



RED RIVER OIL INC.

Suite 600, 521 – 3rd Avenue S.W.
Calgary, Alberta T2P 3T3
Main: 403-930-2828
Fax: 403-474-0302

May 16, 2016

Manitoba Mineral Resources
Petroleum Branch
Suite 360, 1395 Ellice Avenue
Winnipeg, Manitoba
R3G 3P2
Attention: Mr. Leonardo [REDACTED] Technical Engineering Officer

Re: Sinclair Unit No. 16: 2015 Annual EOR Report

Dear Mr. Leonen:

Please accept the attached annual EOR report for the Sinclair Unit No. 16. This was the first year of operation for the Sinclair Unit No. 16 Waterflood project.

Should you require any further information or clarification; please contact Ben [REDACTED] at 403-930-2842 or via email at bmacisaac@redriveroil.ca at your earliest convenience.

Regards,

[REDACTED]

Ben [REDACTED]
Production Engineer
Red River Oil Inc.
403-930-2842 (dir)
587-582-4168 (cell)

Sinclair Unit No. 16: 2015 EOR Report

Overview

The Sinclair Unit No. 16 is a two section, two pattern waterflood in the three forks formation. Pattern #1, located in Section 19-7-29 W1M and the west half of Section 20-007-29W1, consists of two active injectors at 00/13-19 and 00/03-19, nine horizontal producers at 00/04-19, 02/03-19, 00/15-19, 02/15-19, 00/01-19, 02/01-19, 00/13-20, 00/14-20 and 02/14-20. 00/15-19, 00/01-19 and 02/14-20 are planned future injection wells. There is also one abandoned vertical well at 02-19. Pattern #2 is located in Section 18-7-29 W1M and consists of three horizontal producers at 00/12-18, 00/13-18 and 02/13-18. 02/13-18 is a planned future injection well. There is also one abandoned vertical well at 10-18 and a Manville water source well at 15-18. Figure 1 below is a map of the Unit and surrounding area showing the wellbore layouts.

