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April 12, 2016

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

Re: Sinclair Unit No. 9: 2015 Annual EOR Report

Dear Mr. Leonen:

Please accept the attached annual EOR report for the Sinclair Unit No. 9. This was the third year of operation for the Sinclair Unit No. 9 Waterflood project.

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

Regards,



Ben MacIsaac
Production Engineer
Red River Oil Inc.
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Sinclair Unit No. 9: EOR Report 2015

Overview

The Sinclair Unit No. 9 waterflood is a one section (30-007-29W1), one pattern flood within the Bakken Three Forks formation operated by Red River Oil Inc. ("Red River" or the "Company"). The pattern consists of seven horizontal wellbores oriented north-south and spaced at 185-300m. Three injectors are located at 00/13-30, 00/14-30 and 00/15-30 while four producers are located at 02/14-30, 02/15-30, 00/16-30 and 02/16-30. There is one abandoned vertical well at 11-30. Figure 1 below is a Unit map showing the wellbore layout.

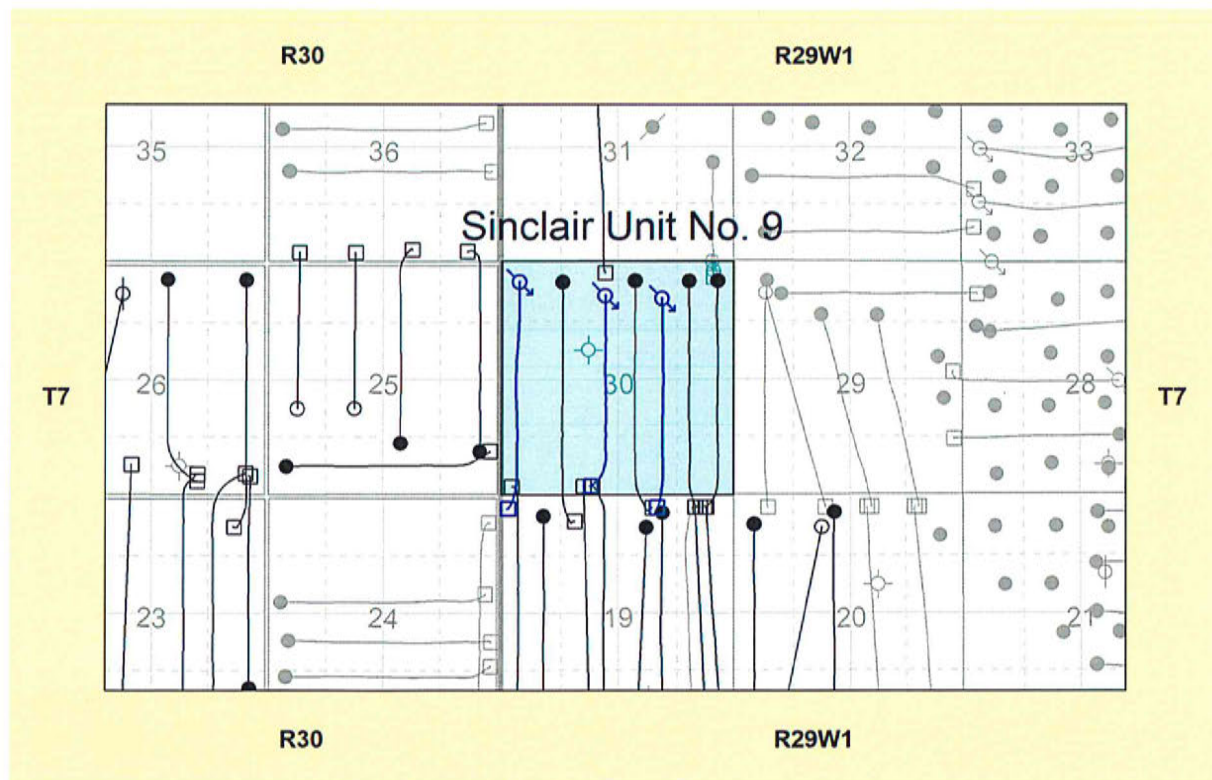


Figure 1: Sinclair Unit No.9 Map

Production from Section 30-007-29W1 commenced in July 2009 (00/16-30), with the most recent horizontal (02/16-30) coming on production July 2013. All horizontals in the section have been multi-stage hydraulically fractured, ranging from 8 to 23 zones of 3.4 to 12 tonnes

per stage. Water injection in Unit No. 9 commenced in late October 2013 (00/13-30 – Oct 19, 00/15-30 – Oct 21, 00/14-30 – Oct 23).

