2015

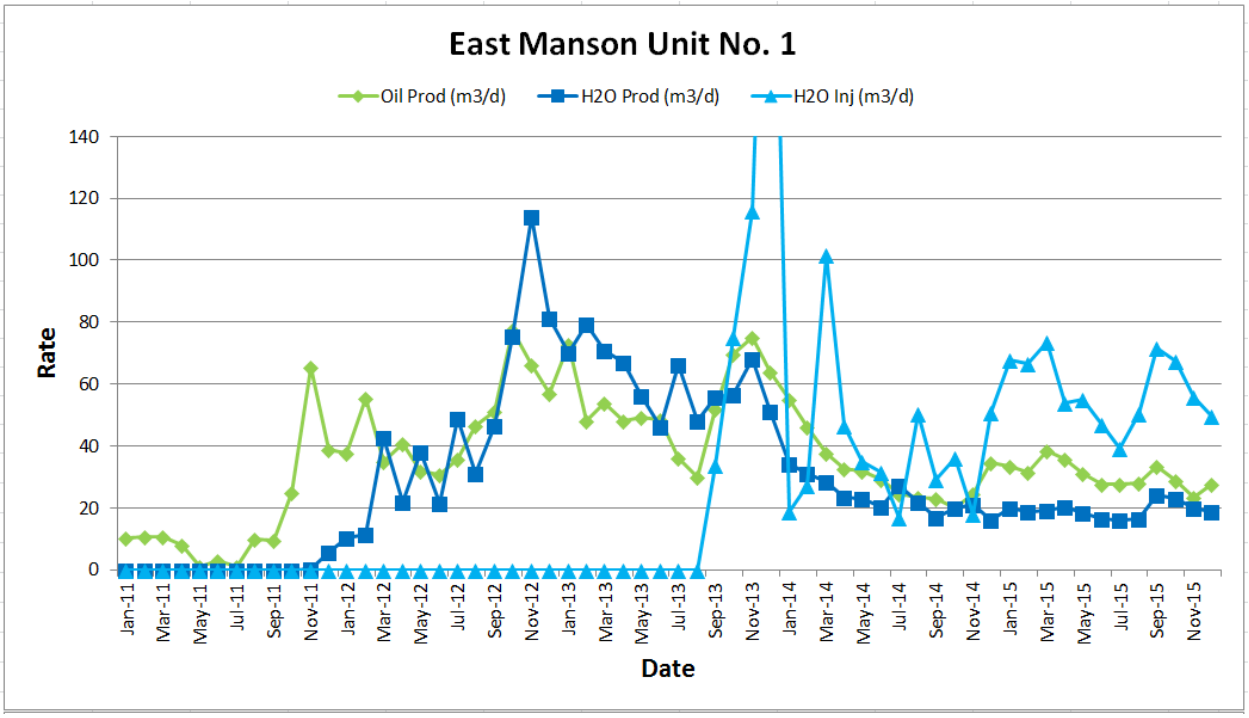
TORC OIL & GAS LTD.

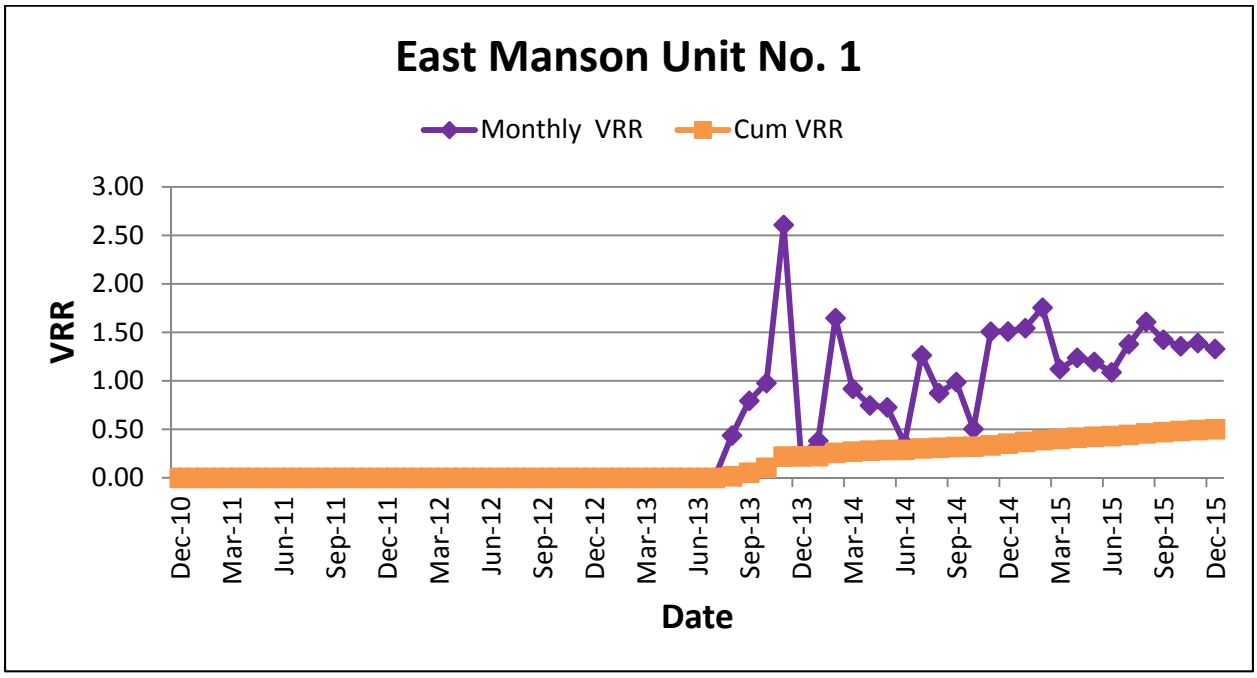
EAST MANSON UNIT #1

ENHANCED OIL RECOVERY (EOR) ANNUAL REPORT

East Manson Unit No. 1

Cum PRD OIL	65.6 e3m3
Cum PRD GAS	0.0 e3m3
Cum PRD WTR	55.1 e3m3
Cum INJ WTR	42.8 e3m3