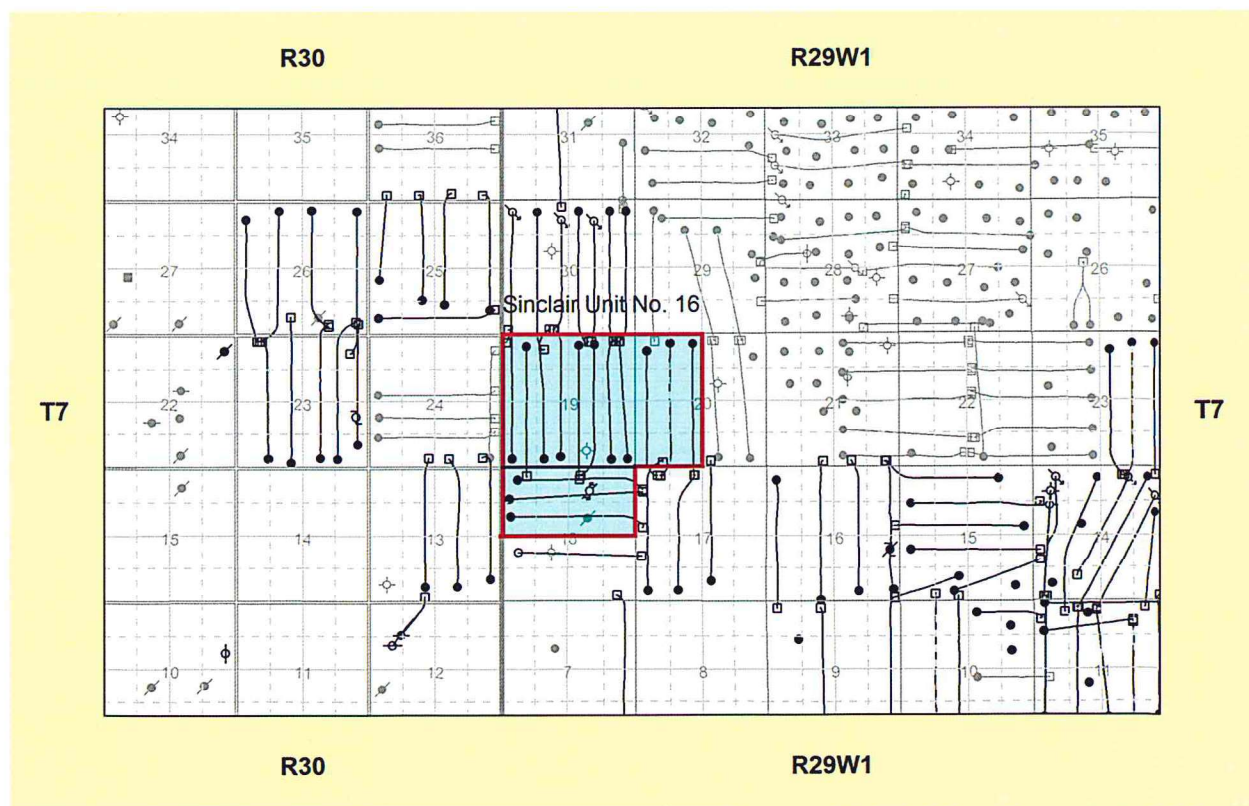


Figure 1: Sinclair Unit No. 16 Map

Production from the unit commenced in December 2012 (00/14-20) with the most recent horizontal (02/13-18) coming onstream in December 2014. All horizontal wells in the section have been multi-stage hydraulically fracture stimulated in magnitudes ranging from 8 to 37 stages of 3.5 to 12 tonnes of proppant per stage. Wellbores spacing varies between 160 and 260m across the unit.

Producing zones of interest in the Unit are the Upper Devonian Lyleton A Member of the Three Forks Formation and the immediately overlying Mississippian Middle Bakken Siltstones. Horizontal wells have undulated through both the Three Forks Lyleton A Member and the Bakken Siltstones over the length of the laterals.

The Lyleton A Member of the Three Forks Formation was deposited in an evaporitic, shallow marine tidal flat / sabkha setting. Three distinct cleaning upward cycles make up the Lyleton A section in this area. These cycles grade upward from green shale/dolomitic siltstone breccias (poorer grade reservoir core Phi 0.12-0.19, Kmax 0.3-1.5mD) into cleaner, more massive ripple bedded dolomitic siltstones (best reservoir core Phi 0.12-0.19, Kmax 1.0-15.0mD). These cycles can also be correlated across the entire Sinclair area and represent excellent continuous reservoir units in which to efficiently sweep oil via waterflood. The Lyleton A member is the primary oil producing horizon in this area and is approximately 8m thick with net pay in the order of 3-4m. The Middle Bakken Siltstones unconformably overlie the Three Forks in this area. Bakken silts were deposited in a shallow marine setting and in this area are made up of finely laminated quartzose siltstones, very fine sands and shales. Core porosities of 0.09-0.18 and permeabilities of 0.3-5mD are characteristic of this zone. The silts vary in thickness from less than 1m to 4m across the Unit.

The current recovery of the OOIP (14,038 mstb) for Unit No. 16 is approximately 2.8% (388.5 mstb). Primary recovery was originally estimated at 5% (702 mstb). This is consistent with estimated recovery factors in the pool whereby the primary recovery factor is generally estimated between 5% and 8% at approximately 200m wellbore spacing. Derived from both analogous project performance and third party reservoir simulation work completed on Red River's land, Red River estimates that incremental secondary recovery of 10 to 15% is a reasonable projection.

Performance Discussion

Injection into the Unit commenced in September 2015 (September 16th and 23rd for 00/03-19 and 00/13-19 respectively). It is too early to quantify performance or waterflood response in Unit 16 as the project is still in its infancy. Red River is however pleased to report that there have been no signs of water channeling and early injectivity is in line with expectations. Red River has found success in other project areas by targeting instantaneous voidage replacement

ratios of approximately 1.2-1.5 between injector-producer well pairs. Depending on cumulative voidage, Red River generally expects to observe quantifiable production response within six to 18 months post injection commencement.

