

Daly Unit #1
2012 Annual EOR Report

Executive Summary

In 2012 oil production in the Daly Unit #1 was 16 m³/d (102 bbl/d) totaling 5.9 e³m³ (37.2 mbbbl). Annual production was down 4.6% from 2011 to 2012. By the end of 2012 cumulative oil production from the Daly Unit #1 was 1 296 e³m³ (8.2 mmbbl).

There has been no drilling activity in the unit since the 1970's when all of the water injectors were drilled and the waterflood was initiated. In December 2012 there were 24 producing oil wells and 7 water injectors active in the unit.

The operatorship of the Daly Unit #1 was transferred to Corex Resources on December 19, 2012.

Discussion

The Daly Unit #1 has been under waterflood since 1969, 17 years after initial production in 1952. Water injection increased the oil production rate from $\sim 50 \text{ m}^3/\text{d}$ just prior to injection to $\sim 140 \text{ m}^3/\text{d}$ peak production after injection.

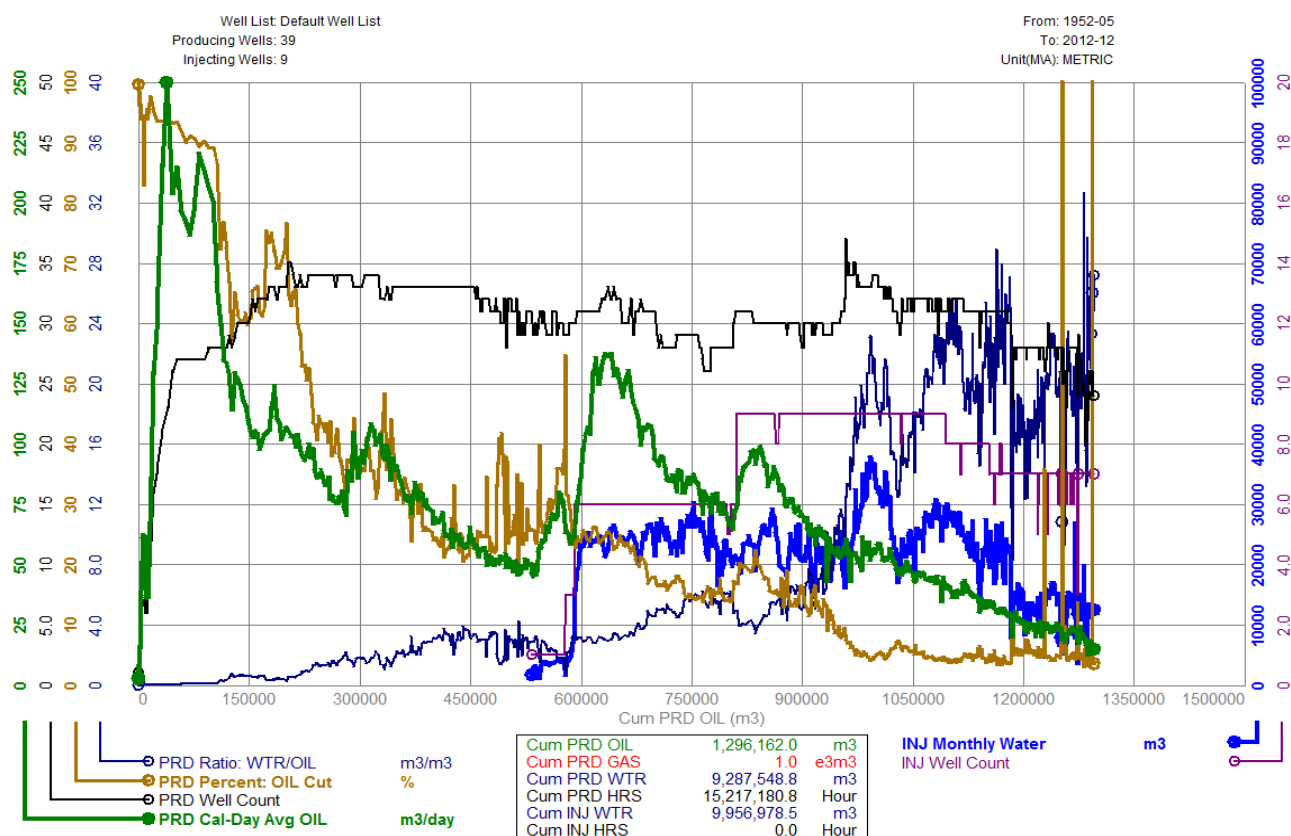
No horizontal drilling has occurred within the unit. Production is steady and the decline from 2011 to 2012 was low at 4.6%.

In 2012 9 wells were worked over to improve sweep efficiency and reduce injection pressures within the unit. No production response from these workovers has been observed to date.

The injected water at Daly Unit #1 is not filtered or treated in any way.

In the composite rate – cumulative oil plot below, waterflood response is clearly demonstrated at a cumulative oil production of $550 \text{ e}^3\text{m}^3$. Waterflood response was very good and as a result expected ultimate oil recovery was increased by 0.5 to 0.9 times.

Detailed production, injection, voidage tables and plots for the total unit and each injection pattern are at the end of this report.



2012 Reservoir Pressure Surveys

There were no pressure surveys conducted in the Daly Unit #1 during 2012. Prior pressure surveys have shown that the water injection has increased the average reservoir pressure above the original pool pressure. 15 AWS pressures were taken in 2010 and 2011. These pressures typically ranged between 8 000 kPaa and 9 000 kPaa, with some anomalous pressures being outside that range. The initial reservoir pressure is estimated at 6 585 kPaa and the bubble point pressure as 1 517 kPaa.