Discussion

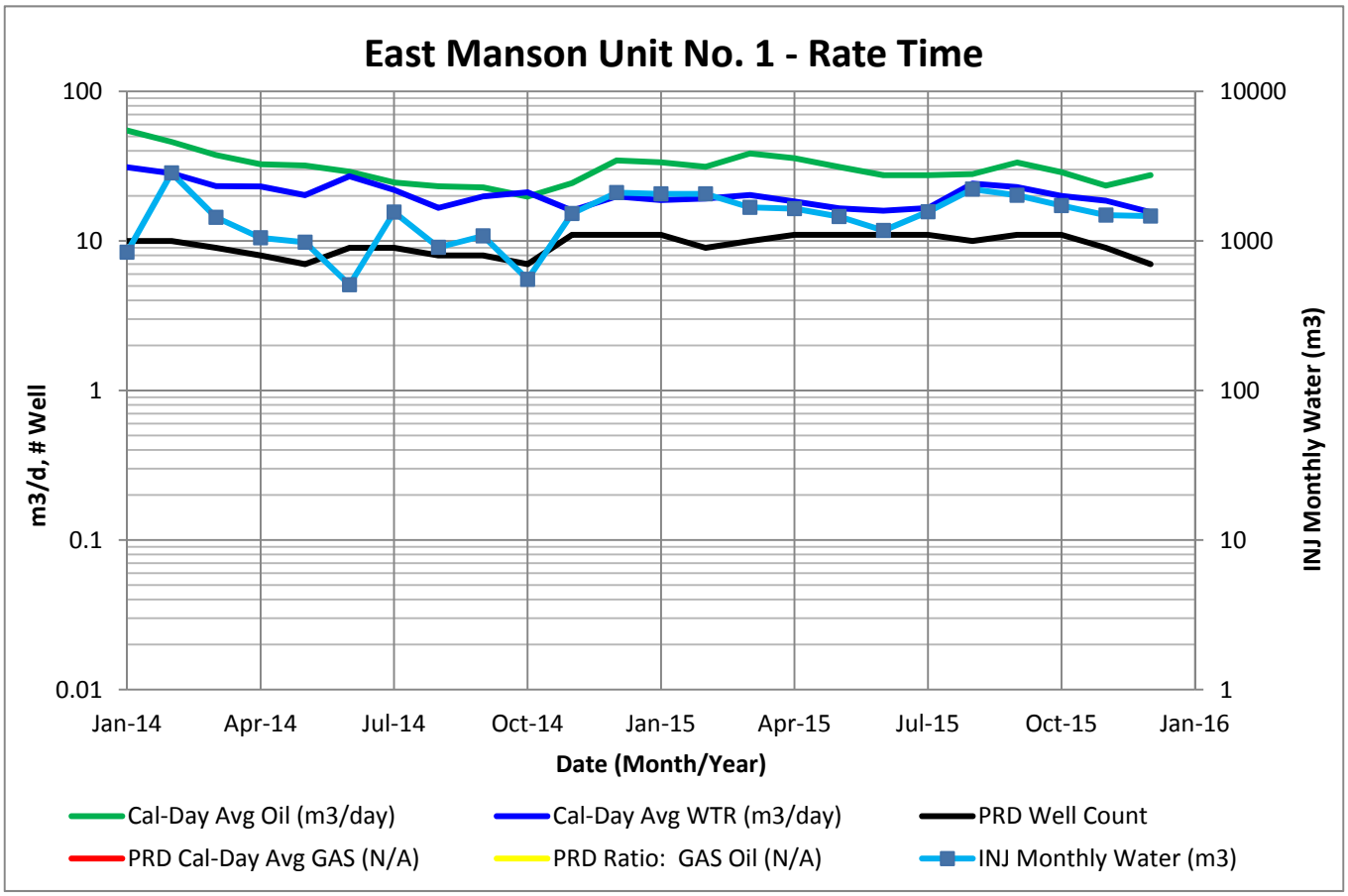
TORC Oil & Gas Ltd. ("TORC") acquired Surge Assets closing date June 15, 2015 which included the operatorship of the East Manson Unit No. 1, No. 3 and No. 4.

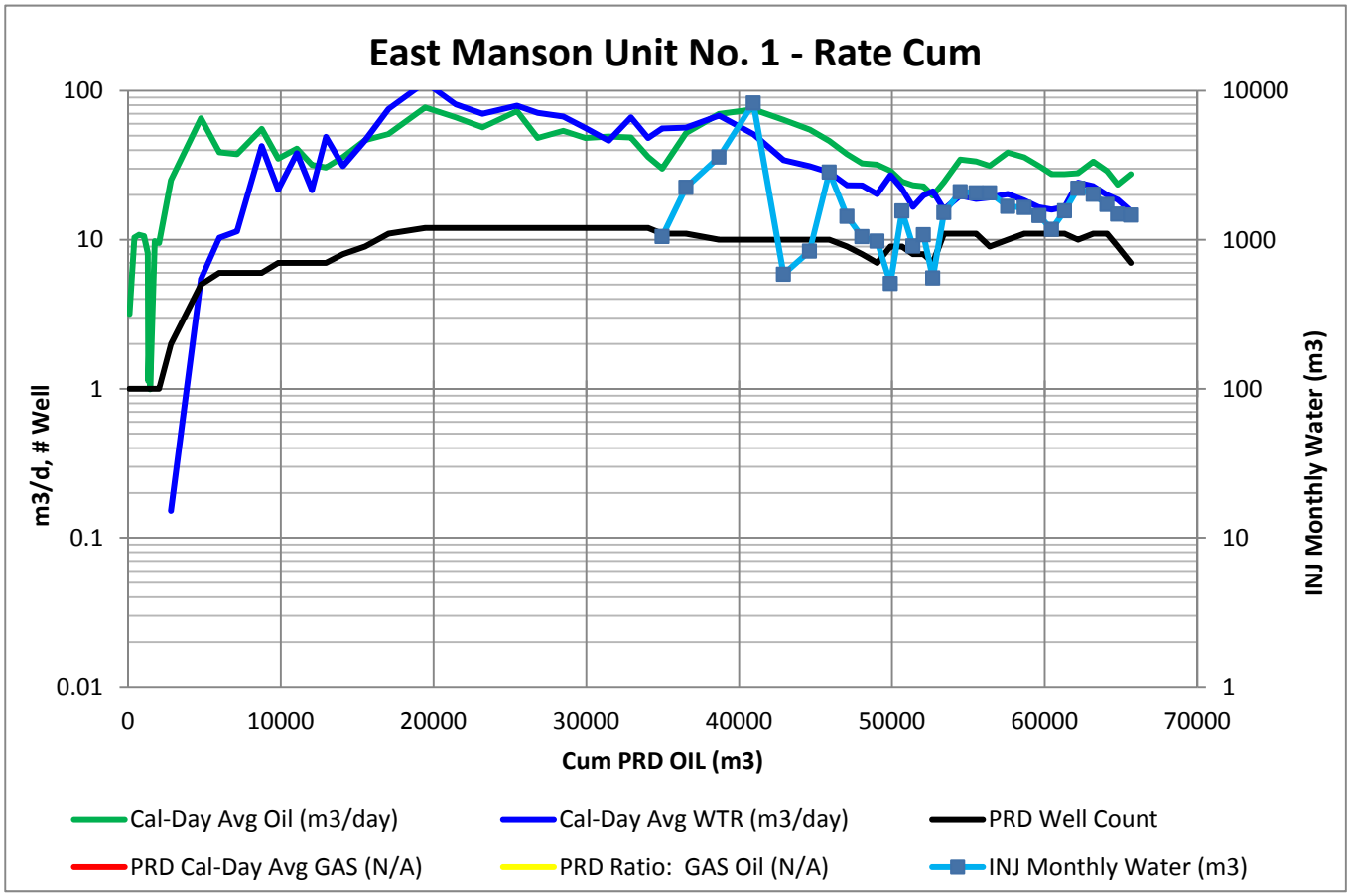
East Manson #1 delivered another year of stable and reliable flood performance throughout 2015, while providing ample opportunity to evaluate flood response and leverage operational learnings to other active floods in East Manson. In its third year of operation since inception, this flood proved very effective in arresting production decline and facilitating stable injectivity.