73(1) (a-c)(f) Production and Injection Data

The requested data referred to in clauses 1(a) to (c) and (f) of subsection 73(1) of the Oil and Gas Act (C.C.S.M. c. 034) is attached in appendix A as follows:

1. Figure 2: Unit No. 16 Monthly produced fluids and ratios in graphical and tabular format
2. Figure 3: Pattern #1 data in graphical and tabular format
3. Figure 4: Pattern #2 data in graphical and tabular format
4. Table 1: Sinclair Unit No. 16 monthly and cumulative production fluid and ratio data in tabular form
5. Individual injection well rate and pressure profiles:
 - a. 00/03-19
 - b. 00/13-19
6. Table 2: Monthly average injection rate and pressure data

73(1)(d) Reservoir Pressure Surveys

There were no pressure surveys executed in Unit No. 16 in 2015.

73(1)(e) Well Servicing

Other than the two Section 19 injection well conversions and routine maintenance, there were no other well servicing operations completed within Unit No. 16 in 2015.

73(1)(g) Injection Fluid Quality Control and Treatment

Manville formation water sourced from the 15-18-007-29 water source well is used as makeup water in Sinclair Unit No. 16. Water from the 15-18 well is processed at the 15-18 injection facility where it completes three stages of filtration. The primary filter stage is a 1-micron nominal bag filter, secondary is a 1-micron absolute bag filter and a tertiary 0.5-micron polisher cartridge filter. Scale and biocide inhibitors are then added to the water before it enters the injection pipeline system via a positive displacement pump. The surface injection pressure is limited to 6,300 kPa at the individual injection wellheads.