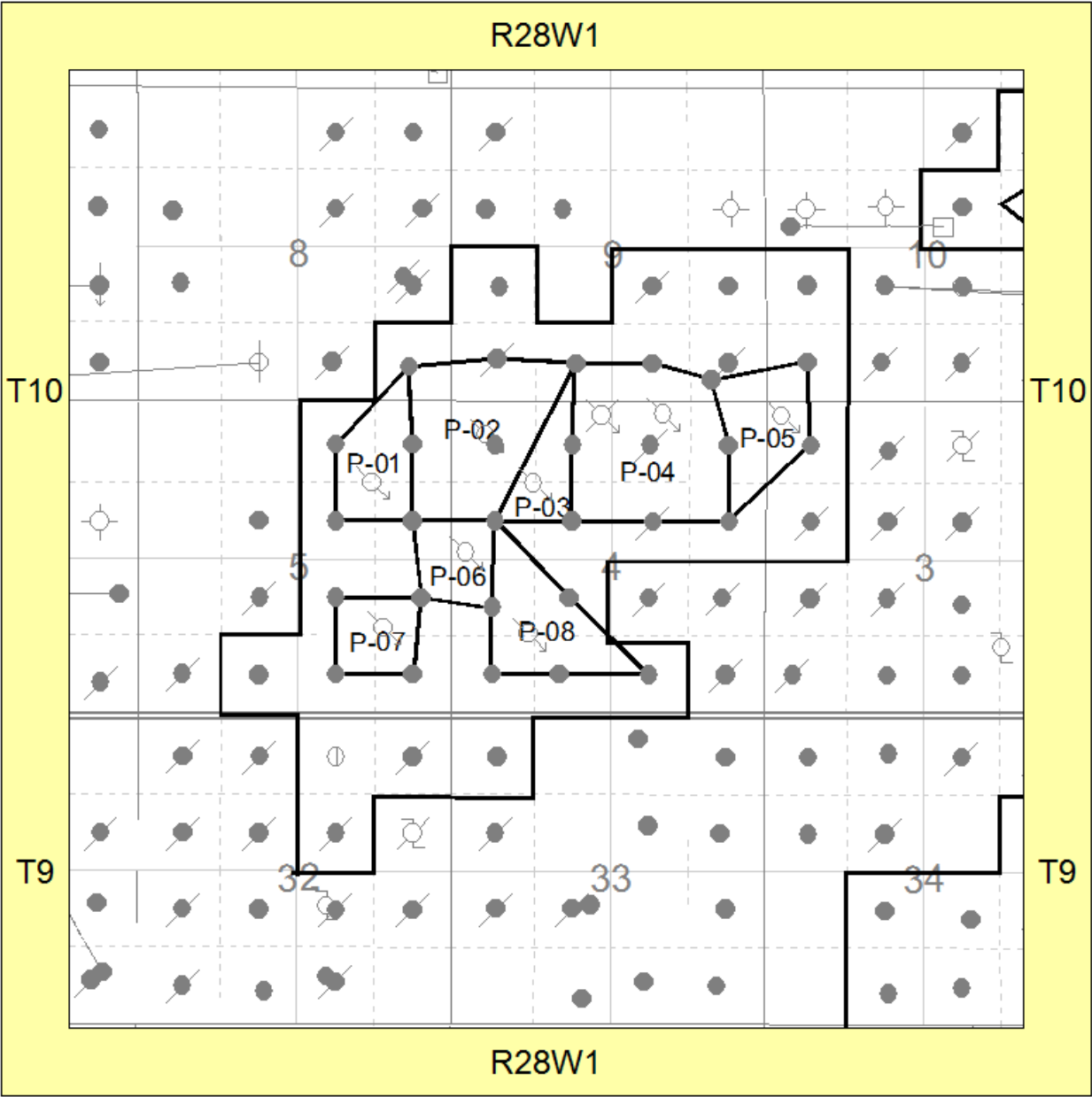
The VRR in 2012 was maintained at 0.96 when all facilities were on stream. The cumulative VRR at year end was 0.94. An oil formation volume factor of $1.06 \text{ rm}^3/\text{sm}^3$ and a water formation volume factor of $1.04 \text{ rm}^3/\text{sm}^3$ were used in the VRR calculations.

The high reservoir pressure is inconsistent with the cumulative voidage replacement ratio of 0.94. There is partial pressure support for the field from an aquifer on the south west side of the field, mainly in the crinoidal zone. Any water influx from this aquifer is not accounted for in the VRR calculation.

2012 Well Servicing

UWID	Licence	Operation	Date	OBJECTIVE
102/05-04-010-28W1/00	002603	Workover	07-MAR-12	Recompletion to increase water injection.
102/13-03-010-28W1/00	002484	Recompletion	16-APR-12	Recompletion
102/13-04-010-28W1/00	002601	Recompletion	12-MAY-12	Recomplete injection well
102/12-04-010-28W1/00	000529	Recompletion	04-JUN-12	Recomplete Injection well
100/12-04-010-28W1/00	000310	Maintenance	27-JUN-12	Reactivate suspended well
103/12-04-010-28W1/00	002480	Maintenance	30-JUN-12	Annual annulus packer isolation test
102/12-04-010-28W1/00	000529	Maintenance	30-JUN-12	Annual annulus pressure test
102/05-04-010-28W1/00	002603	Maintenance	30-JUN-12	Annual annulus pressure test
102/08-05-010-28W1/00	002479	Maintenance	30-JUN-12	Annual annulus pressure test
102/13-04-010-28W1/00	002601	Maintenance	30-JUN-12	Annual annulus pressure test
102/13-03-010-28W1/00	002484	Maintenance	30-JUN-12	Annual annulus pressure test
102/15-04-010-28W1/00	002485	Maintenance	14-JUL-12	Annual annulus pressure test
102/15-05-010-28W1/00	002602	Maintenance	14-JUL-12	Annual annulus pressure test
100/03-04-010-28W1/00	000297	Recompletion	23-JUL-12	Drill out to 785.0 mkb.
100/06-04-010-28W1/00	000273	Recompletion	29-JUL-12	Recompletion
100/16-04-010-28W1/00	000760	Recompletion	11-SEP-12	Recompletion
100/12-04-010-28W1/00	000310	Workover	19-SEP-12	Suspend well bore
100/13-33-009-28W1/00	00364	Maintenance	17-OCT-12	Repair casing vent flow

Waterflood Pattern Map



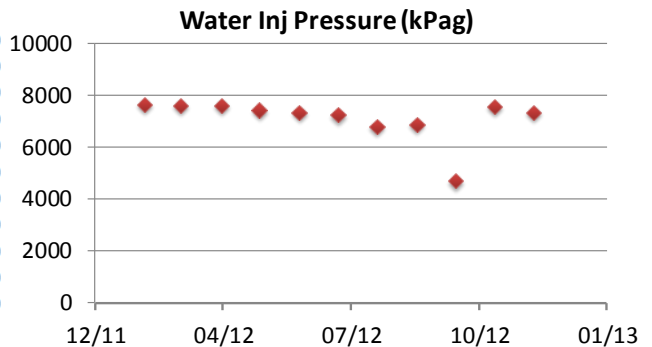
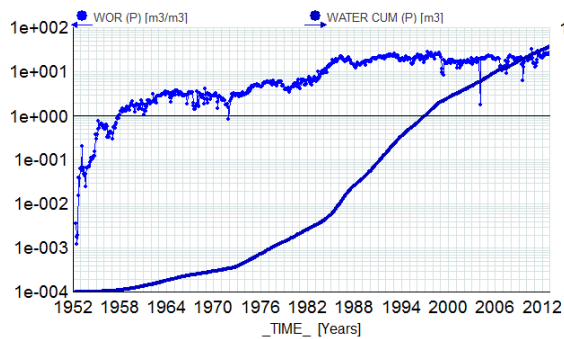
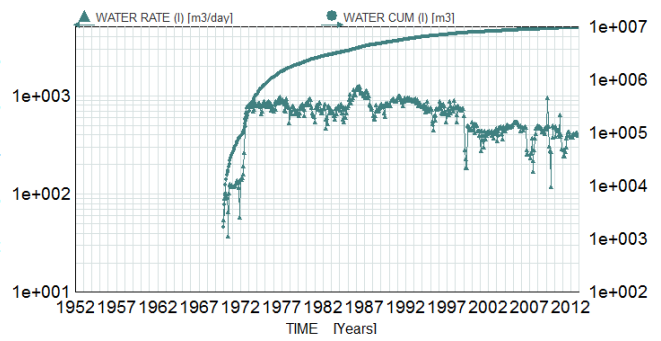
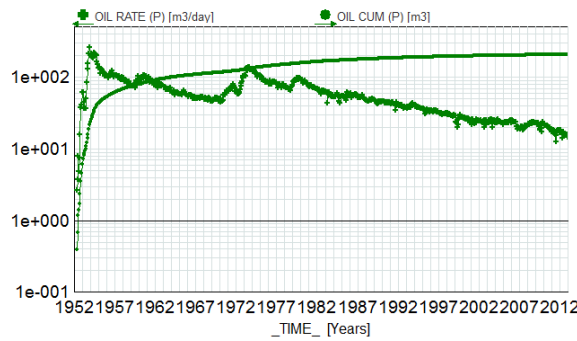
Waterflood Patterns and Corresponding Injectors