One operational success which the TORC team encountered was the application of Iron Sulfide reducing chemical squeezed to promote continuous injection volumes. These squeezes are low volume and low cost operations, and have the ability to drastically increase injection in wells which are exhibiting signs of formation damage or obstruction of the perforations. TORC has conducted various rigless chemical squeezes on Unit injectors (acidized 100/2-29; FeS Reducer on 102/07-29; FeS/Iron Scale Dissolver on 100/4-29 and 100/11-29 in 2015), and have recently completed an ISD on 102/07-29 and 100/04-29. A FeS Reducer chemical injection at the north and south ends of our field was setup in 2015, and appears to be working, as bi-weekly sampling of the water in two production tanks at the battery show little or no FeS. Continuous sampling a monitoring of injection water ensures water quality meets injection standards for the flood.

A workover on 00/02-29-013-28W1 Injector was conducted in July 2015, showing both sand and scale downhole. Since this was the first injector in the field, it was believe to be frac sand that had come back from the producers early on and gone through the water system. The other injectors which had been worked on have not shown significant amounts of sand downhole. Water filtration for FeS was considered at one point, but testing showed the particle sizing to be so small that adequate filtration would not be manageable. Water tank samples showed small percentages of calcium carbonate scaling, TORC is working on a treatment program to inject scale inhibitor at the main battery inlet, which may eliminate the scale in the tanks and over time, the water going out to the injectors (continuous treatment versus injector squeezes every 4-6 months). No other instances of sand binding up injectors have been recorded to date.

A goal for 2016 is to achieve compatibility with a Mannville water source to support injection volumes. Chemical testing is ongoing and suggest that through chemical application we will safely and sustainably be able to inject Mannville produced fluids. This work will continue throughout 2016 with a goal of incorporating makeup water into the flood as it expands.


East Manson Unit No. 1 - Rate Time
100
10
1
0.1
0.01
10000
1000
100
10
1
m3/d, # Well
INJ Monthly Water (m3)
Jan-14
Apr-14
Jul-14
Oct-14
Jan-15
Apr-15
Jul-15
Oct-15
Jan-16
Date (Month/Year)
Cal-Day Avg Oil (m3/day)
Cal-Day Avg WTR (m3/day)
PRD Well Count
PRD Cal-Day Avg GAS (N/A)
PRD Ratio: GAS Oil (N/A)
INJ Monthly Water (m3)

