



2011 Enhanced Oil Recovery Report

Waskada Unit 6

January, 2012

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

2011 WATER INJECTION SUMMARY											
	JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.
TOTAL(m3)	3220	2798	3264	2869	3604	3999	3998	5265	5773	5538	5283
DAILY(m3/day)	104	100	105	96	116	133	129	170	192	179	176
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	Rm3	VRR (Rm3/m3)
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

<u>Waskada Unit 6 - Well List</u>		
<u>Wells</u>	<u>Status</u>	<u>Future Plans</u>
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