Pattern	Well
P-05	102/13-03-010-28W1/00
P-04	102/14-04-010-28W1/00
P-04	102/15-04-010-28W1/00
P-03	102/12-04-010-28W1/02
P-02	102/13-04-010-28W1/00
P-01	102/15-05-010-28W1/00
P-06	103/12-04-010-28W1/00
P-07	102/08-05-010-28W1/00
P-08	102/05-04-010-28W1/00

Total for Daly Unit #1

Date	Monthly Oil Prod sm ³	Oil Rate (CD) sm ³ /d	Monthly Water Prod sm ³	Water Rate (CD) sm ³ /d	Water Oil Ratio	Monthly Water Inj sm ³	Water Inj Rate (CD) sm ³ /d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2012	563.0	18.16	11822.6	381.37	21.00	11863.0	382.68	7641	0.96	0.94
2/28/2012	472.8	16.89	11265.8	402.35	23.83	11343.9	405.14	7586	0.97	0.94
3/31/2012	438.9	14.16	11760.9	379.38	26.80	11774.6	379.83	7580	0.96	0.94
4/30/2012	525.1	17.50	12225.6	407.52	23.28	12231.6	407.72	7412	0.96	0.94
5/31/2012	533.4	17.21	12436.7	401.18	23.32	12479.2	402.55	7340	0.96	0.94
6/30/2012	473.3	15.78	0.0	0.00	0.00	12174.3	405.81	7241	25.10	0.94
7/31/2012	486.5	15.69	12655.0	408.23	26.01	12709.7	409.99	6758	0.97	0.94
8/31/2012	505.8	16.32	12918.0	416.71	25.54	12938.7	417.38	6866	0.96	0.94
9/30/2012	475.7	15.86	12595.8	419.86	26.48	12650.7	421.69	4705	0.97	0.94
10/31/2012	495.6	15.99	12932.6	417.18	26.09	12988.8	418.99	7548	0.97	0.94
11/30/2012	471.6	15.72	11717.0	390.57	24.85	11769.5	392.32	7311	0.96	0.94
12/31/2012	456.7	14.73	12405.0	400.16	27.16	12460.0	401.94	7214	0.97	0.94

Cumulative Oil Produced (E3m3)	1296.16
Cumulative Water Produced (E3m3)	9287.55
Cumulative Water Injected (E3m3)	9956.98
Cumulative Voidage Replacement Ratio	0.94

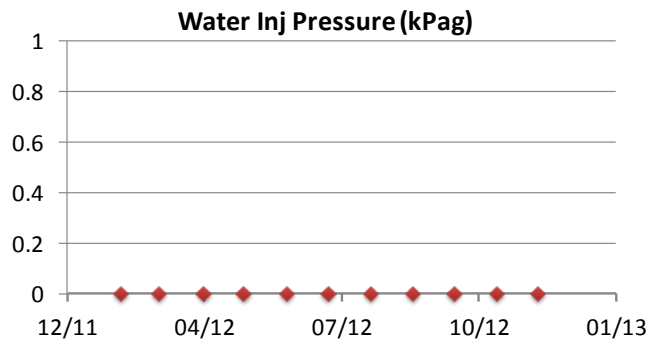
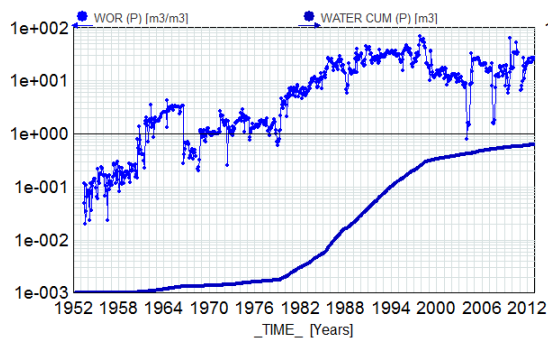
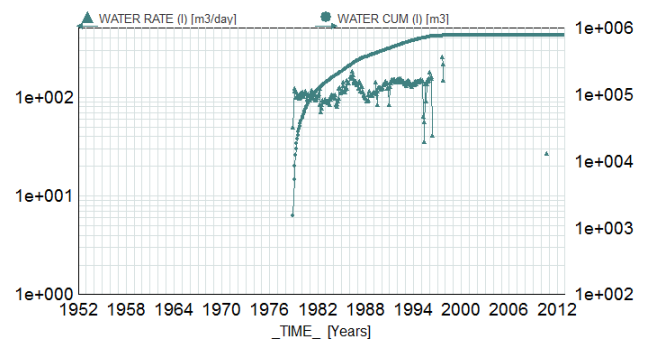
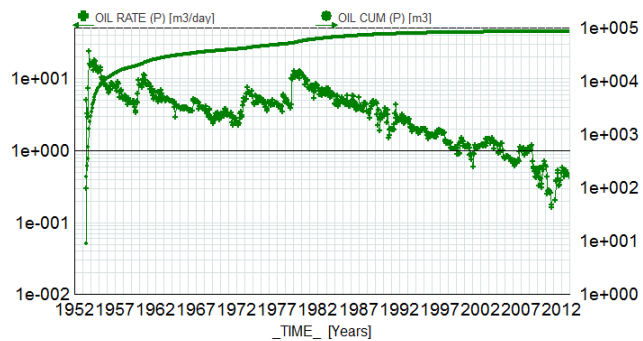