Appendix A: Sinclair unit No. 16 Production and Injection Data

Figure 2: Sinclair Unit #16 Produced Fluids

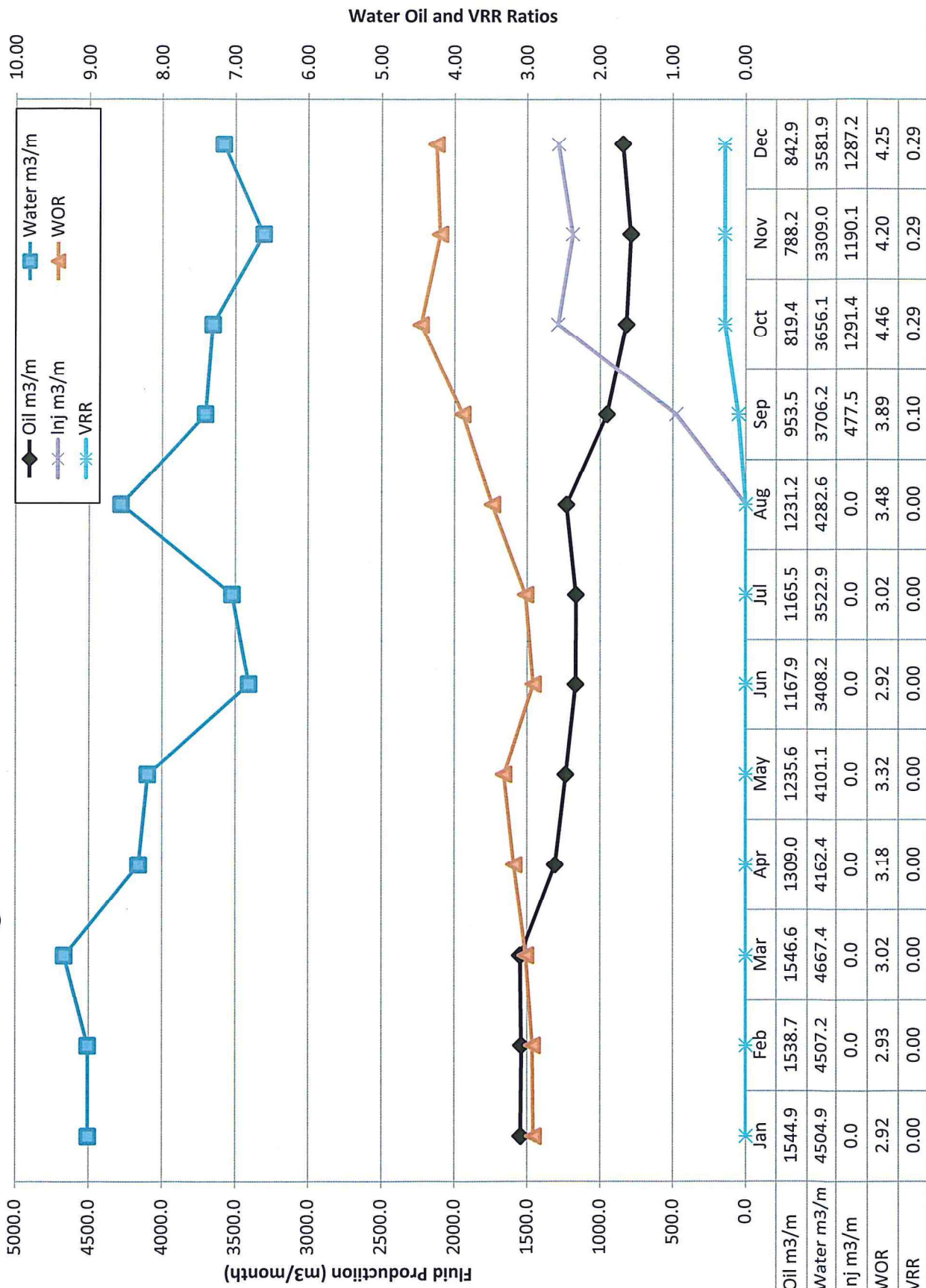


Figure 3: Produced Fluids Pattern #1 Sec 19 and 20-7-29W1M

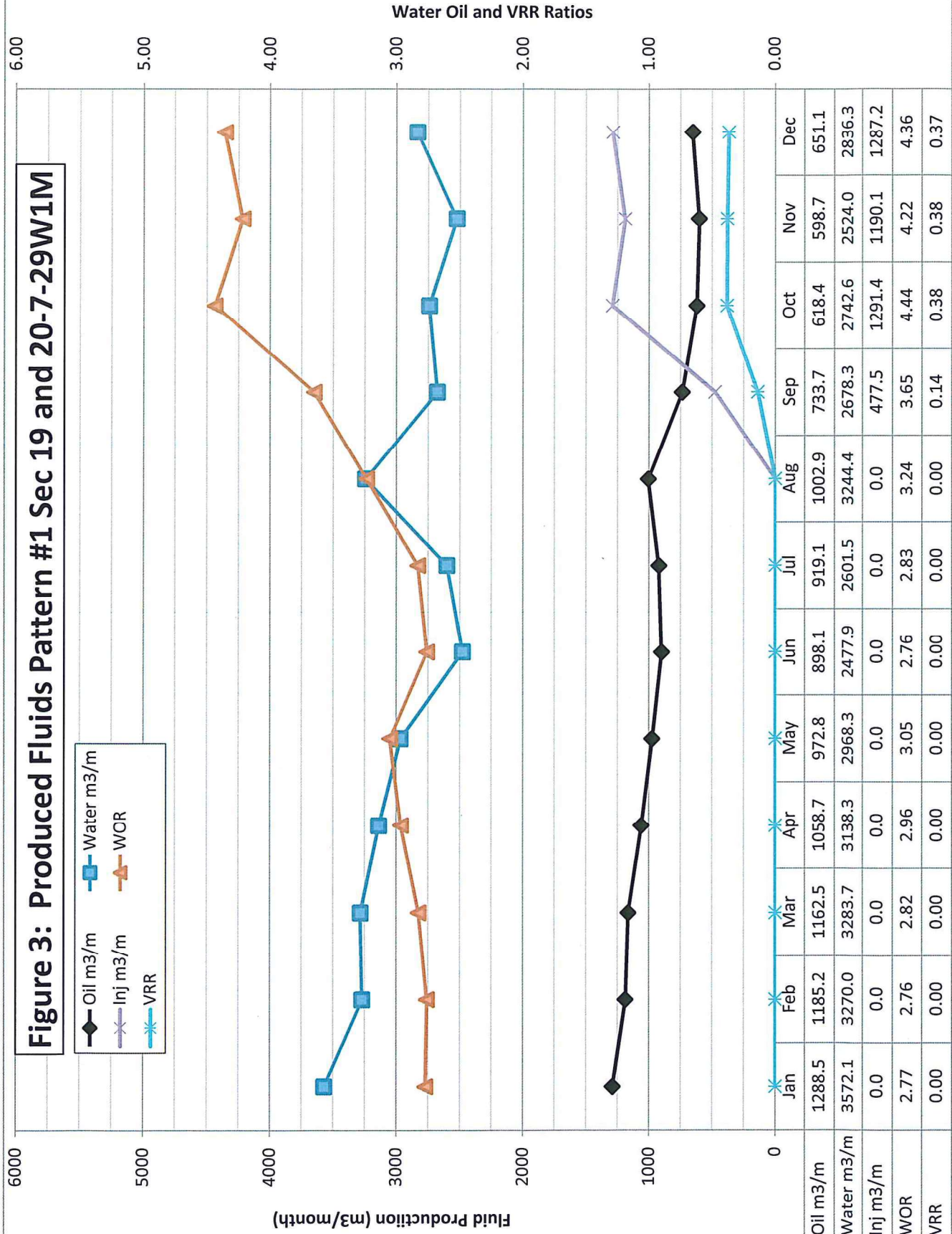


Figure 4: Produced Fluids Pattern #2 Sec 18-7-29W1M