The main productive zones within the Three Forks in section 30-007-29W2 are the Upper Devonian Lyleton A Dolomitic Siltstone member and the overlying Mississippian Middle Bakken Siltstone member. Horizontal wells in section 30 have undulated through both the Three Forks Lyleton A Member and the Bakken Siltstones over the length of the laterals.

Red River estimates that original-oil-in-place for Unit No. 9 is $1,212 \times 10^3 \text{ m}^3$ (7,629 mstb). Current recovery to date is $25.0 \times 10^3 \text{ m}^3$ (157.3 mstb) or 2.1% of the OOIP. Primary recovery was originally estimated to recover 3.1% based on 4 wells per section and 5.5% with infill drilling. An incremental 10-15% secondary recovery is expected, bringing the total estimated recovery factor to 15-20%.

Performance Discussion

Performance results to date in the Sinclair Unit No. 9 flood have been positive. The pattern as a whole has observed a slight incline of total fluid production while maintaining relatively stable oil-cuts throughout the year. Figures 2 and 3 below help display the Unit performance trends. Note that production from the 191/01-25-007-30W1 well is included in figures 2-3 for information purposes only as it is offset by the 13-30 injection well.

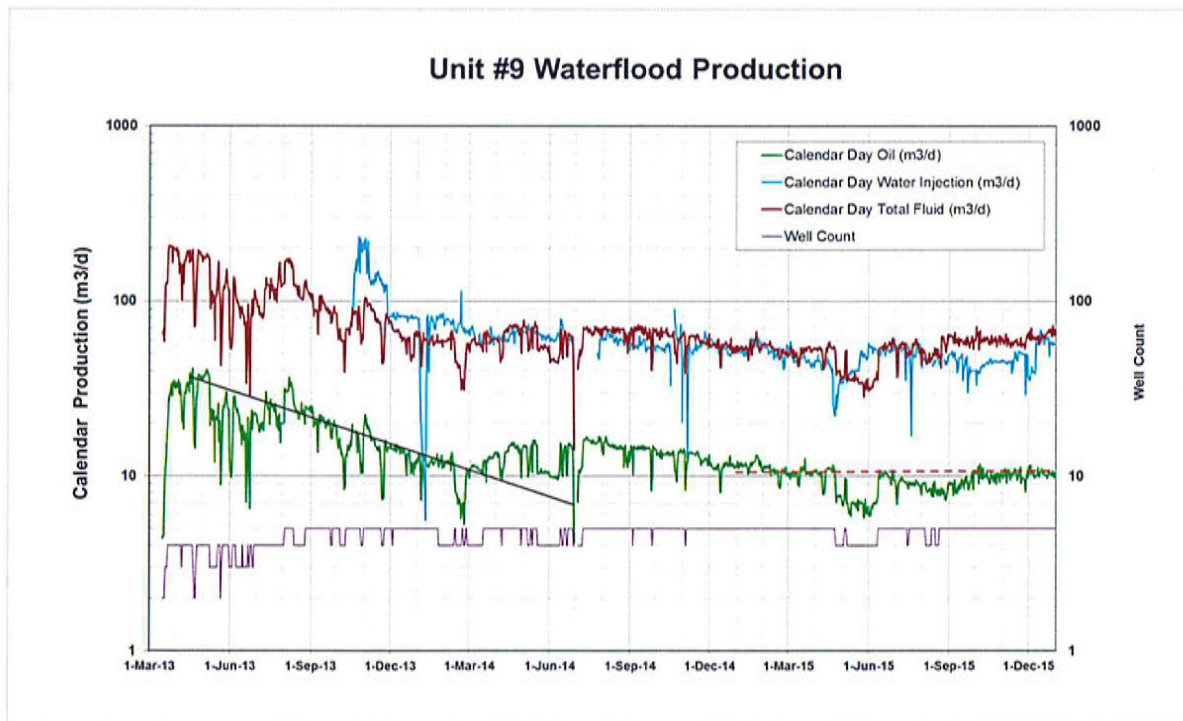