Daly Unit No. 1

Pattern P-01 - 02/15-05-010-28W1/0

Date	Monthly Oil Prod sm ³	Oil Rate (CD) sm ³ /d	Monthly Water Prod sm ³	Water Rate (CD) sm ³ /d	Water Oil Ratio m ³ /m ³	Monthly Water Inj sm ³	Water Inj Rate (CD) sm ³ /d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2012	17.7	0.57	379.2	12.23	21.39	0.0	0.00	--	0.00	1.22
2/28/2012	14.6	0.52	332.7	11.88	22.85	0.0	0.00	--	0.00	1.22
3/31/2012	13.4	0.43	342.2	11.04	25.61	0.0	0.00	--	0.00	1.22
4/30/2012	15.9	0.53	348.4	11.61	21.87	0.0	0.00	--	0.00	1.22
5/31/2012	16.3	0.53	360.2	11.62	22.04	0.0	0.00	--	0.00	1.22
6/30/2012	15.9	0.53	0.0	0.00	0.00	0.0	0.00	--	0.00	1.22
7/31/2012	15.2	0.49	341.1	11.00	22.48	0.0	0.00	--	0.00	1.22
8/31/2012	14.1	0.45	374.9	12.09	26.60	0.0	0.00	--	0.00	1.22
9/30/2012	13.8	0.46	367.9	12.26	26.61	0.0	0.00	--	0.00	1.22
10/31/2012	14.5	0.47	377.2	12.17	26.02	0.0	0.00	--	0.00	1.22
11/30/2012	13.9	0.46	345.4	11.51	24.80	0.0	0.00	--	0.00	1.22
12/31/2012	13.4	0.43	364.6	11.76	27.29	0.0	0.00	--	0.00	1.21

Cumulative Oil Produced (E3m3)	88.52
Cumulative Water Produced (E3m3)	560.04
Cumulative Water Injected (E3m3)	790.33
Cumulative Voidage Replacement Ratio	1.21

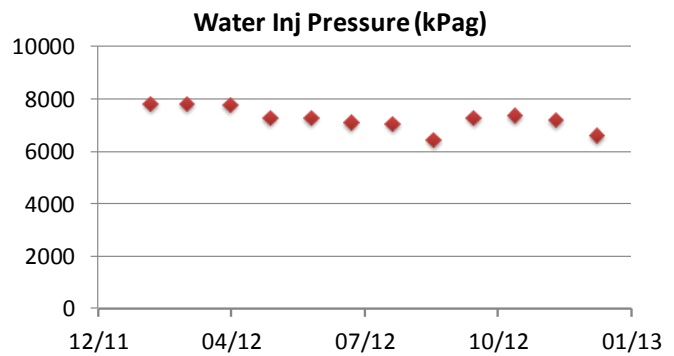
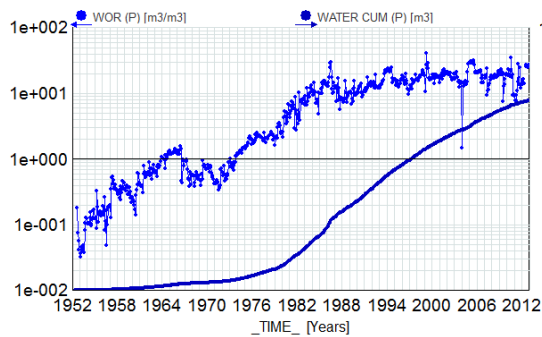
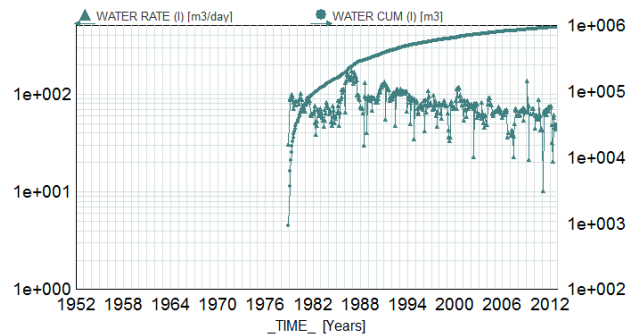
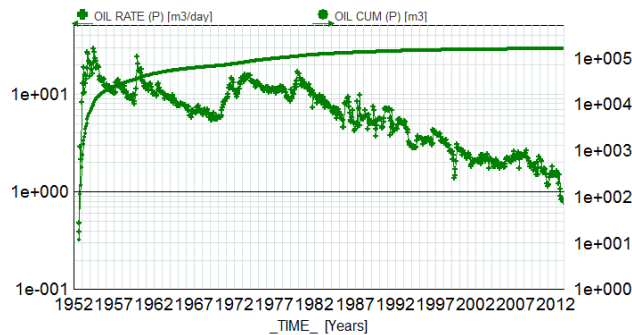


Daly Unit No. 1

Pattern P-02 - 02/13-04-010-28W1/0

Date	Monthly Oil Prod sm ³	Oil Rate (CD) sm ³ /d	Monthly Water Prod sm ³	Water Rate (CD) sm ³ /d	Water Oil Ratio m ³ /m ³	Monthly Water Inj sm ³	Water Inj Rate (CD) sm ³ /d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2012	50.5	1.63	699.4	22.56	13.85	2247.0	72.48	7800	2.99	1.07
2/28/2012	41.4	1.48	613.6	21.91	14.84	2109.7	75.34	7800	3.22	1.08
3/31/2012	37.7	1.22	624.4	20.14	16.55	1505.9	48.58	7784	2.27	1.08
4/30/2012	45.3	1.51	642.6	21.42	14.19	963.8	32.13	7300	1.40	1.08
5/31/2012	46.5	1.50	664.3	21.43	14.30	643.6	20.76	7294	0.90	1.08
6/30/2012	32.3	1.08	0.0	0.00	0.00	1853.5	61.78	7100	55.93	1.08
7/31/2012	27.8	0.90	719.5	23.21	25.90	1799.4	58.05	7077	2.41	1.08
8/31/2012	25.6	0.83	687.3	22.17	26.85	1414.0	45.61	6429	1.98	1.08
9/30/2012	25.2	0.84	674.5	22.48	26.79	1466.2	48.87	7303	2.09	1.08
10/31/2012	26.3	0.85	691.5	22.31	26.32	1483.0	47.84	7394	2.06	1.08
11/30/2012	25.0	0.83	626.4	20.88	25.10	1305.8	43.53	7180	2.00	1.08
12/31/2012	24.2	0.78	667.5	21.53	27.60	1532.0	49.42	6600	2.21	1.08

Cumulative Oil Produced (E3m3)	161.93
Cumulative Water Produced (E3m3)	722.53
Cumulative Water Injected (E3m3)	963.44
Cumulative Voidage Replacement Ratio	1.08