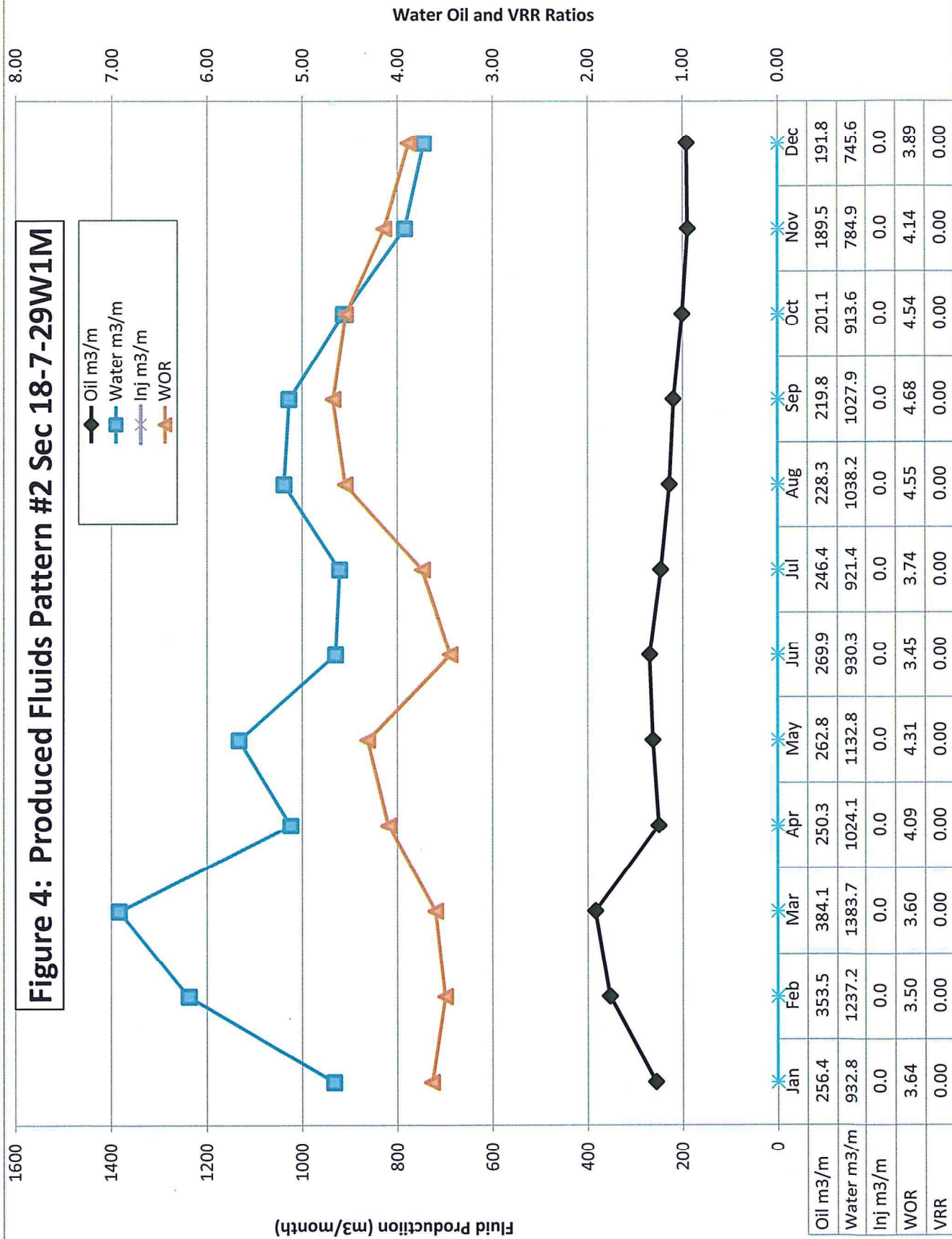


Table 1: Sinclair Unit #16 Produced Fluids

2015 Oil Production m3/month	Prior CTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2015	CTD
Pattern #1 Sec 19&20-007-29W1	54393.4	1288.5	1185.2	1162.5	1058.7	972.8	898.1	919.1	1002.9	733.7	618.4	598.7	651.1	11089.6	65483.0
Pattern #2 Sec 18-007-29W1	7366.9	256.4	353.5	384.1	250.3	262.8	269.9	246.4	228.3	219.8	201.1	189.5	191.8	3053.9	10420.8
Unit #16 Total Production	61760.3	1544.9	1538.7	1546.6	1309.0	1235.6	1167.9	1165.5	1231.2	953.5	819.4	788.2	842.9	14143.5	75903.8

