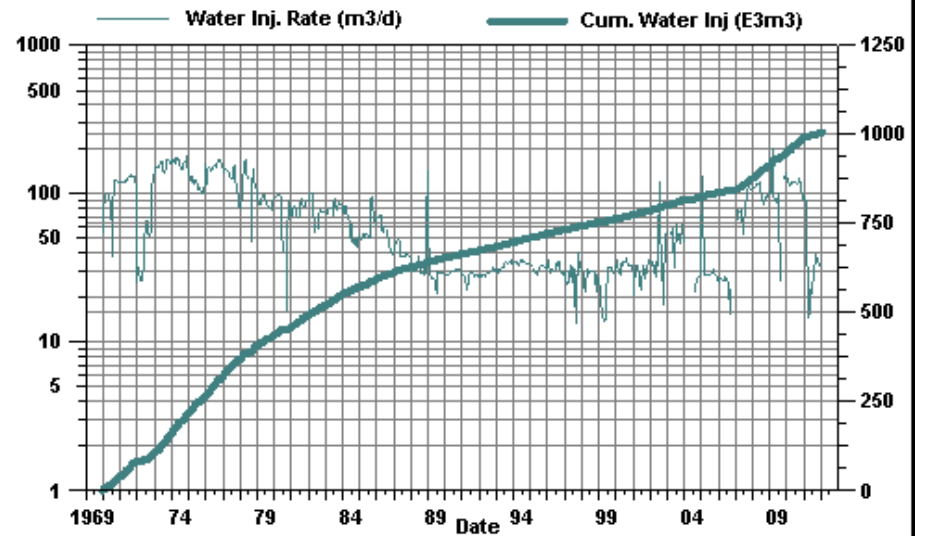
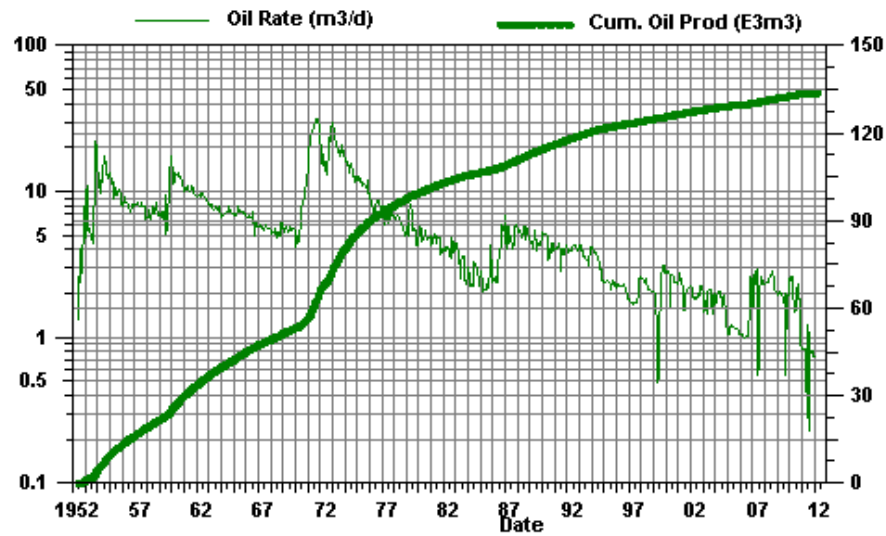
Daly Unit #1