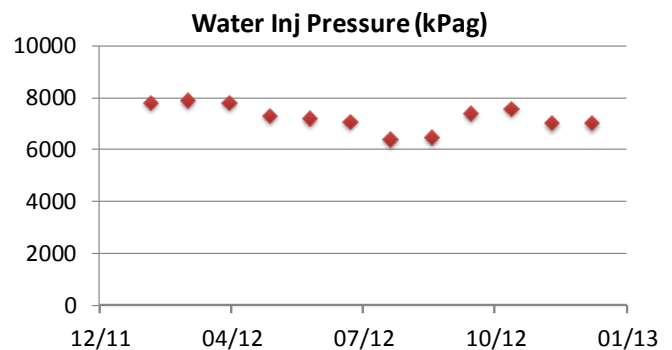
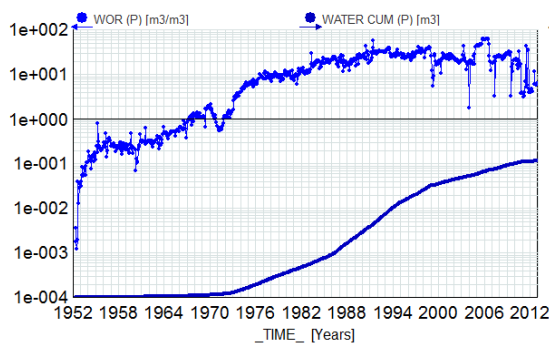
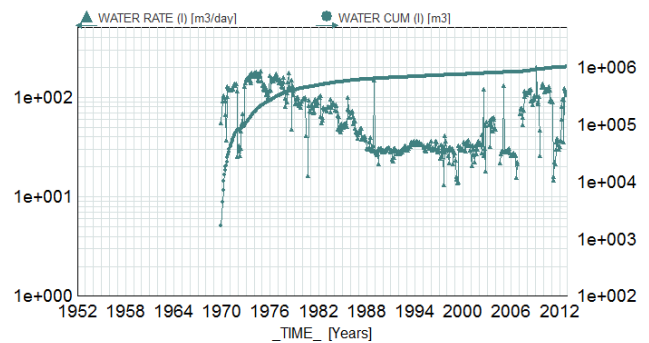
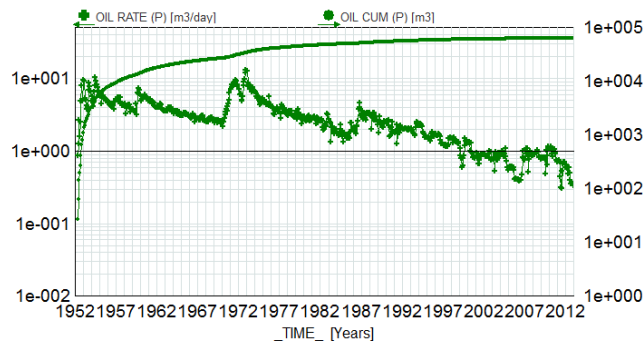


Daly Unit No. 1

Pattern P-03 - 02/12-04-010-28W1/2

Date	Monthly Oil Prod sm ³	Oil Rate (CD) sm ³ /d	Monthly Water Prod sm ³	Water Rate (CD) sm ³ /d	Water Oil Ratio m ³ /m ³	Monthly Water Inj sm ³	Water Inj Rate (CD) sm ³ /d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2012	20.1	0.65	80.1	2.58	3.99	989.0	31.90	7803	9.82	1.75
2/28/2012	16.4	0.59	70.3	2.51	4.29	1045.7	37.34	7897	12.01	1.75
3/31/2012	15.0	0.48	70.6	2.28	4.72	1864.4	60.14	7784	21.70	1.75
4/30/2012	17.9	0.60	73.6	2.45	4.10	2442.4	81.41	7297	26.55	1.76
5/31/2012	18.5	0.60	76.1	2.46	4.12	2993.8	96.57	7197	31.49	1.76
6/30/2012	14.8	0.49	0.0	0.00	0.00	2863.5	95.45	7077	188.55	1.77
7/31/2012	12.2	0.39	142.3	4.59	11.64	1093.8	35.28	6387	7.07	1.77
8/31/2012	11.1	0.36	68.1	2.20	6.14	3851.1	124.23	6467	48.48	1.77
9/30/2012	11.0	0.37	66.8	2.23	6.10	3565.2	118.84	7407	45.69	1.78
10/31/2012	11.5	0.37	68.5	2.21	5.98	3610.4	116.46	7581	45.01	1.79
11/30/2012	10.7	0.36	61.2	2.04	5.75	3207.5	106.92	7000	44.45	1.79
12/31/2012	10.5	0.34	66.0	2.13	6.30	3530.0	113.87	7000	45.97	1.80

Cumulative Oil Produced (E3m ³)	64.78
Cumulative Water Produced (E3m ³)	510.65
Cumulative Water Injected (E3m ³)	1037.35
Cumulative Voidage Replacement Ratio	1.80



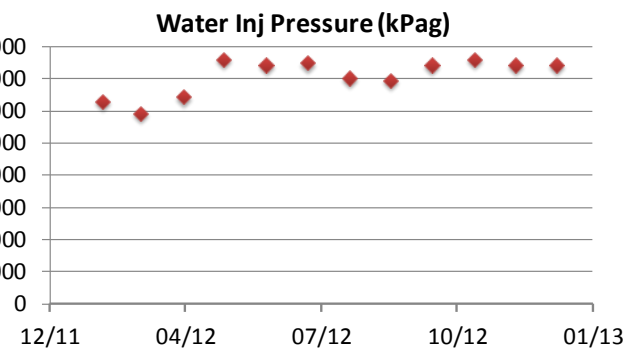
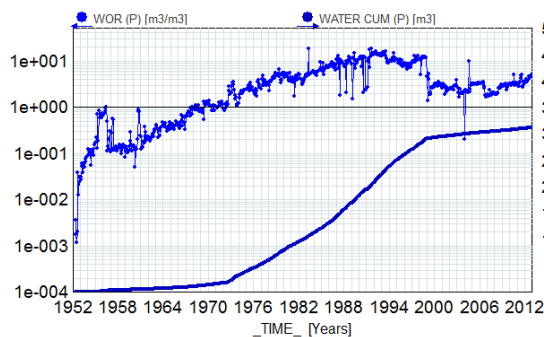
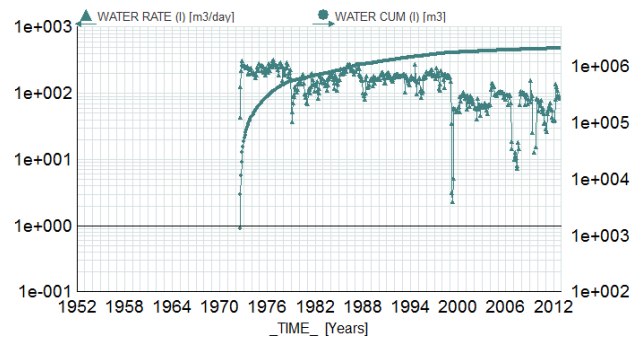
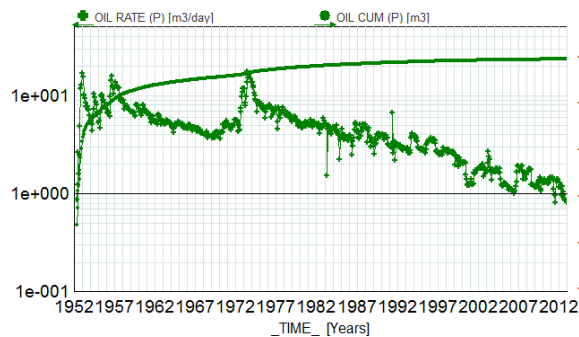
Daly Unit No. 1