Figure 2: Sinclair Unit No. 9 Production

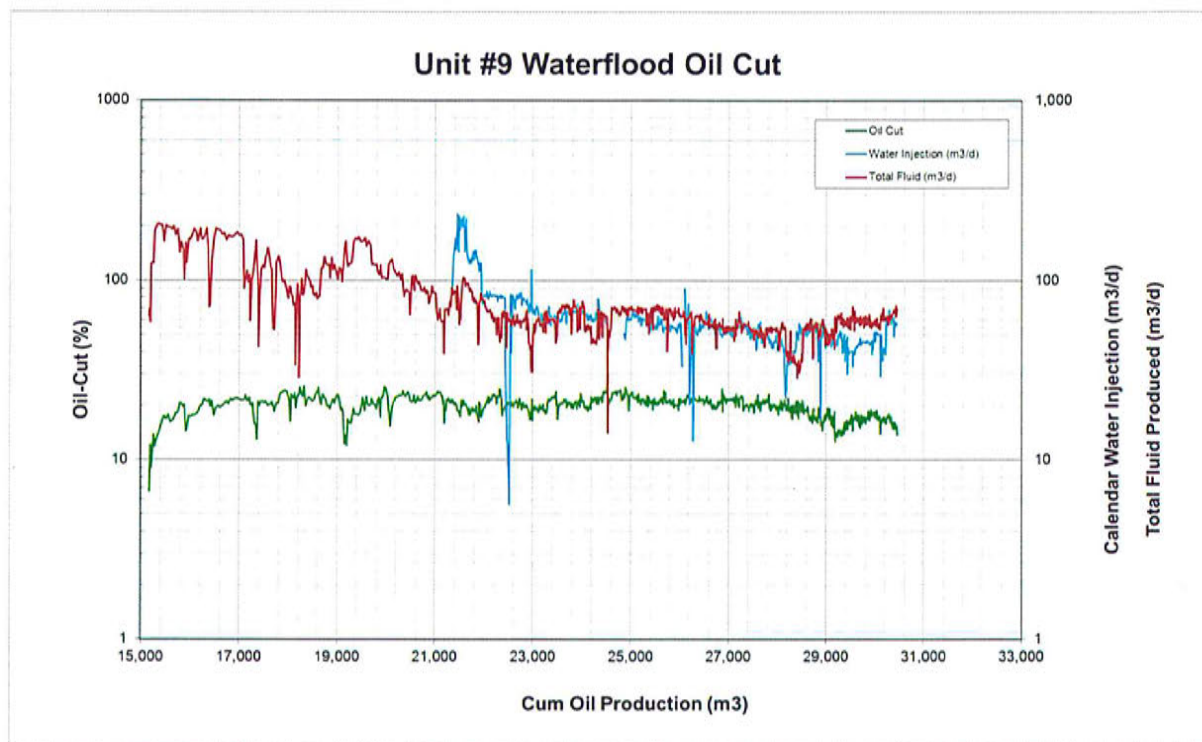


Figure 3: Sinclair Unit No. 9 Oil Cut

As can be seen in figure 2, production has been on a slight incline since mid-2015 after weather related downtime earlier in the year was alleviated. Also evident in figure 2 is a slight decline in total injectivity over the year. As the Unit #9 injection wells have been injecting at the maximum injection pressure since early 2015, total injectivity has flattened to fallen slightly over the year. The combined production and injection trends have resulted in a temporary instantaneous voidage replacement shortfall compared to the targeted 1.2-1.5 VRR. To improve the pattern VRR, Red River began an injection well stimulation maintenance program consisting of surface bullhead acid stimulations in late 2015. Further details regarding the stimulations are outlined in the well servicing section. Surface bullhead stimulations are seen as a cost effective, low risk method to maintain injectivity and help improve sweep efficiency. In an improved commodity price environment, more complex stimulation techniques such as wellbore cleanouts, selective acid stimulations and frac ball seat drill outs would become more favorable.