02/08-05



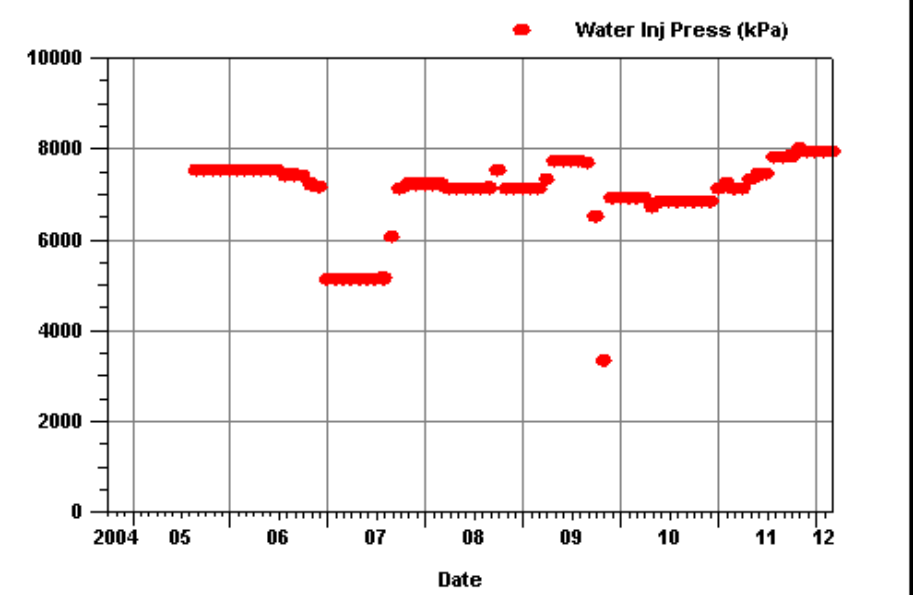
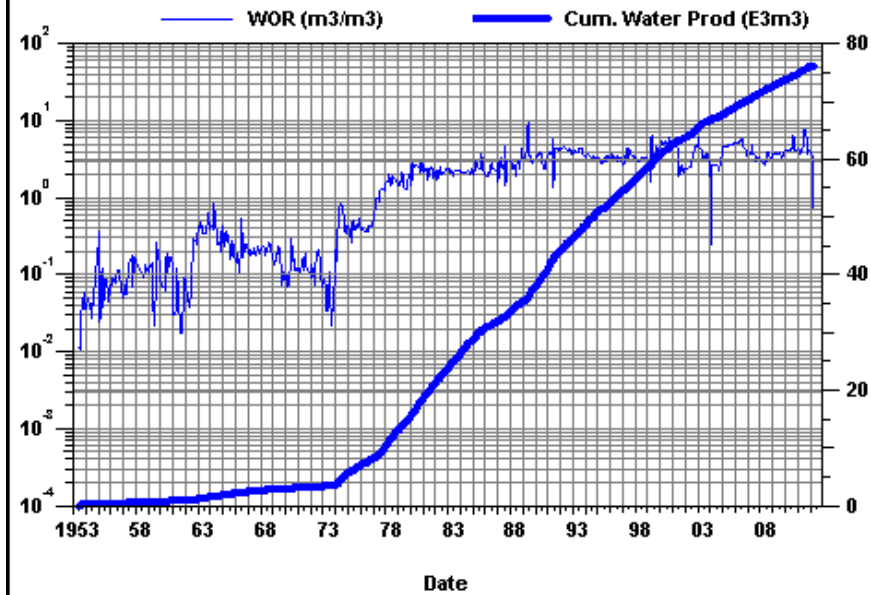
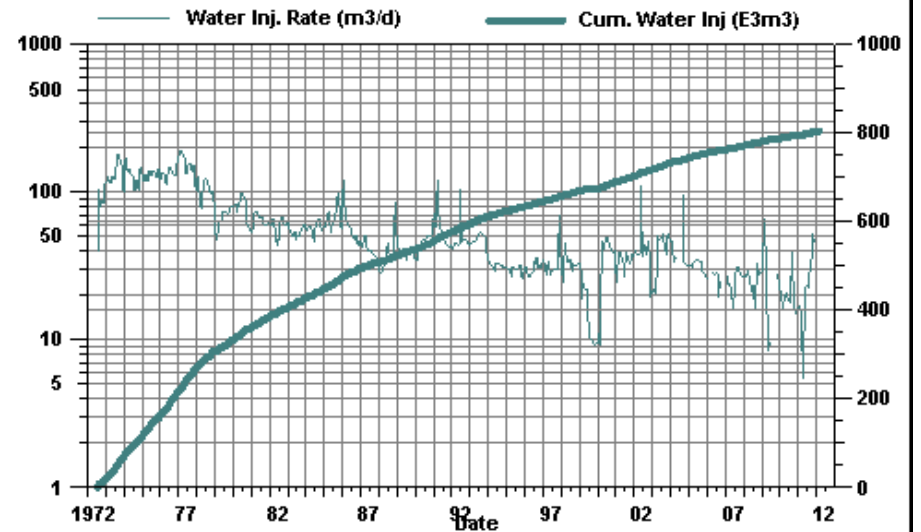
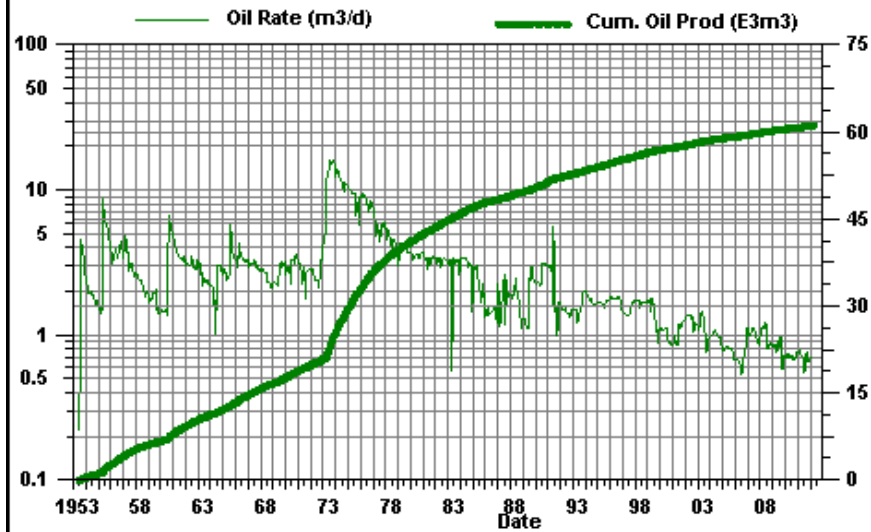
Daly Unit #1