Pattern P-04 - 02/14-04-010-28W1/0

P-04 - 02/15-04-010-28W1/0

Date	Monthly Oil Prod sm ³	Oil Rate (CD) sm ³ /d	Monthly Water Prod sm ³	Water Rate (CD) sm ³ /d	Water Oil Ratio m ³ /m ³	Monthly Water Inj sm ³	Water Inj Rate (CD) sm ³ /d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2012	39.8	1.28	135.4	4.37	3.40	1194.0	38.52	6287	6.78	5.04
2/28/2012	32.4	1.16	118.8	4.24	3.66	1090.1	38.93	5917	7.17	5.04
3/31/2012	29.9	0.97	121.3	3.91	4.05	2488.6	80.28	6439	16.38	5.04
4/30/2012	35.5	1.18	124.3	4.14	3.50	4140.0	138.00	7593	25.76	5.05
5/31/2012	36.5	1.18	128.6	4.15	3.53	3904.0	125.94	7403	23.52	5.06
6/30/2012	31.4	1.05	0.0	0.00	0.00	2775.3	92.51	7483	86.27	5.06
7/31/2012	29.9	0.96	118.4	3.82	3.96	3484.1	112.39	6997	23.37	5.07
8/31/2012	27.2	0.88	122.5	3.95	4.50	2693.3	86.88	6916	17.91	5.07
9/30/2012	25.2	0.84	109.7	3.66	4.35	2729.9	91.00	7407	20.15	5.08
10/31/2012	26.8	0.87	124.3	4.01	4.63	2800.0	90.32	7594	18.45	5.08
11/30/2012	25.3	0.84	114.3	3.81	4.52	2500.0	83.33	7400	17.83	5.09
12/31/2012	25.0	0.81	123.3	3.98	4.94	2732.0	88.13	7400	18.34	5.09

Cumulative Oil Produced (E3m3)	102.26
Cumulative Water Produced (E3m3)	312.05
Cumulative Water Injected (E3m3)	2122.71
Cumulative Voidage Replacement Ratio	5.09

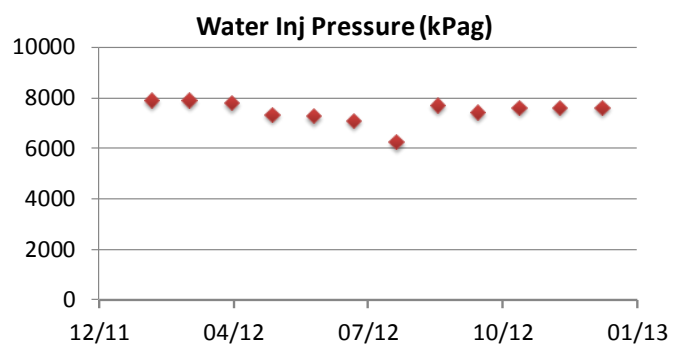
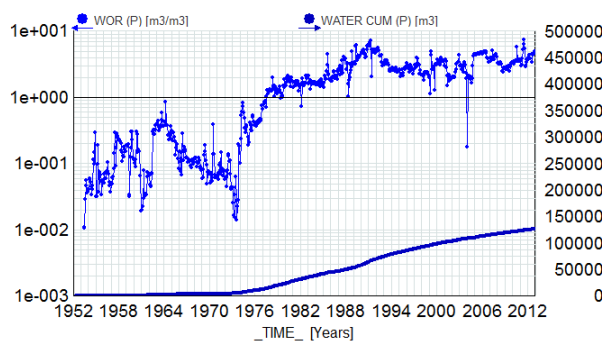
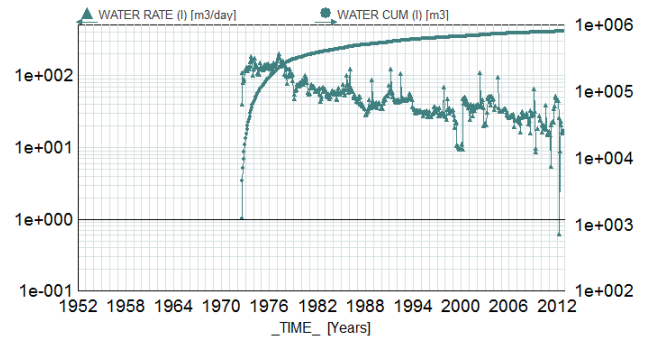
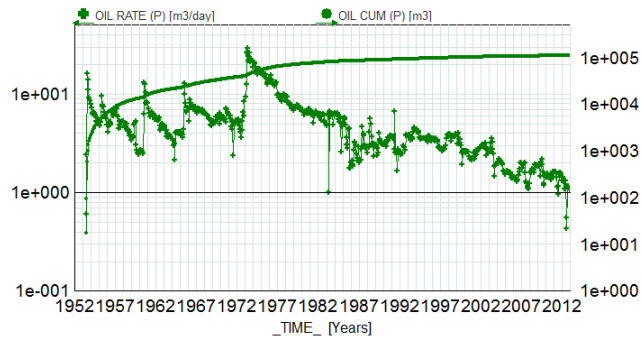