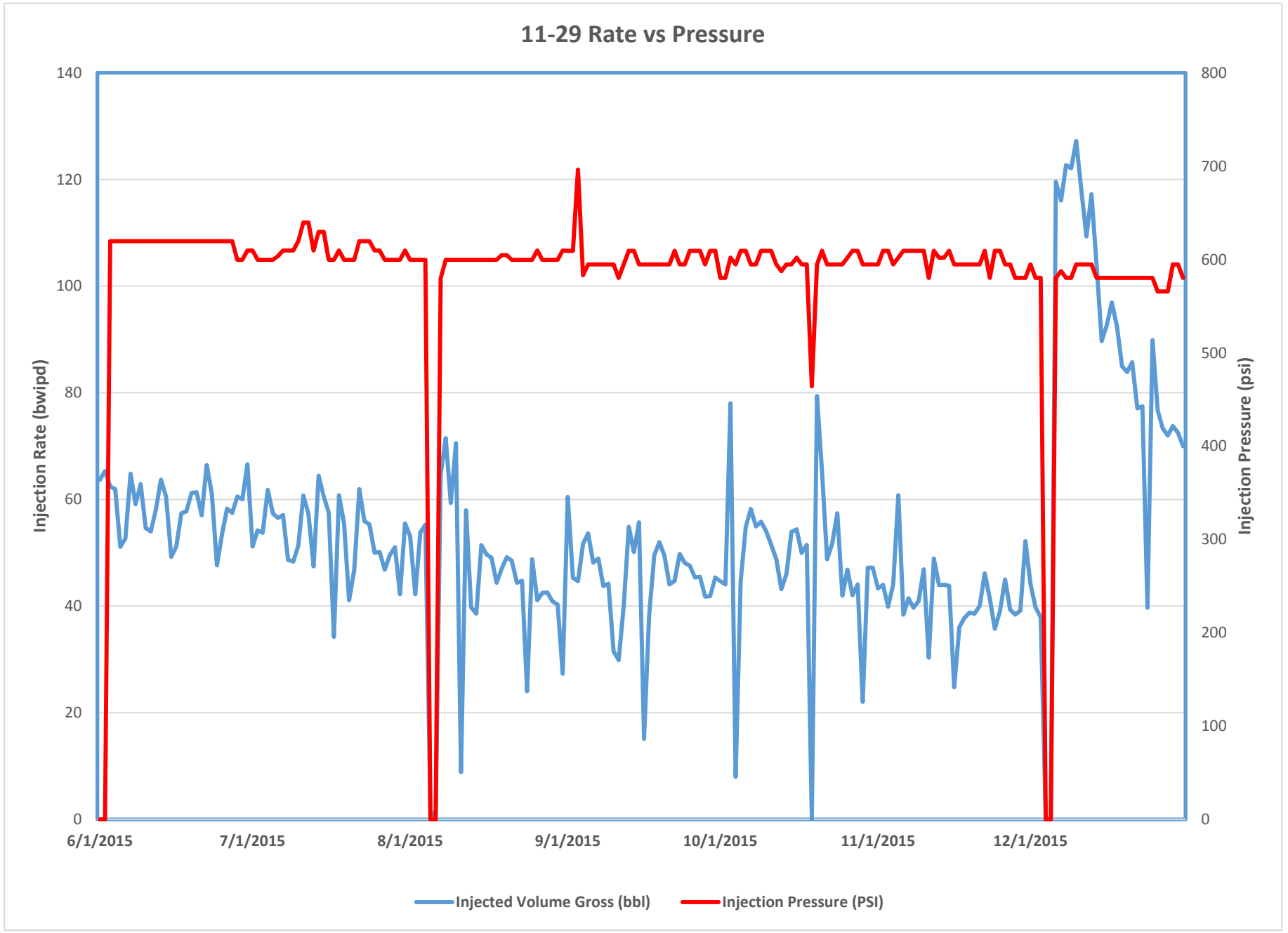

East Manson Unit No. 1 - Rate Cum
100
10
1
0.1
0.01
10000
1000
100
10
1
m3/d, # Well
INJ Monthly Water (m3)
0
10000
20000
30000
40000
50000
60000
70000
Cum PRD OIL (m3)
Cal-Day Avg Oil (m3/day)
Cal-Day Avg WTR (m3/day)
PRD Well Count
PRD Cal-Day Avg GAS (N/A)
PRD Ratio: GAS Oil (N/A)
INJ Monthly Water (m3)

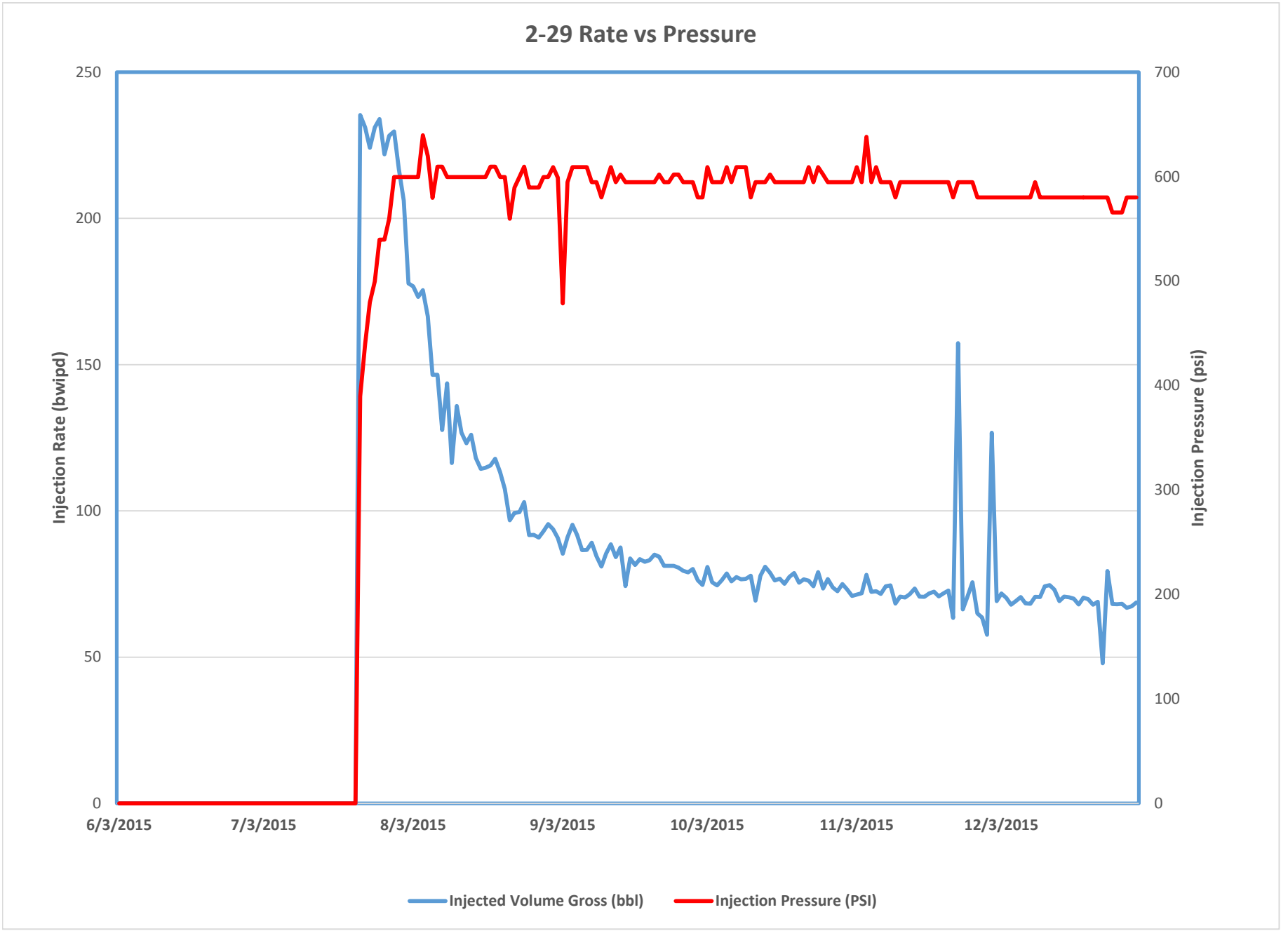
East Manson Unit No. 1 - Injection Parameters