02/12-04



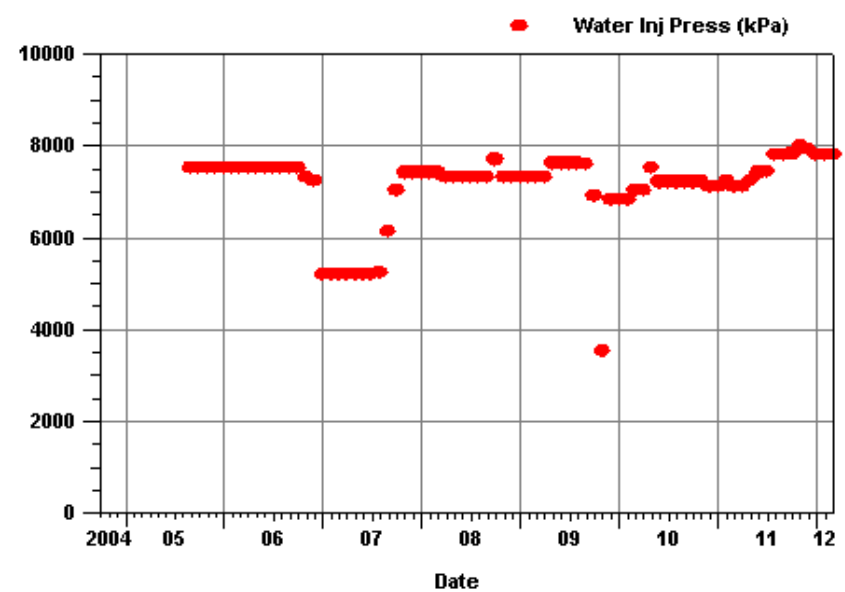
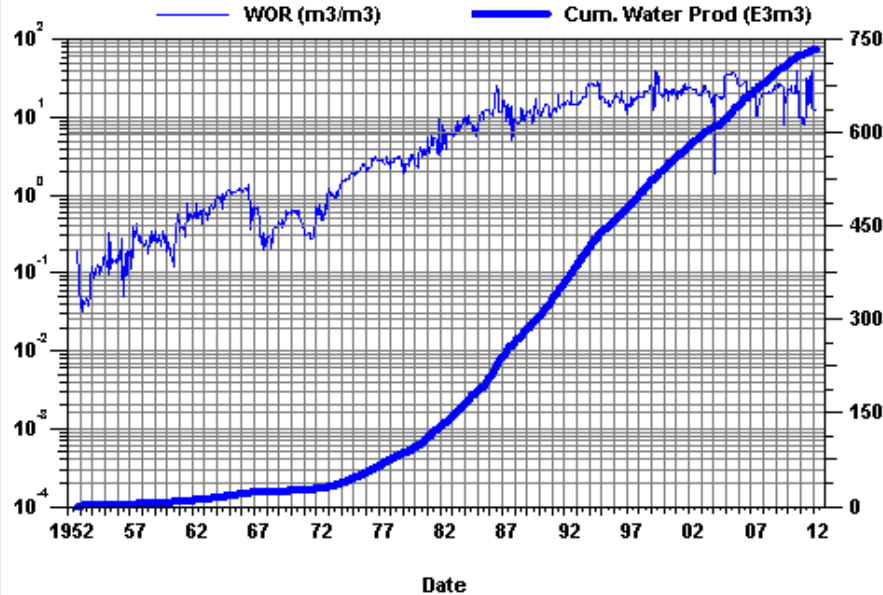