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 4: Monthly produced fluids and ratios in graphical and tabular format
2. Table 1: Monthly and cumulative produced fluids and ratios in tabular format

3. Individual injection well rate and pressure profiles:
 - a. 100/13-30
 - b. 100/14-30
 - c. 100/14-30
4. Table 2: Monthly average injection rate and pressure data

73(1) (d) Reservoir Pressure Surveys

There were no pressure surveys executed in Unit No. 9 in 2015.

73(1) (e) Well Servicing

In December 2015 Red River completed a surface bullhead solvent/acid blend squeeze in the 00/15-30 injector. The 00/15-30 well was selected for stimulation due its higher than typical injection rate decline after reaching maximum wellhead injection pressure. Results from the job have been positive; injection rate has doubled (capable of higher rate, limited by VRR target) while injection pressure has been reduced by over 30%. As of April 2016, the positive effects of the stimulation job are still evident

Other than routine pump changes and the 00/15-30 stimulation, there were no well servicing operations completed within Unit No. 9 in 2015.

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

In March 2015 Red River recompleted the 15-18-007-29W1 water source well in the Manville formation to test the applicability of using this formation water as make-up injection water. The formation test and subsequent compatibility testing was successful and approval was granted in June 2015 to use Manville formation water as makeup water in all Red River's waterflood projects, including Unit No. 9. Previously, injection water was sourced from trucked in Bakken-Three Forks water. The primary reason for the water transition was due to filtration challenges caused by the solids loading in the trucked in water. Since the switch to Manville water, filter run times at the 15-18 injection facility have been greatly improved and there have been no operational concerns. At the 15-18 facility the water is cascaded through two water production tanks to allow any large solids and residual oil to gravity separate, the water then is pumped to the filtration skid 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. After the water is filtered it enters the injection pipeline system via a positive displacement pump. The surface injection pressure is limited to 6,300 kpa. All water is treated with scale and biocide inhibitors prior to being injected into Unit No. 9.