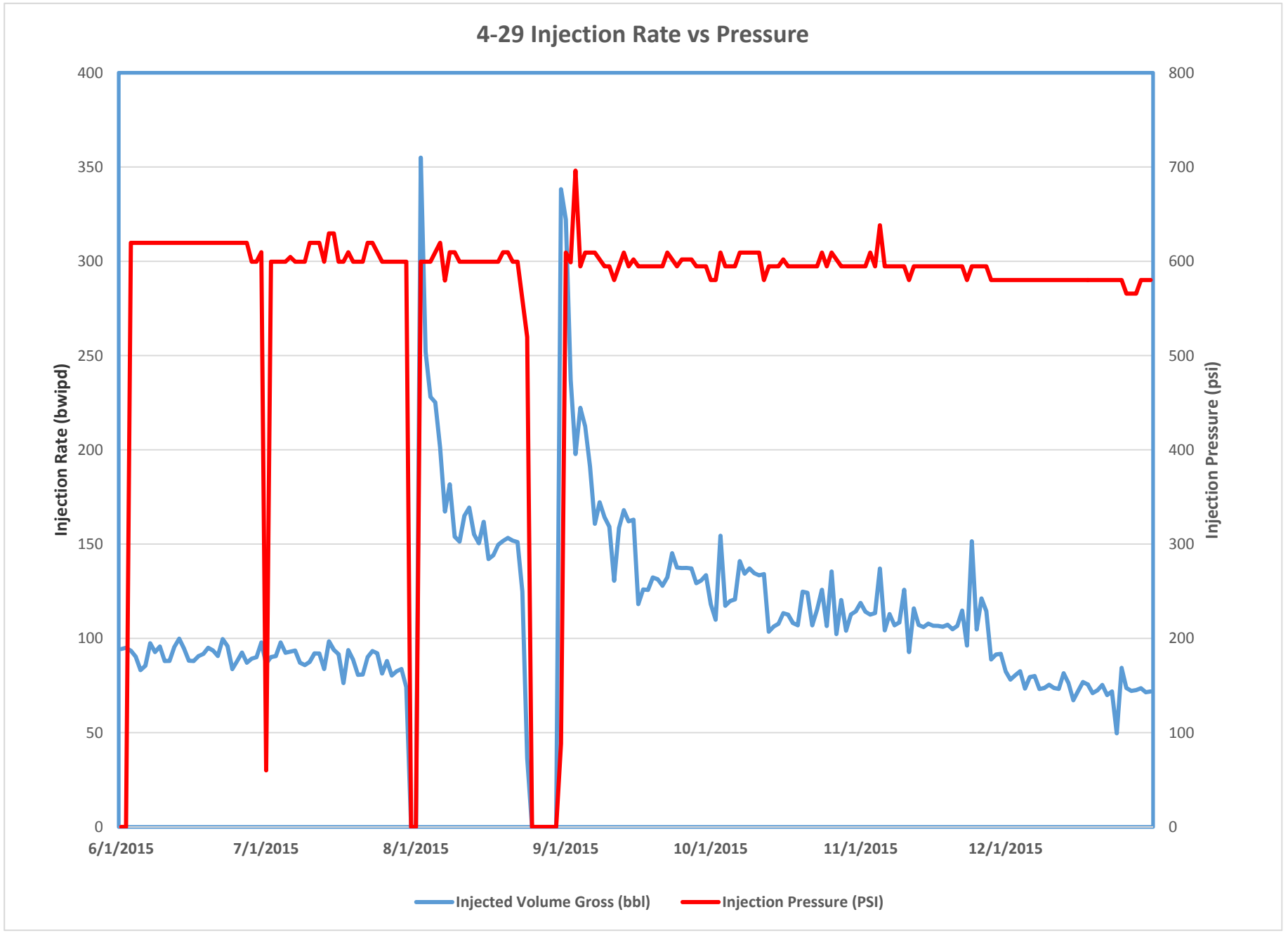
Month	Oil Rate (m3/d)	Gas Rate (m3/d)	Water Rate (m3/d)	Water Inj Rate (m3/d)	Water Inj Press (psi)	Cum Oil (m3)	Cum Gas (e3m3)	Cum Water (m3)	Cum Inj Water (m3)	GOR (m3/m3)	WOR (m3/m3)
Jan-15	33.5	0.0	18.8	66.6	471	55521.6	0.0	48845.3	33191.0	0	0.56
Feb-15	31.3	0.0	19.2	73.6	534	56398.1	0.0	49383.5	35252.1	0	0.61
Mar-15	38.5	0.0	20.3	54.1	568	57590.5	0.0	50012.3	36927.7	0	0.53
Apr-15	35.8	0.0	18.3	54.8	603	58663.8	0.0	50562.1	38573.2	0	0.51
May-15	31.2	0.0	16.5	46.9	583	59632.5	0.0	51074.3	40027.1	0	0.53
Jun-15	27.6	0.0	15.9	39.1	474	60459.0	0.0	51552.4	41200.9	0	0.58
Jul-15	27.5	0.0	16.6	50.5	581	61312.9	0.0	52067.1	42765.9	0	0.60
Aug-15	28.0	0.0	24.2	71.5	597	62181.0	0.0	52815.8	44983.2	0	0.86
Sep-15	33.5	0.0	22.9	67.3	599	63185.8	0.0	53502.4	47001.2	0	0.68
Oct-15	28.8	0.0	20.0	55.6	597	64080.0	0.0	54122.4	48725.0	0	0.69
Nov-15	23.4	0.0	18.6	49.5	597	64783.3	0.0	54680.0	50210.9	0	0.79
Dec-15	27.5	0.0	15.6	47.3	572	65637.2	0.0	55162.7	51675.9	0	0.57