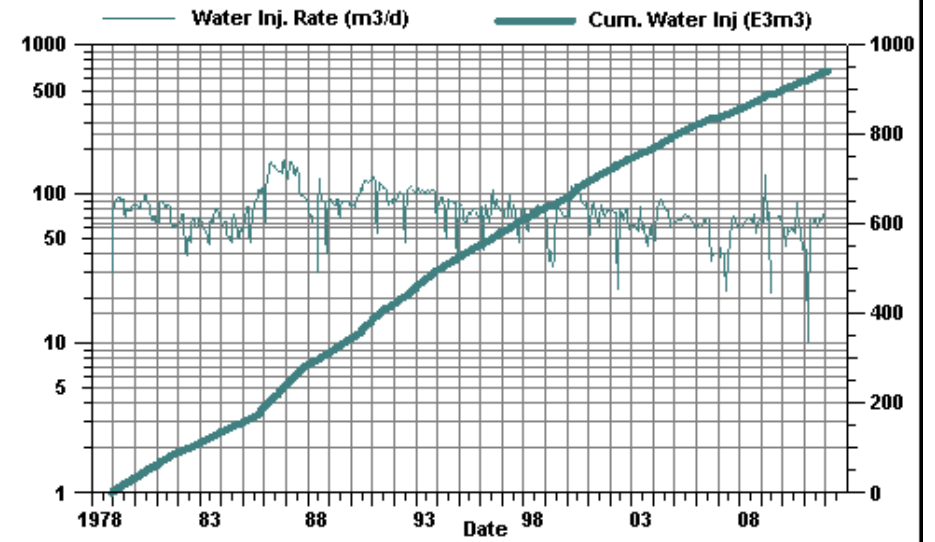
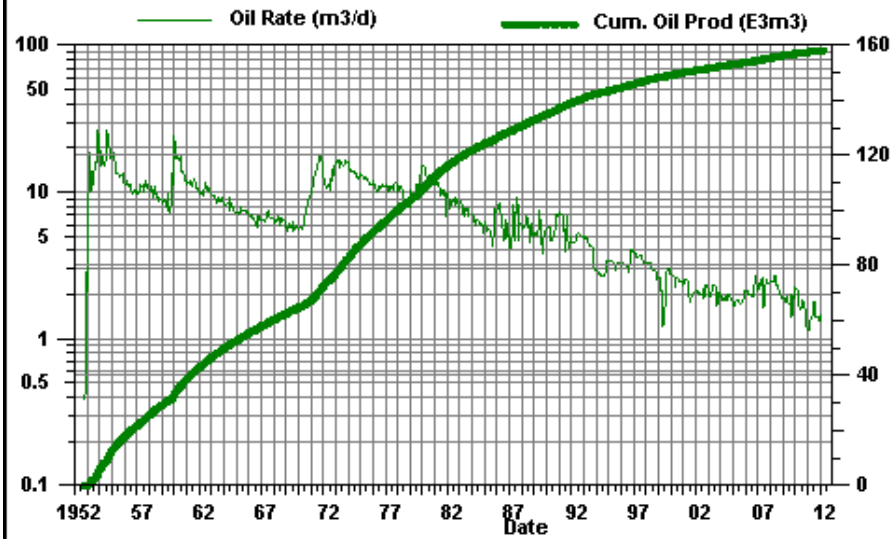
Daly Unit #1