Appendix A: Sinclair Unit No. 9 Production and Injection Data

Figure 4: Sinclair Unit #9 Produced Fluids

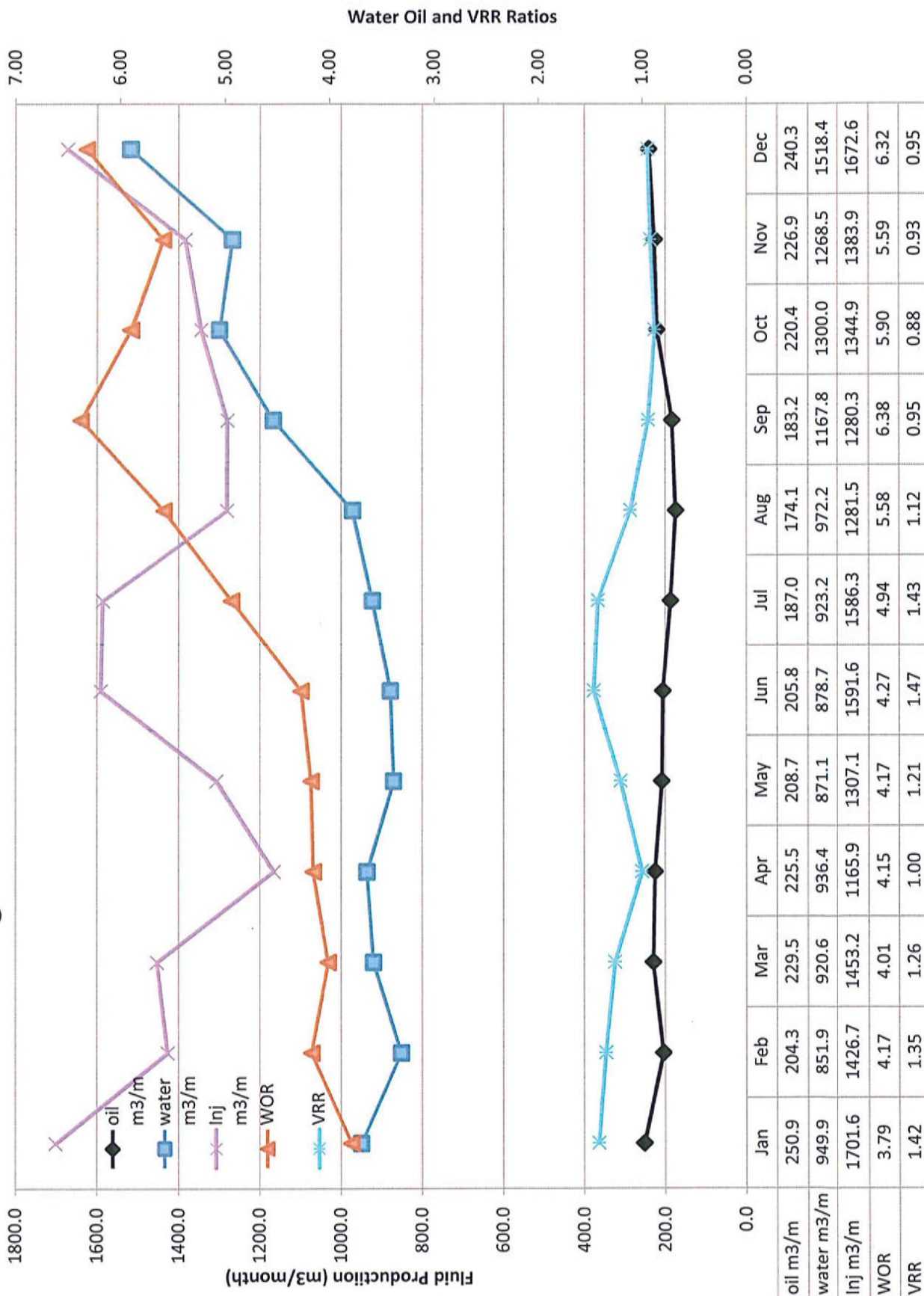


Table 1: Sinclair Unit #9 Produced Fluids

2015 Oil Production m3/month	Prior CTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014	CTD
Unit #9 Total Production	22461.6	250.9	204.3	229.5	225.5	208.7	205.8	187.0	174.1	183.2	220.4	226.9	240.3	2556.5	25018.1

