



Innovation, Energy and Mines

Petroleum Branch

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June 21, 2013

Brad Thiessen
Tundra Oil & Gas Partnership
1700- One Lombard Place
Winnipeg, MB R3B 0X3

Dear Brad,

RE: Sinclair Unit No. 8 – Waterflood Order & Determination of Third Tier EOR Factor

With reference to our letter to you dated December 30, 2011, please find attached Waterflood Order No.25 which applies to the unit. Tundra is reminded that separate conversion applications are required for any existing horizontals to be converted to waterflood within this new Unit.

The waterflood order requires Tundra to conduct annual pressure surveys and submit an annual progress report. Tundra is reminded that the 2013 report is to be submitted to the Director within 60 days after the end of the calendar year.

Sinclair Unit No. 8 will qualify for a Third Tier EOR Factor (TTEF). The Branch has calculated a proposed TTEF of 0.7828 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 waterflood recoverable reserves for unit. Please provide the Branch with any comments on the proposed TTEF by July 21, 2013.

If you have any questions in respect of the approvals or the TTEF calculations please contact Leo Leonen at (204) 945-6570.

Yours truly,


Dan Surzyshyn
A/Director

Cc: Administration, Winnipeg
Engineering, Virden

Table 1. Third Tier EOR Factor Calculation

Tundra Sinclair Unit #8

Unit	Sinclair Unit No. 8
Operator	Tundra Oil & Gas
Sections	2 3/8
Effective Date of Third EOR Production	July 1, 2013
Cumulative Unit Production to March 31, 2013 (m³)	158,800.0
Primary Recoverable Reserves (m³)	196,778.8
Incremental EOR Rec. Reserves (IERR) (m³)	136,889.6
Total Remaining Rec. Reserves (TRES) (m³)	174,868.4
Third Tier EOR Factor (TTEF)	0.7828



**MINISTER OF
INNOVATION, ENERGY AND MINES**

Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

MINISTERIAL ORDER

**Subsection 116(2)
THE OIL AND GAS ACT**


WATERFLOOD ORDER NO. 25

**Pertaining to Waterflood Operations
in Sinclair Unit No. 8**

- 1.0 The Unit Operator shall conduct waterflood operations by injecting water into the Daly Sinclair Middle Bakken - Three Forks Pool underlying Sinclair Unit No. 8 ("the Unit") through the wells listed in Schedule A. The Director may approve the conversion of additional wells in the Unit to water injection.
- 1.1 Every injection well shall be completed as approved under Section 47 of the Drilling and Production Regulation ("the Regulation").
- 1.2 The maximum wellhead pressure at which water may be injected is 8 000 kPa.
- 1.3 The Director may, from time to time, establish a maximum or minimum rate at which water may be injected into a well.
- 1.4 The annulus of each injection well shall be pressure tested in accordance with Section 50 of the Regulation.
- 2.0 The Unit Operator shall conduct an annual survey to determine the level and distribution of reservoir pressure in the Unit. A summary of the results of any pressure surveys conducted during the year are to be included in the annual waterflood progress report required under Section 73 of the Regulation.
- 2.1 The frequency of pressure surveys may be reduced where the Director is satisfied that more frequent surveys will not assist the Unit Operator in monitoring the effectiveness of the waterflood.
- 2.2 The Unit Operator is responsible for monitoring the effectiveness of the waterflood and for collecting such reservoir data and other information as is necessary to evaluate and optimize waterflood performance.

- 2.3 The Unit Operator shall advise the Petroleum Branch of the suspension of water injection at any well, any indication of channelling or breakthrough of injected water to a producing well or out of zone and any other detrimental effects that may be attributable to the waterflood operations.
- 3.0 The Unit Operator shall file a report of production or injection for each well in the Unit in accordance with Section 120 of the Regulation.
- 4.0 The Unit Operator shall file an annual waterflood progress report in accordance with Section 73 of the Regulation.

JUNE 21, 2013
Date



Director of Petroleum for
Minister Innovation, Energy and Mines

SCHEDULE A

WATERFLOOD ORDER NO. 25

SINCLAIR UNIT NO. 8

WATER INJECTION WELLS

WELL NAME	LSD	SEC	TWP	RGE
Sinclair Unit No. 8 HZNTL WIW	04	33	07	29
Sinclair Unit No. 8 HZNTL WIW	05	33	07	29