



Science, Technology, Energy and Mines

Petroleum Branch
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18 December 2012

Robyn Swanson, C.E.T., P. Eng.
Fekete Associates Inc.
Suite 2000
540 – 5th Avenue SW
Calgary, AB T2P 0M2

Dear Robyn:

RE: Sinclair Unit No. 9 - Unit and Waterflood EOR Application

The Branch has completed a preliminary review of your application to create Sinclair Unit No. 9 and implement within a waterflood EOR operation. Notice of the application has been published on our website and newspapers with a deadline to intervene and comment from the public on or before December 21, 2012.

The application as submitted is not complete. The following items are outstanding:

- A copy of the notice, and proof of service of the notice, to the surface owners in the project area and to the mineral owners within 0.5 km advising of the proposed project of enhanced recovery.
- A copy of the proposed Unit Agreement for review.

The Branch also requires additional information on the following subjects:

- Red River is using Units' 2 & 3 as analogs for Unit 9 which are farther units compared with Unit 8 and yet it will be develop and patterned after the latter. Why is Unit 8 not the analog? Why it will not be patterned after Units' 2 & 3? Please elaborate.
- List of rock and fluid properties.
- Any plans of using produced water for re-injection? If not, why?
- We have a mismatched 1st 90 days production figures of the four horizontal wells in the project area. I computed and arrived at the following:

Well	Branch, m3	Red River, m3
100.13-30-007-29W1.00	1229.8	1230.2
100.14-30-007-29W1.00	469.3	469.4
100.15-30-007-29W1.00	959.9	975.7
100.16-30-007-29W1.00	751.9	742.4
Total	3,410.9	3,417.7

If there are errors, it will affect the tract factors. There might be some things overlooked on both sides. Either case, please re-check your production figures and then coordinate with me about the results.

- Is Red River the evaluator or appraiser of the OOIP in the project area? If not a third party, please provide reason(s). Please provide a discussion of the methodologies used in the OOIP evaluation.
- Does Red River plans to expand their waterflood project beyond Unit 9 by unitizing and waterflooding nearby smaller units? If yes, how will the unit agreement for each units can adapt with the broader level of operation (smaller units forming an “apparent” mother unit with wells draining or injecting two or more units, etc.)?

Please submit the required information in both paper and electronic (pdfs are fine) formats to the undersigned. If you have any questions in respect of this matter please contact me directly at (204) 945-6570.

Yours truly,



Leonardo Leonen
Technical Engineering Officer

Cc: Virden Office
Ken Frankiw, *Red River Oil*