02/13-03



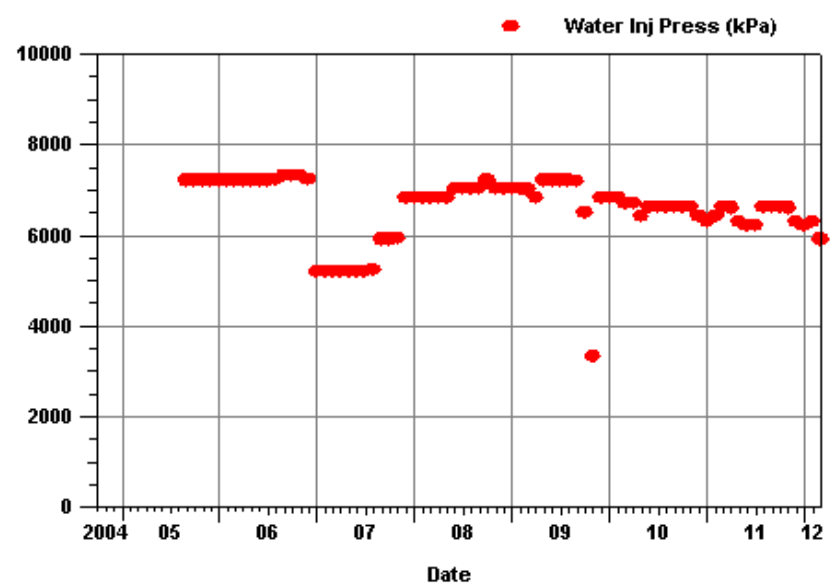
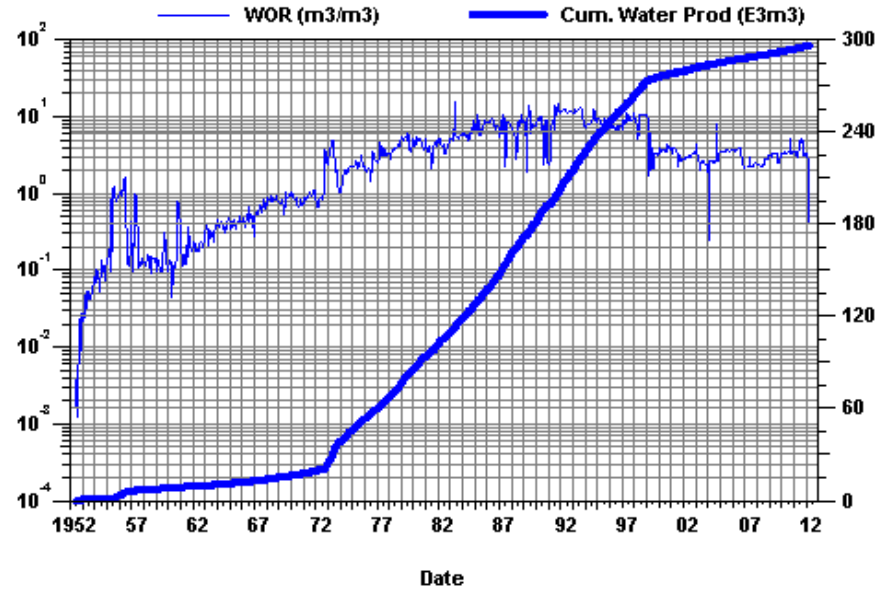
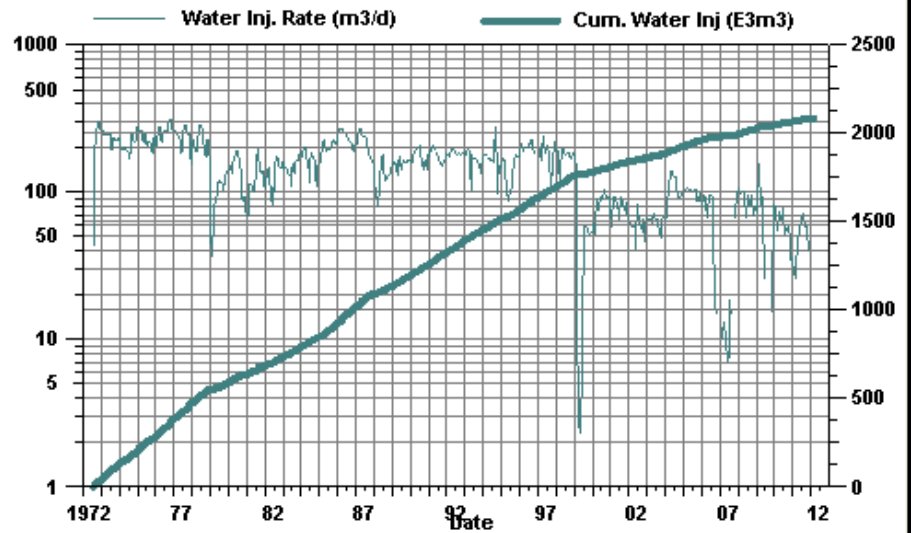
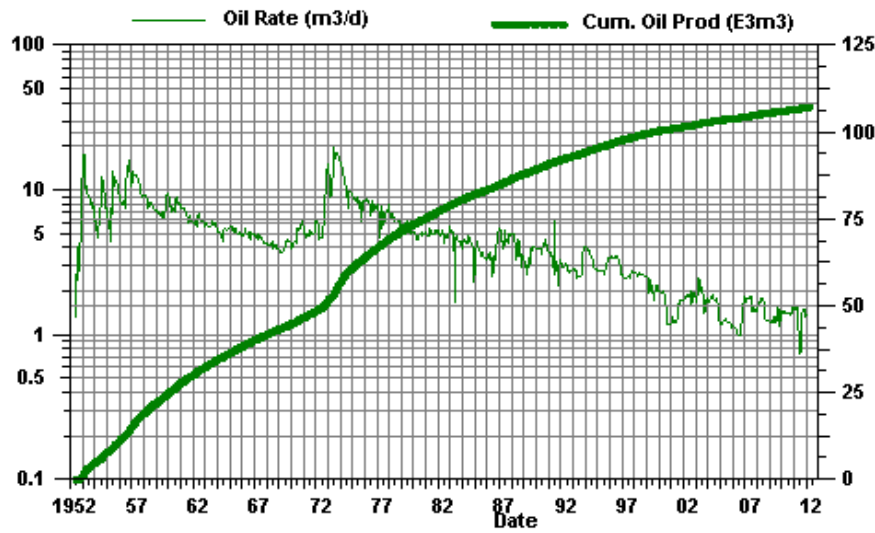
Daly Unit #1