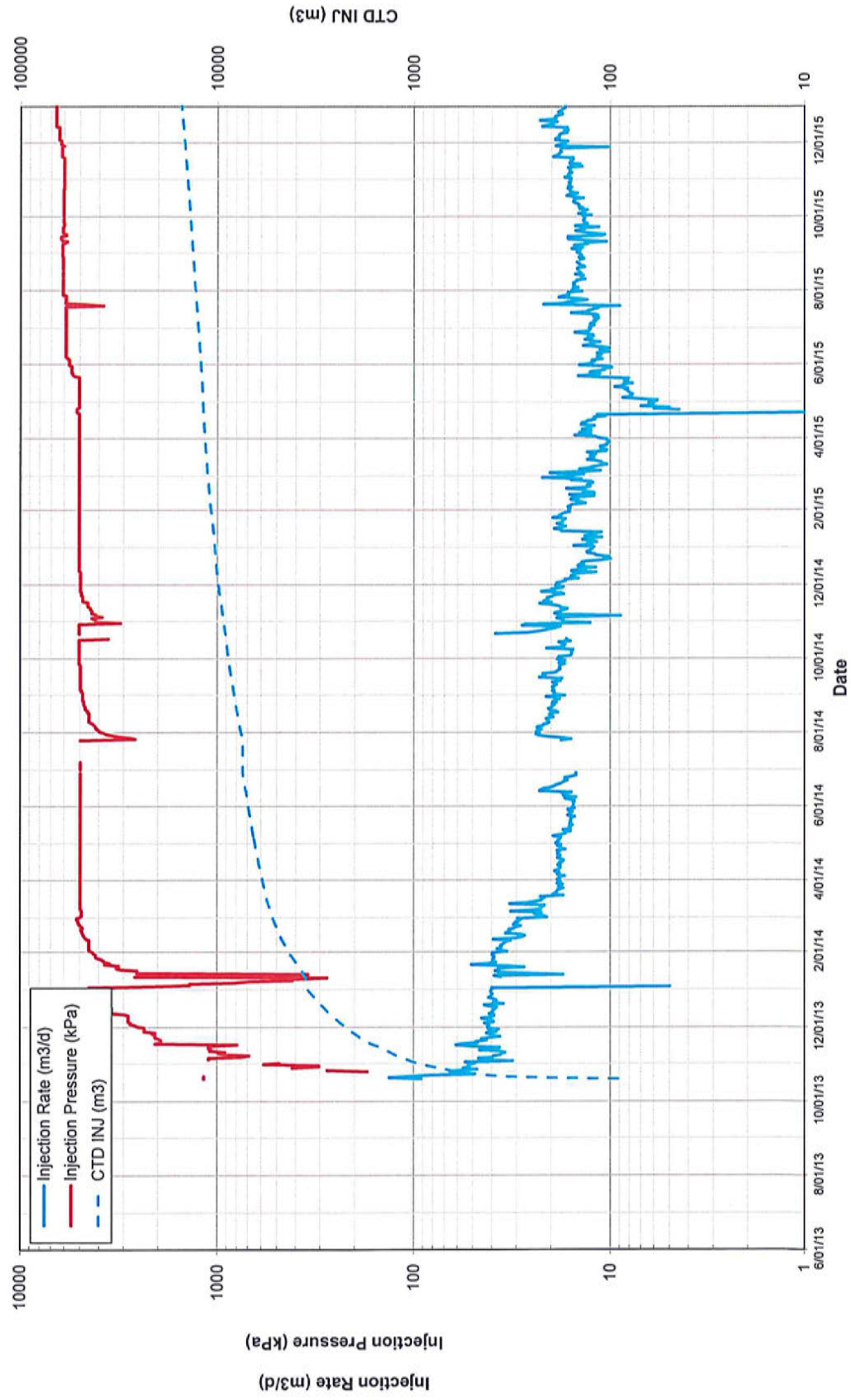
2015 Water Production m3/month	Prior CTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014	CTD
Unit #9 Total Production	76868.2	949.9	851.9	920.6	936.4	871.1	878.7	923.2	972.2	1167.8	1300.0	1268.5	1518.4	12558.6	89426.8

