

TORC OIL & GAS LTD.

EAST MANSON UNIT #2

ENHANCED OIL RECOVERY (EOR) ANNUAL REPORT

Discussion:

TORC Oil & Gas Ltd. ("TORC") acquired Crescent Point assets closing date June 26, 2018 which included the operatorship of the East Manson Unit No. 2, No. 5 and No. 7.

East Manson Unit #2 delivered another year of steady flood performance throughout 2018. In its 3rd year of operations since inception, this flood has continued to show that injection conformance has been effective in arresting production decline and providing sufficient pressure maintenance to the reservoir.

Although the waterflood remains successful in arresting decline, TORC is starting to notice some negative effects in a few wells within this unit. The watercut in 02/02-03-013-28W1 and 00/05-03-013-28W1 have increased to 100% and 80%, respectively. The sharp increases in watercut is believed to be due to water break-through from offsetting injection. As a result of this break-through, TORC is currently evaluating new injection rate targets for all injectors. In 2019, TORC is reviewing the possibility of installing an injection controlled device ("ICD") in the 03/02-03-013-28W1 well. The ICD's are run on a liner system and designed to evenly distribute water throughout the entire lateral.