



Growth, Enterprise and Trade

Petroleum Branch

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October 21, 2019

Mr. Greg [REDACTED]
Elcano Exploration Inc.

[REDACTED]
Calgary, AB
[REDACTED]

Dear Mr. Jones,

RE: Miniota Unit No. 1 – Unitization, Third Tier EOR Factor and Waterflood Approval

The Petroleum Branch is pleased to grant approval of Miniota Unit No. 1 within the Reston-Amaranth-Lodgepole Formation covering W/2 Section 6-13-26WPM & Section 1-13-27WPM.

The unitization, Third Tier EOR Factor (TTEF) and Waterflood Order No. 78 for Miniota Unit No. 1 are all concurrently effective on **November 1, 2019**. The execution pages of the Unit Agreement, TTEF and Waterflood Order No. 78 are all signed and attached.

Elcano is reminded that separate conversion applications are required for any existing horizontals to be converted to injectors within this new Unit. The Waterflood Order requires Elcano to conduct annual pressure surveys and submit an annual progress report. Elcano is reminded that the 2019 report is to be submitted to the Director within 60 days after the end of the calendar year.

Miniota Unit No. 1 will qualify for a Third Tier EOR Factor (TTEF). The Branch has calculated a proposed TTEF of 0.8395 to apply to all tracts in the unit. Table 1 shows the TTEF calculation. The TTEF is based on summed estimates of remaining primary recoverable reserves and incremental EOR recoverable reserves for unit. Please provide the Branch with any comments on the proposed TTEF by November 21, 2019.

If you have any questions in respect of the approvals or the TTEF calculations please contact Leonardo [REDACTED], Technical Engineering Officer, at (204) 945-6570.

Yours truly,

[REDACTED]
Peter [REDACTED]
Director

Cc: PB Winnipeg & Virden Offices

Table 1. Third Tier EOR Factor Calculation

Miniota Unit No. 1

Unit	Miniota Unit No. 1
Operator	Elcano Exploration Inc.
Legal Subdivisions	24
Effective Date of Third Tier EOR Production	November 1, 2019
Cumulative Unit Production to April 1, 2019 (m ³)	50,100.0
Primary Recoverable Reserves (m ³)	62,088.0
Incremental EOR Rec. Reserves (IERR) (m ³)	62,685.0
Total Remaining Rec. Reserves (TRES) (m ³)	74,673.0
Third Tier EOR Factor (TTEF)	0.8395