Unit #9 WOR	3.42	3.79	4.17	4.01	4.15	4.17	4.27	4.94	5.58	6.38	5.90	5.59	6.32	4.91	3.57
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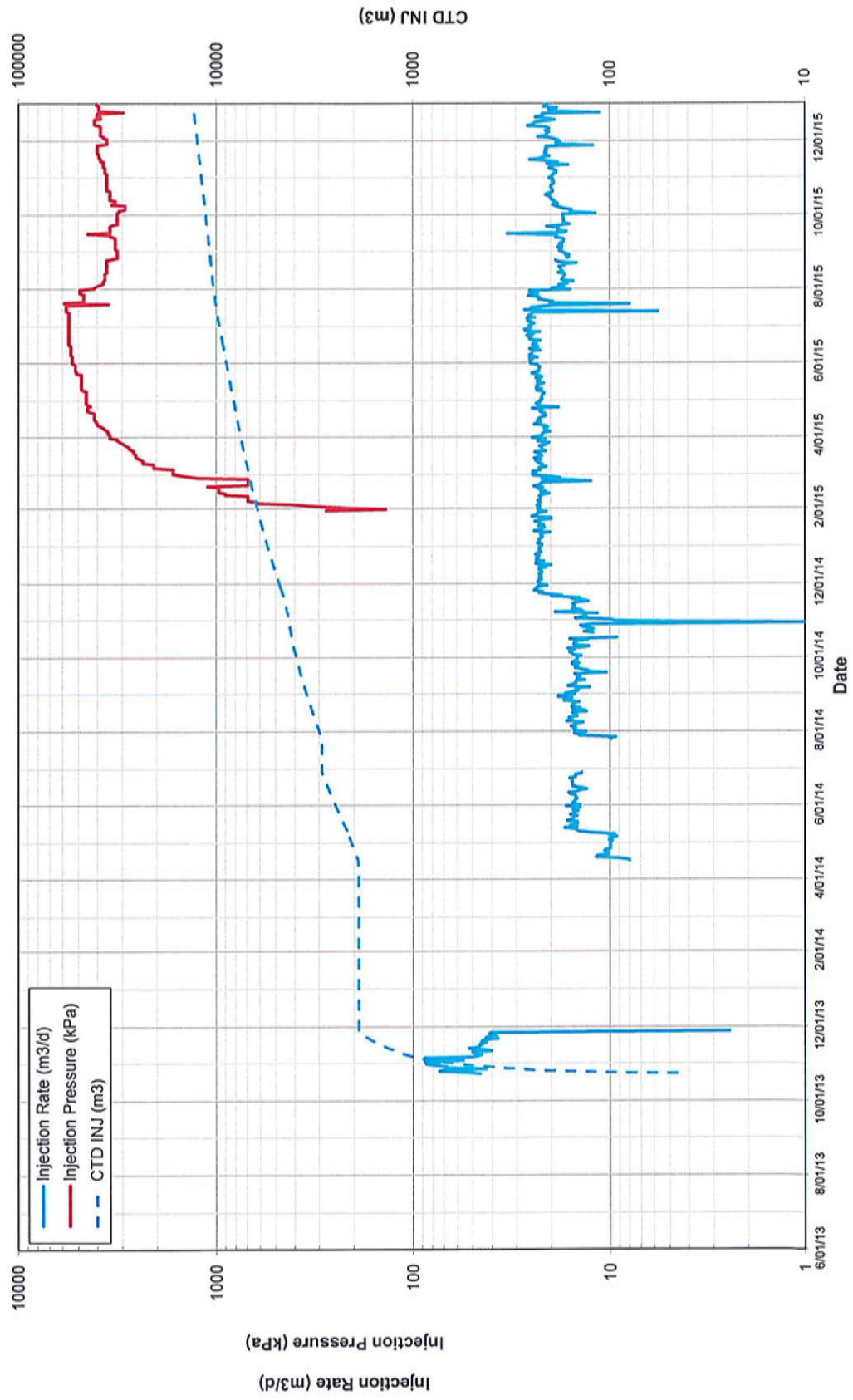
2015 Water Injection m3/month	Prior CTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014	CTD
Unit #9 Injection	29237.9	1701.6	1426.7	1453.2	1165.9	1307.1	1591.6	1586.3	1281.5	1280.3	1344.9	1383.9	1672.6	17195.5	46433.4

Unit #9 VRR	0.29	1.42	1.35	1.26	1.00	1.21	1.47	1.43	1.12	0.95	0.88	0.93	0.95	1.14	0.41
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00/13-30-7-29 W1M



