



2011 Enhanced Oil Recovery Report

Waskada Unit 6

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Attention: **Mrs. J. Abel**
Chief Petroleum Engineer

RE: Waskada Unit No.6

Red Beds Resources Ltd, as the operator of the Waskada Unit 6 Enhanced Oil Recovery (EOR) project hereby submits the 2011 EOR report as per section 73 of the Drilling and Production Regulations.

a) Monthly oil and water production rates, injection rate, GOR and WOR

MONTH	AVERAGE OIL PRODUCTION m ³ /day	AVERAGE FLUID INJECTION RATE m ³ /day	AVERAGE WATER PRODUCTION m ³ /day	GOR m ³ /m ³	WOR m ³ /m ³
JAN.	26.5	103.9	144.2	44	5.4
FEB.	26.0	99.9	160.0	44	6.2
MAR.	30.5	105.3	186.0	44	6.1
APRIL	9.7	95.6	123.9	44	12.8
MAY	13.4	116.3	148.4	44	11.1
JUNE	22.5	133.3	172.5	44	7.7
JULY	16.7	128.9	143.6	44	8.6
AUG.	21.8	169.8	165.7	44	7.6
SEPT.	20.9	192.4	144.8	44	6.9
OCT.	17.3	178.6	106.7	44	6.2
NOV.	17.3	176.1	109.4	44	6.3
DEC.	17.9	169.8	168.1	44	9.4

b) Cumulative 2011 volume of oil, gas and water produced and fluid injected

2011 PRODUCTION	
Produced Oil	7,309 m ³
Produced Gas	321,596 m ³
Produced Water	53,944m ³
Fluid Injected	50,875 m ³
CUMMULATIVE PRODUCTION	
Produced Oil	251,559 m ³
Produced Water	1,833,461 m ³

c) Monthly wellhead injection pressure for each injection well

MONTHLY INJECTION VOLUMES AND PRESSURES										
	100/13-06-01-25		102/13-07-01-25		100/15-07-01-25		100/15-12-01-26		Waskada Unit 6	
	Inj Water (m ³)	Avg Inj P (kPa)	Inj Water (m ³)	Avg Inj P (kPa)	Inj Water (m ³)	Avg Inj P (kPa)	Inj Water (m ³)	Avg Inj P (kPa)	Total Inj Water (m ³)	Avg Inj P (kPa)
JAN	905	0	1680	0	0	0	635	0	3220	0
FEB	703	0	1585	0	0	0	510	0	2798	0
MAR	1018	0	1595	0	0	0	651	0	3264	0
APR	1024	0	1254	0	0	0	591	0	2869	0
MAY	1176	0	1532	0	0	0	896	0	3604	0
JUNE	1228	0	1615	0	0	0	1156	0	3999	0

JULY	1196	0	1812	0	0	0	0	0	989	0	3997	0
AUG	1349	0	2931	0	0	0	0	985	0	0	5265	0
SEPT	1481	188	2539	94	296	104	1457	2747	5773	757	5773	757
OCT	1547	86	2221	14	490	174	1280	2400	5538	625	5538	625
NOV	882	38	2588	155	456	204	1357	0	5283	48	5283	48
DEC	1333	1213	1882	642	668	1729	1382	0	5265	464	5265	464
TOTAL	13842	-	23234	-	1910	-	11889	-	50875	158	50875	158
AVG INJ/P	-	127	-	75	-	184	-	429	-	-	-	-

2011 WATER INJECTION SUMMARY												
	JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
TOTAL(m3)	3220	2798	3264	2869	3604	3999	3998	5265	5773	5538	5283	5266
DAILY(m3/day)	104	100	105	96	116	133	129	170	192	179	176	170
2011 AVG. ANNUAL DAILY INJECTION = 139 m3/day												
CUMULATIVE INJECTION TO Dec 31, 2010 = 2,864,238 m3												
TOTAL 2011 ANNUAL INJECTION = 50,875 m3												
CUMULATIVE INJECTION TO DEC 31, 2011 = 2,915,113 m3												

d) Summary of the result of any survey of reservoir pressure conducted in 2011. N/A