02/13-04



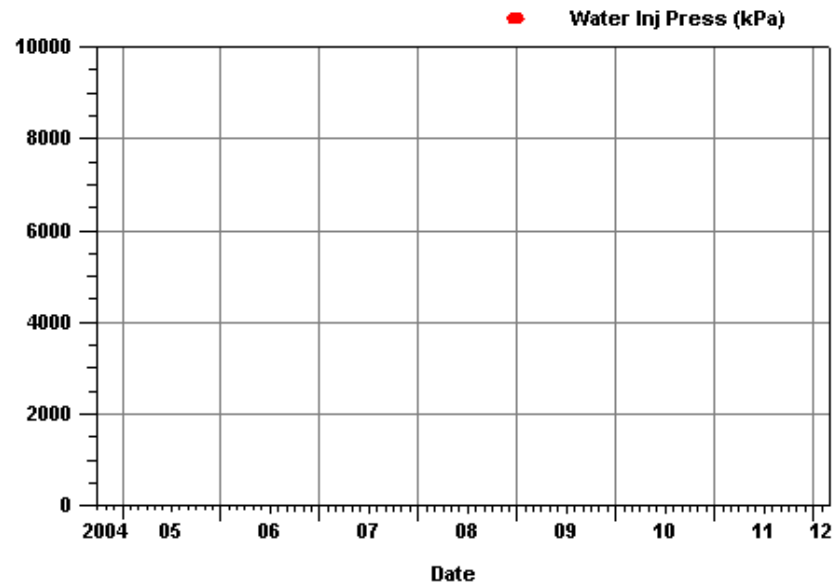
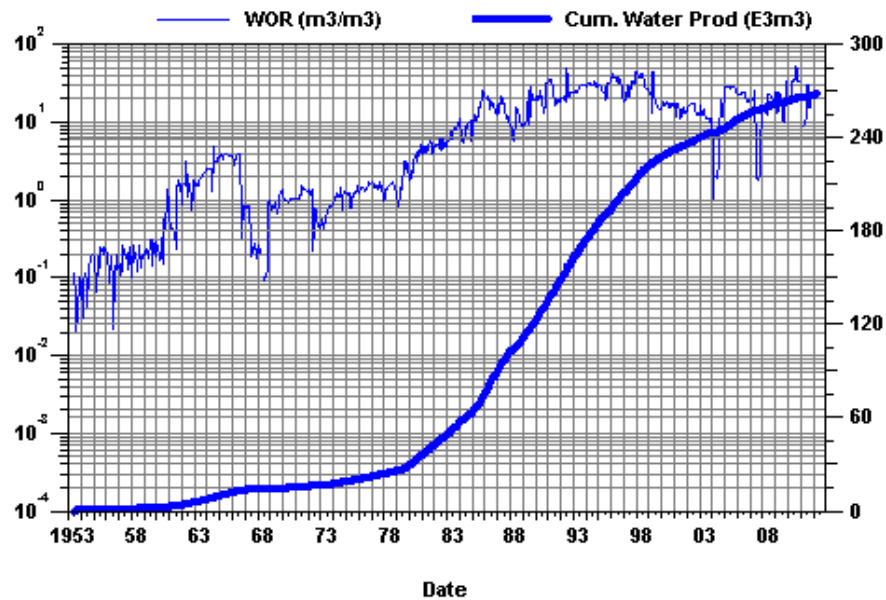
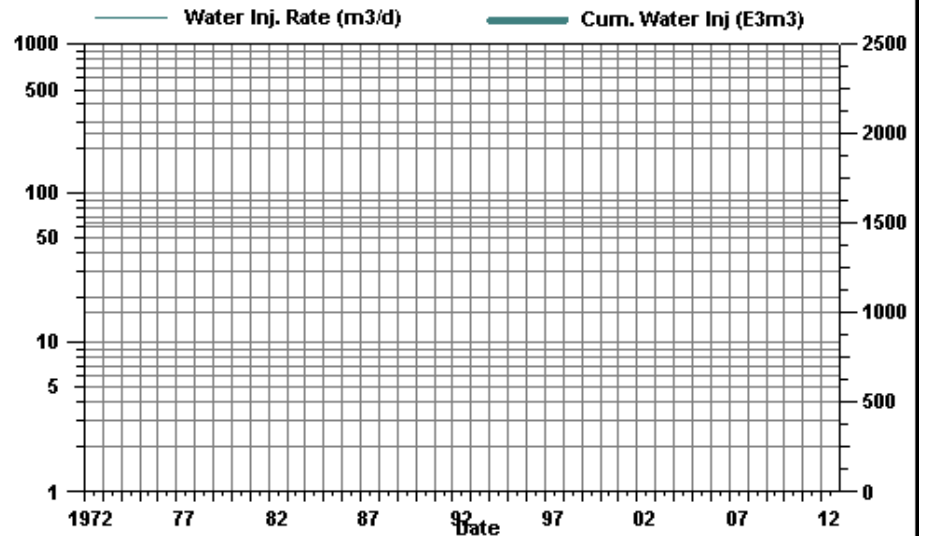