Daly Unit No. 1

Pattern P-05 - 02/13-03-010-28W1/0

Date	Monthly Oil Prod sm ³	Oil Rate (CD) sm ³ /d	Monthly Water Prod sm ³	Water Rate (CD) sm ³ /d	Water Oil Ratio m ³ /m ³	Monthly Water Inj sm ³	Water Inj Rate (CD) sm ³ /d	Water Inj Pressure kPg	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2012	44.4	1.43	165.8	5.35	3.73	1436.0	46.32	7900	6.80	3.38
2/28/2012	36.1	1.29	145.4	5.19	4.03	1238.8	44.24	7897	6.79	3.38
3/31/2012	33.6	1.08	148.1	4.78	4.41	803.9	25.93	7784	4.41	3.38
4/30/2012	39.7	1.32	152.2	5.07	3.84	18.9	0.63	7300	0.10	3.38
5/31/2012	40.8	1.31	157.5	5.08	3.86	272.4	8.79	7294	1.37	3.37
6/30/2012	16.7	0.56	0.0	0.00	0.00	687.0	22.90	7070	40.09	3.38
7/31/2012	13.3	0.43	45.3	1.46	3.40	631.7	20.38	6248	10.72	3.38
8/31/2012	36.2	1.17	163.4	5.27	4.52	502.1	16.20	7690	2.50	3.38
9/30/2012	34.1	1.14	150.0	5.00	4.40	516.1	17.20	7407	2.79	3.38
10/31/2012	36.1	1.17	165.5	5.34	4.58	530.5	17.11	7600	2.62	3.38
11/30/2012	33.8	1.13	151.3	5.04	4.47	478.2	15.94	7600	2.57	3.38
12/31/2012	33.5	1.08	163.1	5.26	4.87	530.0	17.10	7600	2.69	3.38

Cumulative Oil Produced (E3m ³)	112.10
Cumulative Water Produced (E3m ³)	126.66
Cumulative Water Injected (E3m ³)	815.55
Cumulative Voidage Replacement Ratio	3.38

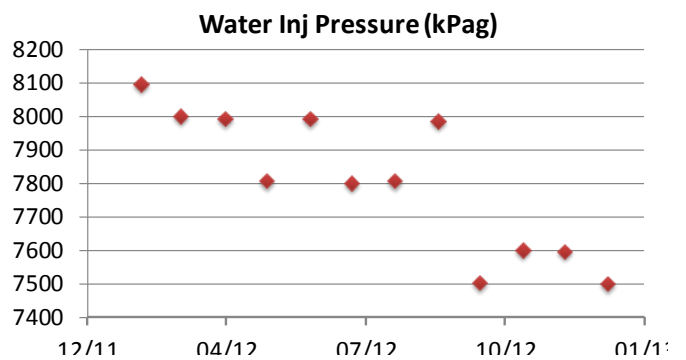
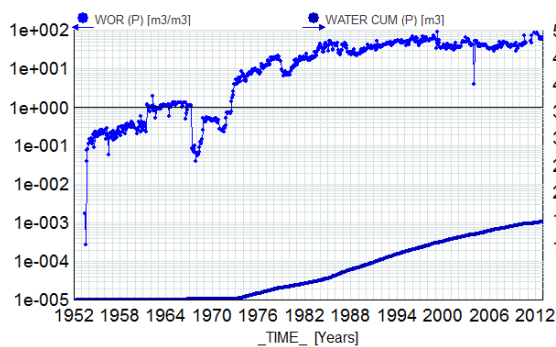
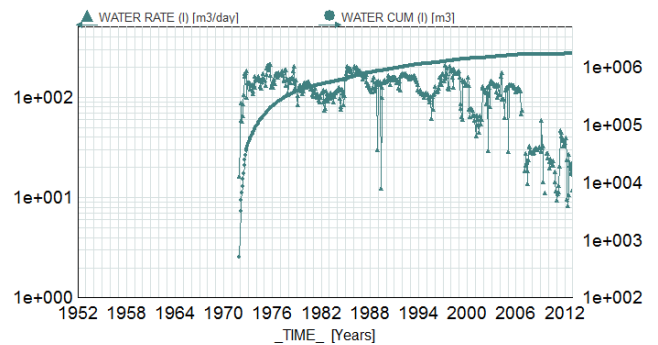
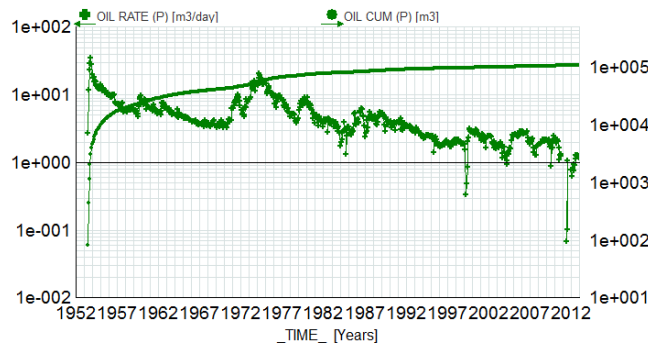


Daly Unit No. 1

Pattern P-06 - 03/12-04-010-28W1/0

Date	Prod sm ³	sm ³ /d	Water Prod	(CD) sm ³ /d	Ratio m ³ /m ³	Water Inj sm ³	(CD) sm ³ /d	Pressure kPa	Replacement	Replacement
1/31/2012	19.7	0.63	1613.8	52.06	82.02	1098.0	35.42	8097	0.67	1.12
2/28/2012	22.5	0.80	1851.2	66.11	82.19	1115.2	39.83	8000	0.59	1.12
3/31/2012	23.4	0.76	2074.5	66.92	88.61	733.8	23.67	7994	0.35	1.11
4/30/2012	27.9	0.93	2154.1	71.80	77.13	288.4	9.61	7807	0.13	1.11
5/31/2012	28.3	0.91	2178.6	70.28	77.00	255.9	8.25	7994	0.12	1.11
6/30/2012	34.3	1.14	0.0	0.00	0.00	323.8	10.79	7800	9.22	1.11
7/31/2012	39.7	1.28	2346.3	75.69	59.13	838.6	27.05	7806	0.35	1.11
8/31/2012	38.3	1.24	2488.8	80.28	64.99	656.5	21.18	7984	0.26	1.11
9/30/2012	37.5	1.25	2424.0	80.80	64.68	526.1	17.54	7503	0.21	1.11
10/31/2012	39.7	1.28	2512.0	81.03	63.20	596.2	19.23	7600	0.23	1.11
11/30/2012	37.3	1.24	2265.7	75.52	60.70	654.9	21.83	7597	0.28	1.11
12/31/2012	36.5	1.18	2431.3	78.43	66.68	366.0	11.81	7500	0.15	1.10

Cumulative Oil Produced (E3m ³)	108.00
Cumulative Water Produced (E3m ³)	1458.99
Cumulative Water Injected (E3m ³)	1732.64
Cumulative Voidage Replacement Ratio	1.10

