

December 19, 2011

Manitoba Science, Technology, Energy and Mines
Petroleum Branch
360 – 1395 Ellice Ave
Winnipeg, Manitoba
R3G 3P2

Attention: Mr. Leonardo Leonen
Technical Engineering Officer

Dear Mr. Leonen:

RE: Proposed Sinclair Unit No. 8
Unitization and Waterflood Enhanced Oil Recovery (EOR) Application

Thank you for confirming receipt and preliminary review of the proposed Sinclair Unit No. 8 Unit and Waterflood EOR Application submitted by Tundra Oil and Gas (Tundra).

As requested by your letter of September 8th, Tundra hereby submits the following additional information to supplement the original application.

Owners, addresses and notifications

Names and addresses of the owners within 0.5 km of the project area, proof of service of the notices to surface and mineral owners, and a copy of the Unit Agreement were submitted to the Branch on September 28th.

Additional Information Requests

Primary and Secondary Waterflood Forecasts

Tundra's third party reserves evaluator, GLJ Petroleum Consultants (GLJ), provided the basis for the Unit 8 forecast and a copy of the report is enclosed. The GLJ forecasts assumed that Tundra will drill and complete the new horizontal wells as injectors that would go immediately into water injection service. However, based on Tundra's learnings from existing area waterfloods, it has been deemed necessary to initially produce these injection wells for a period of time to increase injection rates, improve voidage replacement, and improve flood efficiency.

Water Compatibilities

All potential water mixture ratios between the native Bakken / Three Forks water and Lodgepole source injection water, under a range of temperatures, have been simulated and evaluated for scaling and precipitate producing tendencies by two independent labs. Testing of multiple scale inhibitor products on the mixture waters has also been conducted and minimum inhibition concentration requirements for the source injection water volume determined. Tundra currently maintains continuous scale inhibitor application into the injection water stream at the source well and out of the Sinclair injection water facility as a precautionary measure. Tundra sees no operational problems with the system design at this time.



Forecasted Injection Rates

Tundra forecasted Unit 8 water injection rates based on operational history and observation of adjacent Units water injection wells due to very comparable injection well design and completion method, analogous expected and maximum injection pressures, and similar reservoir permeability.

Out of Zone Migration

The horizontal injection wells will be stimulated by multiple hydraulic fracture treatments, or stages, to obtain necessary and forecasted injection rates. Tundra has extensive experience with horizontal fracturing in the area and all jobs are rigorously programmed and monitored during execution. To prevent and/or minimize the potential for out of zone fracture growth, each treatment stage is isolated by packer tools and hydraulically fractured separately from other stages in the wellbore. This technique allows for best control of the optimum treatment pumping rate, and also for load fluid volumes to be minimized during each fracture stage.

Tracer Monitoring

In the original Unit 8 WF Application, Tundra stated there was potential to use chemical tracers to track water injector/producer responses. Tundra has evaluated some chemical tracers for use in the area waterfloods but forecasted field performance of these tracers has not warranted field wide deployment of this technology to date. Tundra will continue to explore the potential for such technologies to monitor the waterfloods.

Inter Unit Producers/Injector Development

Tundra acknowledges the need for signed production allocation agreements between all parties associated with Units 1 and 8 prior to the future development of any inter Unit producer/injector wells.

If you have any questions or require further discussion, please contact Raj Sharma, Area Exploitation Engineer, at 403-767-1237, or William (Bill) Jenkins at 403-513-1018.

Yours truly,

TUNDRA OIL & GAS PARTNERSHIP

William Jenkins
Sinclair Main Team Coordinator

cc Brad Thiessen, VP Land, Winnipeg, MB

Enclosures:

GLJ Proposed Unit No 8 OOIP and RF Estimates