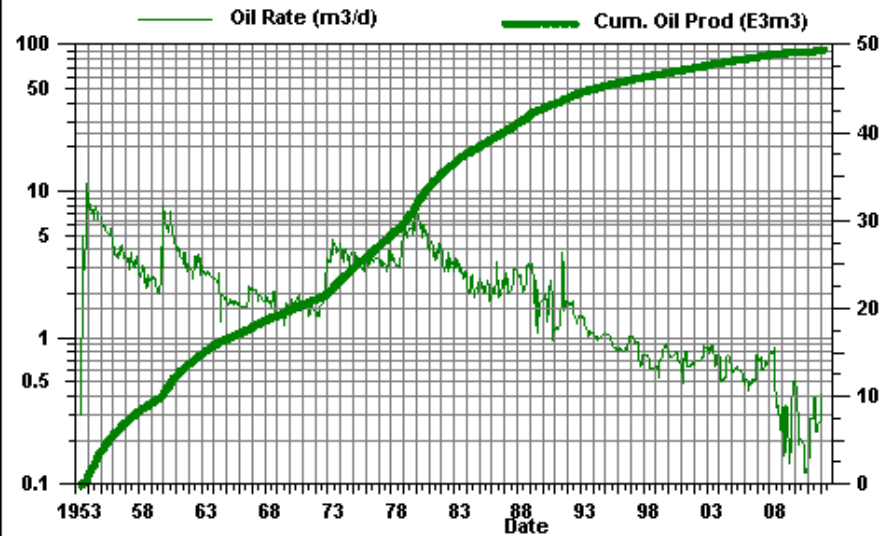
Daly Unit #1

02/15-04



Daly Unit #1

02/15-05



Daly Unit #1

03/12-04