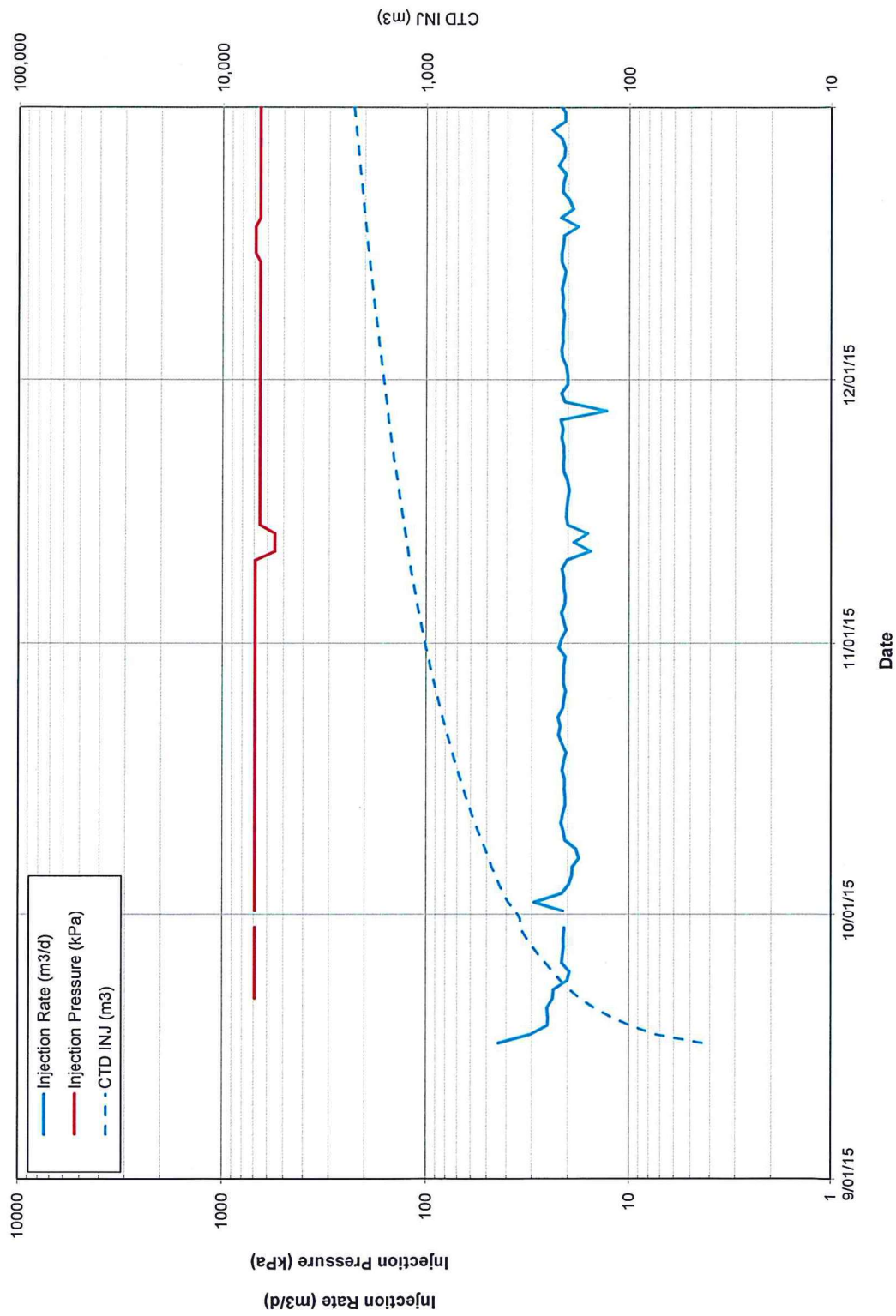
2015 Water Production m3/month	Prior CTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2015	CTD
Pattern #1 Sec 19&20-007-29W1	118819.4	3572.1	3270.0	3283.7	3138.3	2968.3	2477.9	2601.5	3244.4	2678.3	2742.6	2524.0	2836.3	35337.4	154156.8
Pattern #2 Sec 18-007-29W1	28072.3	932.8	1237.2	1383.7	1024.1	1132.8	930.3	921.4	1038.2	1027.9	913.6	784.9	745.6	12072.4	40144.7
Unit #4 Total Production	146891.7	4504.9	4507.2	4667.4	4162.4	4101.1	3408.2	3522.9	4282.6	3706.2	3656.1	3309.0	3581.9	47409.9	194301.6

Unit #16 WOR	2.38	2.92	2.93	3.02	3.18	3.32	2.92	3.02	3.48	3.89	4.46	4.20	4.25	3.35	2.56
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2015 Water Injection m3/month	Prior CTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2015	CTD
Pattern #1 Sec 19&20-007-29W1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	477.5	1291.4	1190.1	1287.2	4246.2	4246.2
Pattern #2 Sec 18-007-29W1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit #16 Injection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	477.5	1291.4	1190.1	1287.2	4246.2	4246.2

Unit #16 VRR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.29	0.29	0.29	0.07	0.02
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00/03-19-7-29 W1M Daily Injection