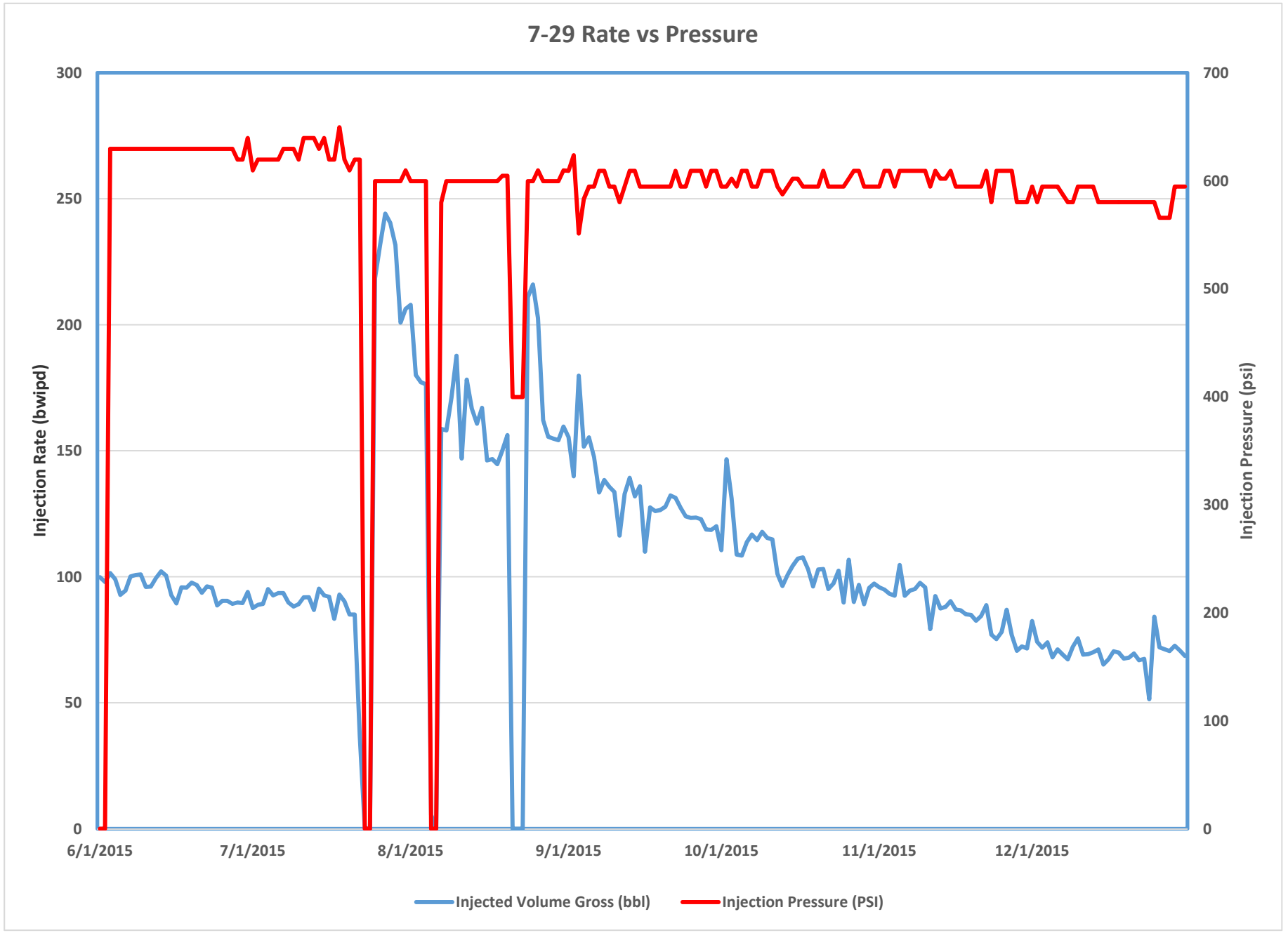
East Manson Unit No. 1 (Section 29) - VRR Table