00/14-30-7-29 W1M



00/15-30-7-29 W1M

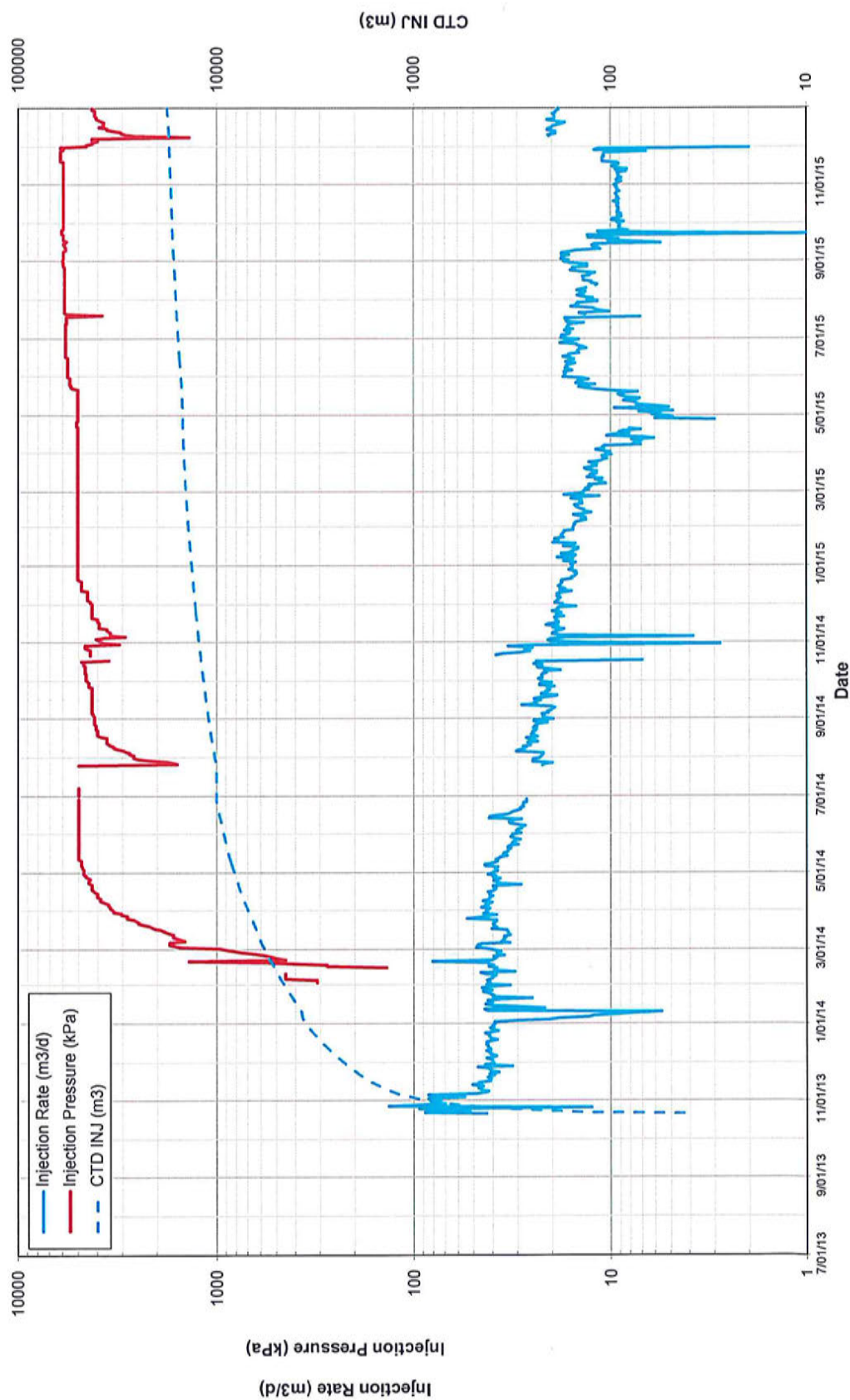


Table 2: Sinclair Unit #9 Monthly Average Injection Data

2015 Monthly Averages	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
00/13-30 Injection Rate (m3/d)	16	15	12	10	9	12	14	14	14	15	17	18
00/13-30 Injection Pressure (kPa)	5033	5033	5033	5052	5184	5826	5783	6071	6053	6024	6054	6454
00/14-30 Injection Rate (m3/d)	23	22	23	22	23	25	23	17	18	19	20	21
00/14-30 Injection Pressure (kPa)	13	768	2478	4061	4851	5504	5262	3581	3329	3363	3791	3887
00/15-30 Injection Rate (m3/d)	17	15	12	7	10	16	15	13	12	9	10	15
00/15-30 Injection Pressure (kPa)	5033	5033	5033	5042	5184	5723	5736	5877	5920	5929	6005	3799