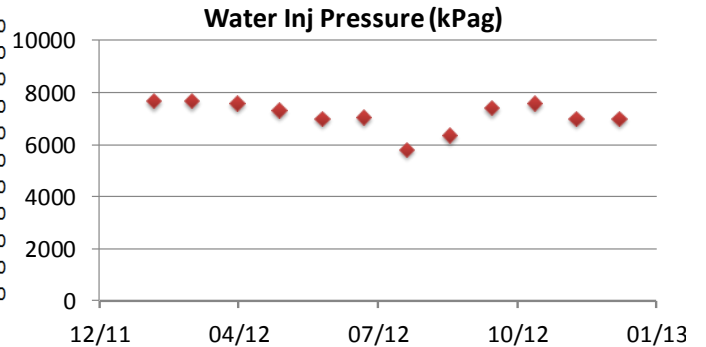
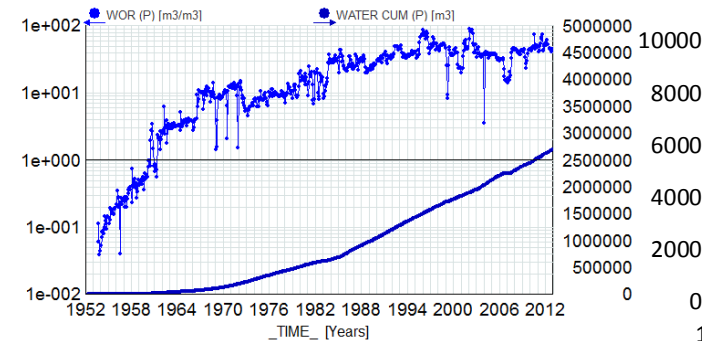
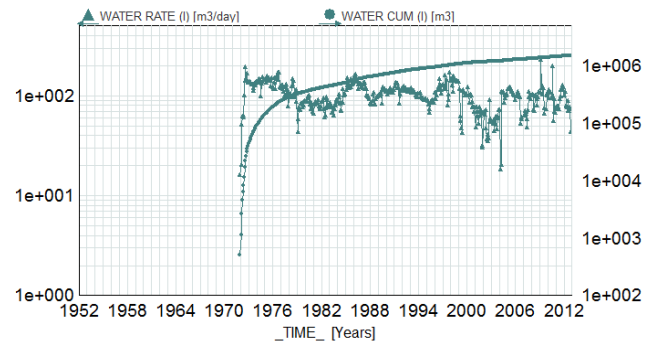
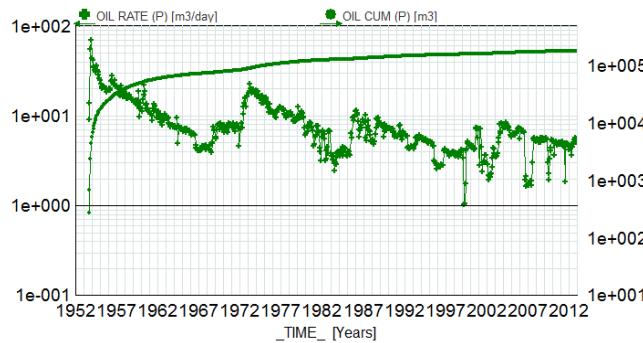


Daly Unit No. 1

Pattern P-07 - 02/08-05-010-28W1/0

Date	Monthly Oil Prod sm ³	Oil Rate (CD) sm ³ /d	Monthly Water Prod sm ³	Water Rate (CD) sm ³ /d	Water Oil Ratio m ³ /m ³	Monthly Water Inj sm ³	Water Inj Rate (CD) sm ³ /d	Water Inj Pressure kPa	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2012	140.0	4.52	7087.9	228.64	50.63	3148.0	101.55	7700	0.44	0.53
2/28/2012	121.0	4.32	6676.4	238.44	55.16	3108.0	111.00	7697	0.46	0.53
3/31/2012	113.2	3.65	6913.9	223.03	61.08	2519.3	81.27	7590	0.36	0.53
4/30/2012	135.8	4.53	7204.4	240.15	53.05	2357.9	78.60	7290	0.32	0.53
5/31/2012	138.0	4.45	7345.0	236.94	53.22	2392.2	77.17	7003	0.32	0.53
6/30/2012	143.7	4.79	0.0	0.00	0.00	2127.0	70.90	7057	14.45	0.53
7/31/2012	157.8	5.09	7419.8	239.35	47.03	2774.4	89.50	5816	0.37	0.53
8/31/2012	168.1	5.42	7480.9	241.32	44.50	2195.2	70.81	6335	0.29	0.53
9/30/2012	167.2	5.57	7268.0	242.27	43.47	2318.3	77.28	7407	0.31	0.53
10/31/2012	174.5	5.63	7437.7	239.92	42.62	2389.4	77.08	7581	0.31	0.53
11/30/2012	165.0	5.50	6730.2	224.34	40.80	1312.1	43.74	7000	0.19	0.53
12/31/2012	157.5	5.08	7064.6	227.89	44.85	2290.0	73.87	7000	0.32	0.53

Cumulative Oil Produced (E3m3)	185.54
Cumulative Water Produced (E3m3)	2693.34
Cumulative Water Injected (E3m3)	1529.17
Cumulative Voidage Replacement Ratio	0.53



Daly Unit No. 1

Pattern P-08 - 02/05-04-010-28W1/0

Date	Monthly Oil Prod sm ³	Oil Rate (CD) sm ³ /d	Monthly Water Prod sm ³	Water Rate (CD) sm ³ /d	Water Oil Ratio m ³ /m ³	Monthly Water Inj sm ³	Water Inj Rate (CD) sm ³ /d	Water Inj Pressure kPg	Voidage Replacement Ratio	Cum Voidage Replacement Ratio
1/31/2012	80.6	2.60	1405.7	45.35	17.43	1751.0	56.48	7900	1.18	0.81
2/28/2012	66.0	2.36	1233.4	44.05	18.69	1636.6	58.45	7893	1.26	0.81
3/31/2012	60.4	1.95	1238.9	39.96	20.53	1858.7	59.96	7687	1.43	0.82
4/30/2012	72.5	2.42	1291.3	43.04	17.81	2020.2	67.34	7297	1.48	0.82
5/31/2012	73.9	2.38	1289.0	41.58	17.44	2017.3	65.07	7197	1.48	0.82
6/30/2012	80.9	2.70	0.0	0.00	0.00	1544.2	51.47	7097	18.61	0.82
7/31/2012	89.3	2.88	1313.9	42.38	14.71	2087.7	67.35	6974	1.49	0.82
8/31/2012	76.3	2.46	1315.7	42.44	17.24	1626.5	52.47	6239	1.17	0.82
9/30/2012	56.3	1.88	1333.0	44.43	23.66	1528.9	50.96	7403	1.10	0.82
10/31/2012	54.0	1.74	1335.4	43.08	24.71	1579.3	50.95	7497	1.14	0.82
11/30/2012	52.0	1.73	1214.9	40.50	23.38	2311.0	77.03	7400	1.82	0.82
12/31/2012	50.1	1.62	1301.8	41.99	25.98	1480.0	47.74	7400	1.09	0.82

Cumulative Oil Produced (E3m ³)	197.61
Cumulative Water Produced (E3m ³)	973.01
Cumulative Water Injected (E3m ³)	965.79
Cumulative Voidage Replacement Ratio	0.82