00/13-19-7-29 W1M Daily Injection

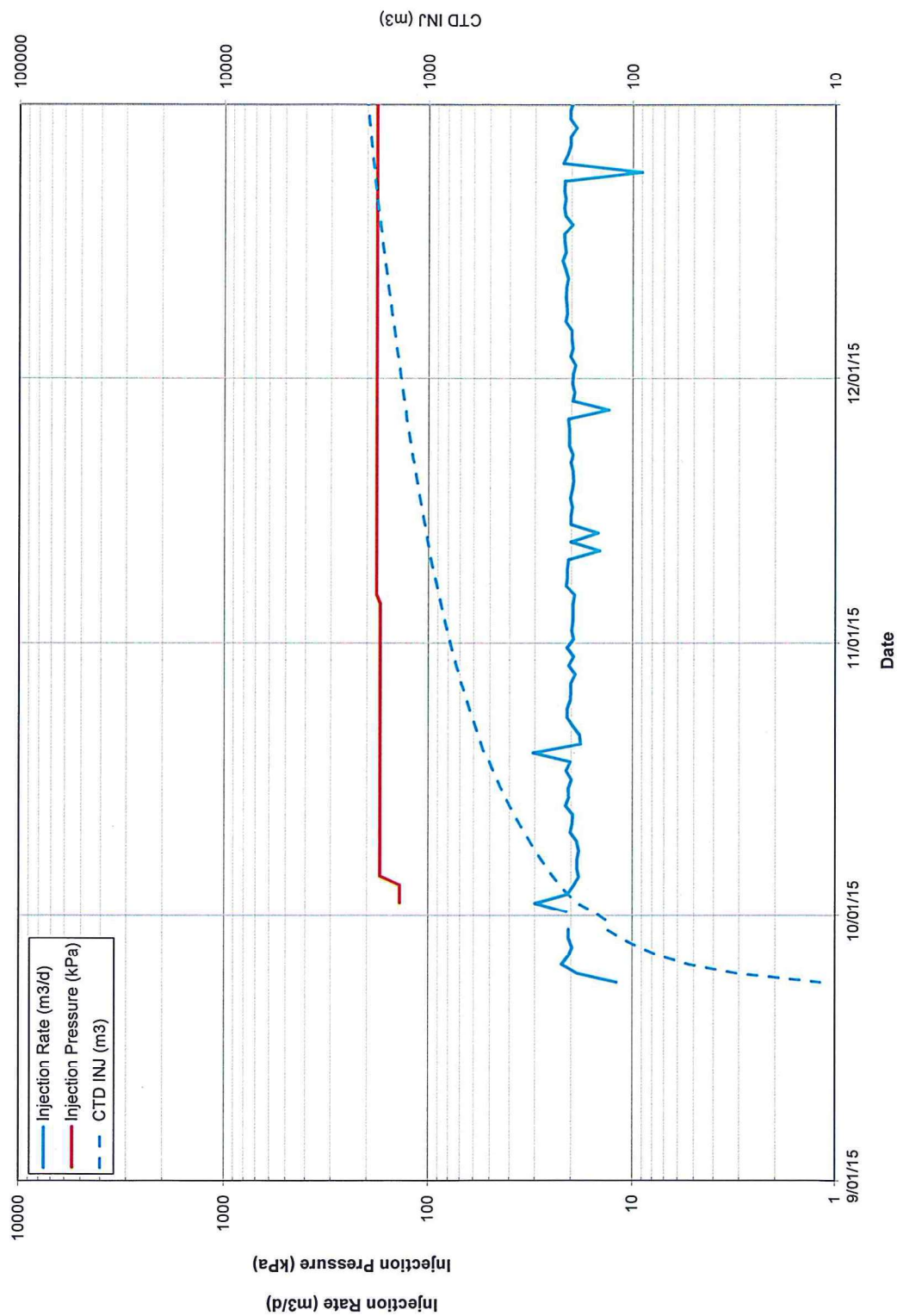


Table 2: Sinclair Unit #16 Monthly Average Injection Data

Pattern #1 Monthly Averages	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
00/03-19 Injection Rate (m3/d)									25	21	20	21
00/03-19 Injection Pressure (kPa)									443	689	656	659
00/13-19 Injection Rate (m3/d)									19	21	19	20
00/13-19 Injection Pressure (kPa)									0	163	178	179