e) Date and type of any well servicing. N/A

f) Calculations of voidage replacement ratio on a monthly and cumulative basis

2011 VOIDAGE CALCULATIONS

OIL FORMATION VOLUME FACTOR = 1.17 Rm3

MONTH	OIL PRODUCTION		WATER PRODUCTION		OIL VOIDAGE		TOTAL VOIDAGE		TOTAL INJECTION		NET VOIDAGE	VOIDAGE REPLACEMENT RATIO
	m3		m3		Rm3		Rm3		Rm3			
JAN.	822		4470		962		5432		3220		2212	0.59
FEB.	727		4481		851		5332		2798		2534	0.52
MAR.	944		5765		1104		6869		3264		3605	0.48
APRIL	290		3718		339		4057		2869		1188	0.71
MAY	417		4602		488		5090		3604		1486	0.71
JUNE	675		5176		790		5966		3999		1967	0.67
JULY	518		4451		606		5057		3997		1060	0.79
AUG.	675		5138		790		5928		5265		663	0.89
SEPT.	627		4344		734		5078		5773		-695	1.14
OCT.	537		3307		628		3935		5538		-1603	1.41
NOV.	521		3282		610		3892		5283		-1391	1.36
DEC.	556		5210		651		5861		5265		596	0.90
TOTAL	7309		53944		8552		62496		50875		11621	0.81

Note:

All oil and water produced in Waskada Unit 6 is from the Lower Amaranth formation

g) An outline of the method used for quality control and treatment of the injected fluid

The injected fluid is treated by filtration.

h) A report of any unusual performance problems and remedial measures taken or being considered. N/A

i) Any other information necessary to evaluate the project

1) Well List

Waskada Unit 6 - Well List		
Wells	Status	Future Plans
12-06-01-25	Abandoned	-
13-06-01-25	Injector	-
04-07-01-25	Abandoned	-
102/05-07-01-25	Injector - Abandoned	-
05-07 / 07-12-01-26 HZ	Producer	-
11-07-01-25	Abandoned	-
103/12-07-01-25	Producer	-
102/13-07-01-25	Injector	-
102/14-07-01-25	Producer - Shut in	Future Inj
15-07-01-25	Injector - Suspended	-
16-07-01-25	Producer	-
02-18 / 04-18-01-25 HZ	Producer	-
03-18-01-25	Abandoned - Q4 2011	-
04-18-01-25	Abandoned	-
05-18-01-25	Injector - Abandoned	-
06-18-01-25	Abandoned	-
07-01-01-26	Abandoned - Q4 2011	-
08-01-01-26	Abandoned - Q4 2011	-
09-01-01-26	Abandoned - Q4 2011	-
10-01-01-26	Abandoned - Q4 2011	-
15-01-01-26	Abandoned - Q4 2011	-
15-01 / 13-06-01-25 HZ	Producer	-
16-01-01-26	Abandoned - Q4 2011	-
01-12-01-26	Abandoned - Q4 2011	-

02-12-01-26	Abandoned	-
102/02-12-01-26	Abandoned	-
03-12-01-26	Abandoned	-
05-12-01-26	Abandoned Injector	-
06-12-01-26	Producer	-
07-12-01-26	Abandoned Injector	-
08-12-01-26	Producer	-
102/09-12-01-26	Producer	-
10-12-01-26	Producer	-
15-12-01-26	Injector	-
102/16-12-01-26	Producer	-