Month	Days	Monthly Oil Prod (bbl)	Monthly Oil Prod (m3)	Monthly Gas Prod (E3m3)	Monthly H2O Prod (bbl)	Monthly H2O Prod (m3)	Monthly H2O Inj (bbl)	Monthly H2O Inj (m3)	Oil Prod (m3/d)	Gas Prod (E3m3/d)	H2O Prod (m3/d)	H2O Inj (m3/d)	Cum Oil (bbl)	Cum Oil (m3)	Cum Gas (E3m3)	Cum H2O (m3)	Cum H2O Inj (m3)	Prod Well Count	GOR (m3/m3)	H2OCut %	Voidage (rm3/d)	Monthly VRR	Cum GOR (m3/m3)	H2OCut %	Cum Void (rm3)	Cum VRR
Dec-10	31	619	98.4	0	0	0.0	0	0	3	0	0	0	619	98	0	0	0	1	0	0.0%	2	0.00	0.0	0.0%	71.8	**0.000**
Jan-11	31	2,022	321.4	0	0	0.0	0	0	10	0	0	0	2,641	420	0	0	0	1	0	0.0%	8	0.00	0.0	0.0%	306.4	**0.000**
Feb-11	28	1,904	302.7	0	0	0.0	0	0	11	0	0	0	4,545	723	0	0	0	1	0	0.0%	8	0.00	0.0	0.0%	527.4	**0.000**
Mar-11	31	2,064	328.1	0	0	0.0	0	0	11	0	0	0	6,608	1051	0	0	0	1	0	0.0%	8	0.00	0.0	0.0%	766.9	**0.000**
Apr-11	30	1,535	244.1	0	0	0.0	0	0	8	0	0	0	8,144	1295	0	0	0	1	0	0.0%	6	0.00	0.0	0.0%	945.1	**0.000**
May-11	31	220	35.0	0	0	0.0	0	0	1	0	0	0	8,364	1330	0	0	0	1	0	0.0%	1	0.00	0.0	0.0%	970.6	**0.000**
Jun-11	30	552	87.7	0	0	0.0	0	0	3	0	0	0	8,915	1417	0	0	0	1	0	0.0%	2	0.00	0.0	0.0%	1034.7	**0.000**
Jul-11	31	194	30.8	0	0	0.0	0	0	1	0	0	0	9,109	1448	0	0	0	1	0	0.0%	1	0.00	0.0	0.0%	1057.1	**0.000**
Aug-11	31	1,908	303.3	0	0	0.0	0	0	10	0	0	0	11,017	1752	0	0	0	1	0	0.0%	7	0.00	0.0	0.0%	1278.5	**0.000**
Sep-11	30	1,792	284.9	0	0	0.0	0	0	9	0	0	0	12,809	2036	0	0	0	1	0	0.0%	7	0.00	0.0	0.0%	1486.5	**0.000**
Oct-11	31	4,895	778.2	0	30	4.7	0	0	25	0	0	0	17,704	2815	0	5	0	2	0	0.6%	18	0.00	0.0	0.2%	2059.3	**0.000**
Nov-11	30	12,330	1,960.3	0	1,030	163.8	0	0	65	0	5	0	30,034	4775	0	169	0	5	0	7.7%	53	0.00	0.0	3.4%	3654.9	**0.000**
Dec-11	31	7,538	1,198.4	0	2,010	319.6	0	0	39	0	10	0	37,572	5973	0	488	0	6	0	21.1%	39	0.00	0.0	7.6%	4850.9	**0.000**
Jan-12	31	7,326	1,164.7	0	2,220	353.0	0	0	38	0	11	0	44,898	7138	0	841	0	6	0	23.3%	39	0.00	0.0	10.5%	6055.9	**0.000**
Feb-12	29	10,126	1,609.8	0	7,763	1,234.2	0	0	56	0	43	0	55,024	8748	0	2075	0	6	0	43.4%	83	0.00	0.0	19.2%	8471.5	**0.000**
Mar-12	31	6,831	1,086.0	0	4,224	671.5	0	0	35	0	22	0	61,855	9834	0	2747	0	7	0	38.2%	47	0.00	0.0	21.8%	9939.2	**0.000**
Apr-12	30	7,712	1,226.1	0	7,186	1,142.5	0	0	41	0	38	0	69,567	11060	0	3889	0	7	0	48.2%	68	0.00	0.0	26.0%	11982.5	**0.000**
May-12	31	6,199	985.6	0	4,191	666.3	0	0	32	0	21	0	75,766	12046	0	4556	0	7	0	40.3%	45	0.00	0.0	27.4%	13371.7	**0.000**
Jun-12	30	5,765	916.6	0	9,251	1,470.8	0	0	31	0	49	0	81,532	12962	0	6026	0	7	0	61.6%	72	0.00	0.0	31.7%	15519.1	**0.000**
Jul-12	31	6,996	1,112.3	0	6,088	967.9	0	0	36	0	31	0	88,528	14074	0	6994	0	8	0	46.5%	58	0.00	0.0	33.2%	17303.9	**0.000**
Aug-12	31	9,088	1,444.9	0	9,068	1,441.6	0	0	47	0	47	0	97,616	15519	0	8436	0	9	0	49.9%	81	0.00	0.0	35.2%	19807.6	**0.000**
Sep-12	30	9,668	1,537.0	0	14,256	2,266.5	0	0	51	0	76	0	107,284	17056	0	10702	0	11	0	59.6%	113	0.00	0.0	38.6%	23207.6	**0.000**
Oct-12	31	15,071	2,396.1	0	22,252	3,537.6	0	0	77	0	114	0	122,356	19452	0	14240	0	12	0	59.6%	171	0.00	0.0	42.3%	28512.3	**0.000**
Nov-12	30	12,530	1,992.0	0	15,320	2,435.6	0	0	66	0	81	0	134,885	21444	0	16676	0	12	0	55.0%	130	0.00	0.0	43.7%	32414.4	**0.000**
Dec-12	31	11,075	1,760.7	0	13,637	2,168.1	0	0.0	57	0	70	0	145,960	23205	0	18844	0	12	0	55.2%	112	0.00	0.0	44.8%	35878.8	**0.000**
Jan-13	31	14,225	2,261.6	0	15,472	2,459.7	0	0.0	73	0	79	0	160,186	25467	0	21303	0	12	0	52.1%	133	0.00	0.0	45.5%	40002.0	**0.000**
Feb-13	28	8,498	1,351.0	0	12,501	1,987.5	0	0.0	48	0	71	0	168,683	26818	0	23291	0	12	0	59.5%	107	0.00	0.0	46.5%	42985.8	**0.000**
Mar-13	31	10,501	1,669.5	0	13,083	2,080.0	0	0.0	54	0	67	0	179,184	28487	0	25371	0	12	0	55.5%	107	0.00	0.0	47.1%	46295.1	**0.000**
Apr-13	30	9,100	1,446.7	0	10,611	1,687.0	0	0.0	48	0	56	0	188,284	29934	0	27058	0	12	0	53.8%	92	0.00	0.0	47.5%	49046.8	**0.000**
May-13	31	9,614	1,528.4	0	9,007	1,432.0	0	0.0	49	0	46	0	197,898	31462	0	28490	0	12	0	48.4%	82	0.00	0.0	47.5%	51601.8	**0.000**
Jun-13	30	9,166	1,457.3	0	12,513	1,989.3	0	0.0	49	0	66	0	207,064	32920	0	30479	0	12	0	57.7%	102	0.00	0.0	48.1%	54665.0	**0.000**
Jul-13	31	7,027	1,117.1	0	9,398	1,494.1	0	0.0	36	0	48	0	214,091	34037	0	31973	0	12	0	57.2%	75	0.00	0.0	48.4%	56982.2	**0.000**
Aug-13	31	5,852	930.3	0	10,901	1,733.0	6,605	1050.0	30.0	0	56	34	219,942	34967	0	33706	1050	11	0	65.1%	78	0.44	0.0	49.1%	59403.1	**0.018**
Sep-13	30	9,805	1,558.8	0	10,682	1,698.2	14,153	2250.0	52.0	0	57	75	229,747	36526	0	35405	3300	11	0	52.1%	95	0.79	0.0	49.2%	62247.8	**0.053**
Oct-13	31	13,601	2,162.3	0	13,278	2,111.0	22,619	3596.0	69.8	0	68	116	243,348	38688	0	37516	6896	10	0	49.4%	119	0.98	0.0	49.2%	65948.0	**0.105**
Nov-13	30	14,137	2,247.5	0	9,655	1,535.0	51,964	8261.4	74.9	0	51	275	257,485	40936	0	39051	15157	10	0	40.6%	106	2.61	0.0	48.8%	69131.4	**0.220**
Dec-13	31	12,423	1,975.0	0	6,669	1,060.2	3,685	585.8	63.7	0	34	19	269,908	42911	0	40111	15743	10	0	34.9%	81	0.23	0.0	48.3%	71638.7	**0.221**
Jan-14	31	10,694	1,700.2	0	6,068	964.7	5,279	839	54.8	0	31	27	280,602	44611	0	41075	16583	10	0	36.2%	71	0.38	0.0	47.9%	73849.5	**0.226**
Feb-14	28	8,102	1,288.1	0	4,996	794.2	17,920	2,849	46.0	0	28	102	288,704	45899	0	41870	19431	10	0	38.1%	62	1.65	0.0	47.7%	75588.0	**0.258**
Mar-14	31	7,322	1,164.1	0	4,532	720.5	9,037	1,437	37.6	0	23	46	296,026	47063	0	42590	20868	9	0	38.2%	51	0.92	0.0	47.5%	77161.9	**0.272**
Apr-14	30	6,144	976.8	0	4,367	694.3	6,590	1,048	32.6	0	23	35	302,170	48040	0	43284	21916	8	0	41.5%	47	0.75	0.0	47.4%	78572.8	**0.280**
May-14	31	6,223	989.3	0	3,942	626.7	6,154	978	31.9	0	20	32	308,393	49029	0	43911	22894	7	0	38.8%	44	0.73	0.0	47.2%	79924.9	**0.288**
Jun-14	30	5,482	871.5	0	5,107	811.9	3,200	509	29.1	0	27	17	313,875	49901	0	44723	23403	9	0	48.2%	48	0.35	0.0	47.3%	81377.1	**0.289**
Jul-14	31	4,790	761.6	0	4,277	680.0	9,802	1,558	24.6	0	22	50	318,665	50662	0	45403	24962	9	0	47.2%	40	1.26	0.0	47.3%	82616.5	**0.304**
Aug-14	31	4,528	719.8	0	3,244	515.7	5,703	907	23.2	0	17	29	323,193	51382	0	45919	25868	8	0	41.7%	34	0.87	0.0	47.2%	83660.2	**0.311**
Sep-14	30	4,305	684.4	0	3,748	595.8	6,794	1,080	22.8	0	20	36	327,498	52066	0	46515	26948	8	0	46.5%	37	0.99	0.0	47.2%	84758.7	**0.320**
Oct-14	31	3,855	612.9	0	4,120	655.0	3,482	554	19.8	0	21	18	331,353	52679	0	47170	27502	7	0	51.7%	36	0.50	0.0	47.2%	85864.4	**0.322**
Nov-14	30	4,598	731.0	0	3,015	479.4	9,577	1,523	24.4	0	16	51	335,951	53410	0	47649	29024	11	0	39.6%	34	1.51	0.0	47.1%	86879.9	**0.336**
Dec-14	31	6,739	1,071.4	0	3,864	614.3	13,219	2,102	34.6	0	20	68	342,690	54482	0	48263	31126	11	0	36.4%	45	1.51	0.0	47.0%	88279.4	**0.354**
Jan-15	31	6,541	1,039.9	0	3,661	582.1	12,989	2,065	33.5	0	19	67	349,231	55522	0	48845	33191	11	0	35.9%	43	1.54	0.0	46.8%	89623.6	**0.372**
Feb-15	28	5,513	876.5	0	3,385	538.2	12,964	2,061	31.3	0	19	74	354,744	56398	0	49384	35252	9	0	38.0%	42	1.75	0.0	46.7%	90804.3	**0.390**
Mar-15	31	7,500	1,192.4	0	3,955	628.8	10,540	1,676	38.5	0	20	54	362,244	57591	0	50012	36928	10	0	34.5%	48	1.12	0.0	46.5%	92306.7	**0.402**
Apr-15	30	6,751	1,073.3	0	3,458	549.8	10,350	1,645	35.8	0	18	55	368,995	58664	0	50562	38573	11	0	33.9%	45	1.24	0.0	46.3%	93642.8	**0.414**
May-15	31	6,093	968.7	0	3,222	512.2	9,145	1,454	31.2	0	17	47	375,088	59633	0	51074	40027	11	0	34.6%	39	1.20	0.0	46.1%	94864.8	**0.424**
Jun-15	30	5,199	826.5	0	3,007	478.1	7,383	1,174	27.6	0	16	39	380,287	60459	0	51552	41201	11	0	36.6%	36	1.09	0.0	46.0%	95948.6	**0.432**
Jul-15	31	5,371	853.9	0	3,237	514.7	9,844	1,565	27.5	0	17	50	385,658	61313	0	52067	42766	11	0	37.6%	37	1.38	0.0	45.9%	97089.3	**0.443**
Aug-15	31	5,460	868.1	0	4,709	748.7	13,947	2,217	28.0	0	24	72	391,118	62181	0	52816	44983	10	0	46.3%	45	1.61	0.0	45.9%	98475.5	**0.459**
Sep-15	30	6,320	1,004.8	0	4,319	686.6	12,693	2,018	33.5	0	23	67	397,439	63186	0	53502	47001	11	0	40.6%	47	1.42	0.0	45.9%	99899.1	**0.473**
Oct-15	31	5,625	894.2	0	3,900	620.0	10,843	1,724	28.8	0	20	56	403,063	64080	0	54122	48725	11	0	40.9%	41	1.36	0.0	45.8%	101175.0	**0.484**
Nov-15	30	4,424	703.3	0	3,507	557.6	9,346	1,486	23.4	0	19	50	407,487	64783	0	54680	50211	9	0	44.2%	36	1.39	0.0	45.8%	102248.8	**0.494**
Dec-15	31	5,371	853.9	0	3,036	482.7	9,215	1,465	27.5	0	16	47	412,858	65637	0	55163	51676	7	0	36.1%	36	1.33	0.0	45.7%	103357.2	**0.503**