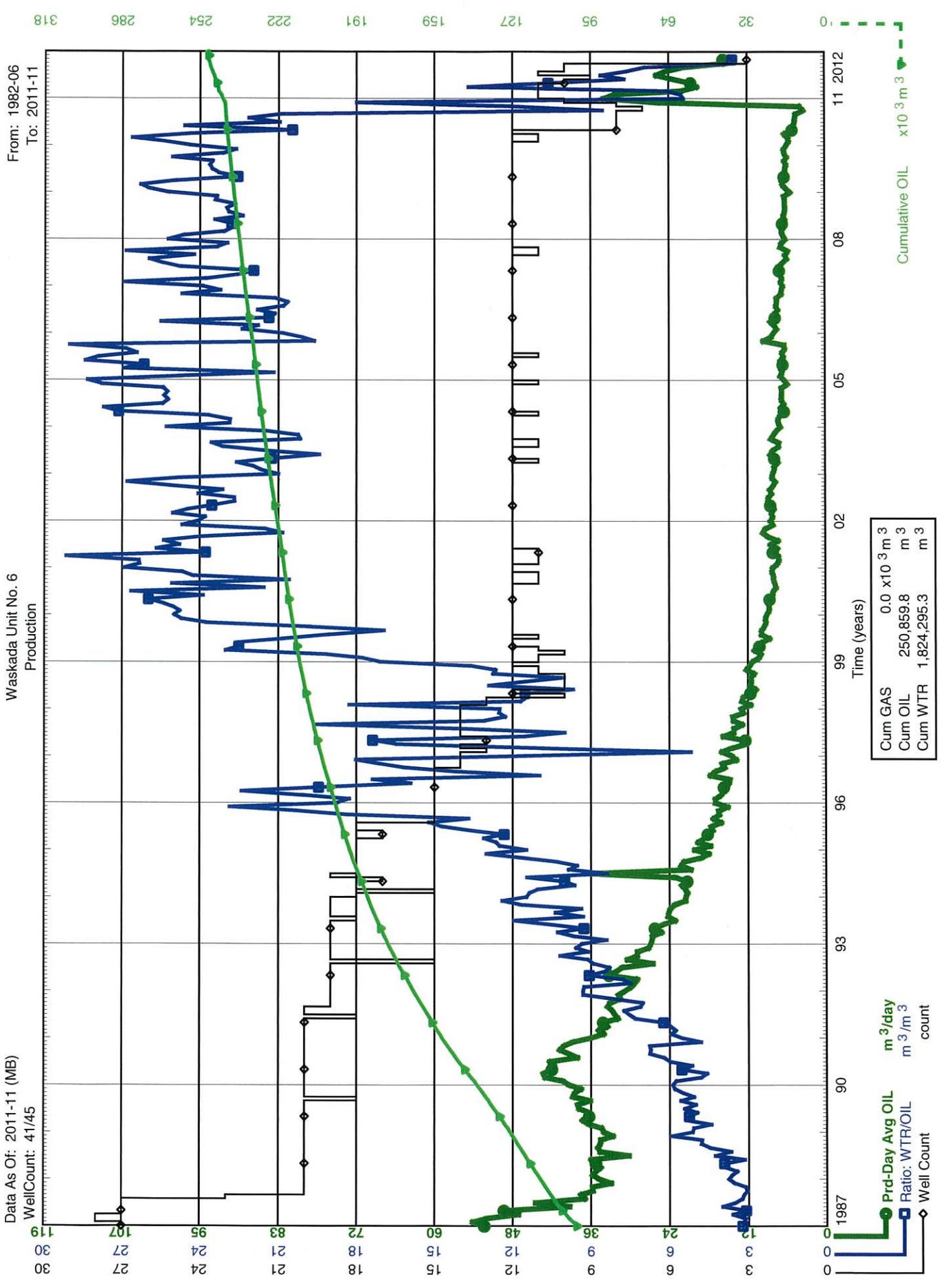
2) Discussion

As discussed in last years EOR report, the Waskada Unit No. 6 field was determined to be a candidate for Lower Amaranth redevelopment with infill horizontal wells. The following operations were carried out in late 2010 and 2011 to continue testing of this concept:

1. The 03-18-01-25 well was determined to be uneconomic and was shut in.
2. The following wells were abandoned in Q4, 2011: 7-1-1-26, 8-1-1-26, 9-1-1-26, 10-1-1-26, 15-1-1-26, 16-1-1-26, 3-18-1-25 and 1-12-1-26.
3. 14-7-1-25 has been suspended and will be converted to injection.
4. Three new horizontal infill wells were drilled in Q4, 2010 to test production performance in different parts of the Unit: 02/4-18-1-25, 02/7-12-1-26, and 02/15-1-1-26. 02/7-12-1-26 and 02/15-1-1-26 were superior to the 02/4-18-1-25 and proved to have better production and reservoir pressure. Three additional unit wells were drilled in late 2011; 03/15-1-1-26, 02/3-12-1-26 and 03/3-12-1-26. These wells should be on production in Q1, 2012. Production results will continue to be assessed to determine future infill drilling locations and water injection configuration.

In 2011, the Unit performed as forecast. Uneconomic high WOR wells were shut in and three new horizontal wells came on production early in 2011. The overall results were a 330% year to year production increase and a 14% decrease in WOR. Injected water volumes were up by 27% due to higher produced volumes. No significant changes in producing well performance were noted in association with changes in injection.

APPENDIX



318 286 254 222 191 159 127 95 64 32 0

19 30 27 24 21 18 15 12 9 6 3 0 0 30 27 24 21 18 15 12 9 6 3 0 0 90 93 96 99 02 05 08 11 2012