11-29 Rate vs Pressure
Injection Rate (bwipd)
Injection Pressure (psi)
140
120
100
80
60
40
20
0
800
700
600
500
400
300
200
100
0
6/1/2015
7/1/2015
8/1/2015
9/1/2015
10/1/2015
11/1/2015
12/1/2015
Injected Volume Gross (bbl)
Injection Pressure (PSI)


2-29 Rate vs Pressure
Injection Rate (bwipd)
Injection Pressure (psi)
250
200
150
100
50
0
700
600
500
400
300
200
100
0
6/3/2015
7/3/2015
8/3/2015
9/3/2015
10/3/2015
11/3/2015
12/3/2015
Injected Volume Gross (bbl)
Injection Pressure (PSI)


4-29 Injection Rate vs Pressure
Injection Rate (bwipd)
Injection Pressure (psi)
400
350
300
250
200
150
100
50
0
800
700
600
500
400
300
200
100
0
6/1/2015
7/1/2015
8/1/2015
9/1/2015
10/1/2015
11/1/2015
12/1/2015
Injected Volume Gross (bbl)
Injection Pressure (PSI)


7-29 Rate vs Pressure
Injection Rate (bwipd)
Injection Pressure (psi)
300
250
200
150
100
50
0
700
600
500
400
300
200
100
0
6/1/2015
7/1/2015
8/1/2015
9/1/2015
10/1/2015
11/1/2015
12/1/2015
Injected Volume Gross (bbl)
Injection Pressure (PSI)