

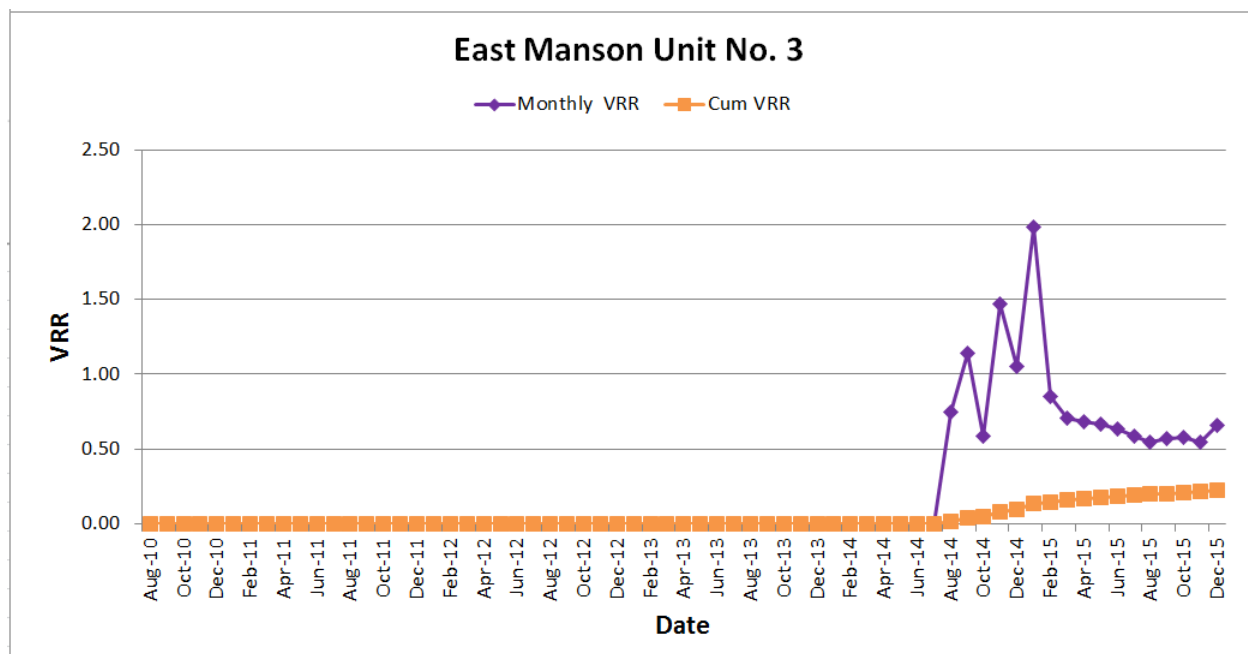
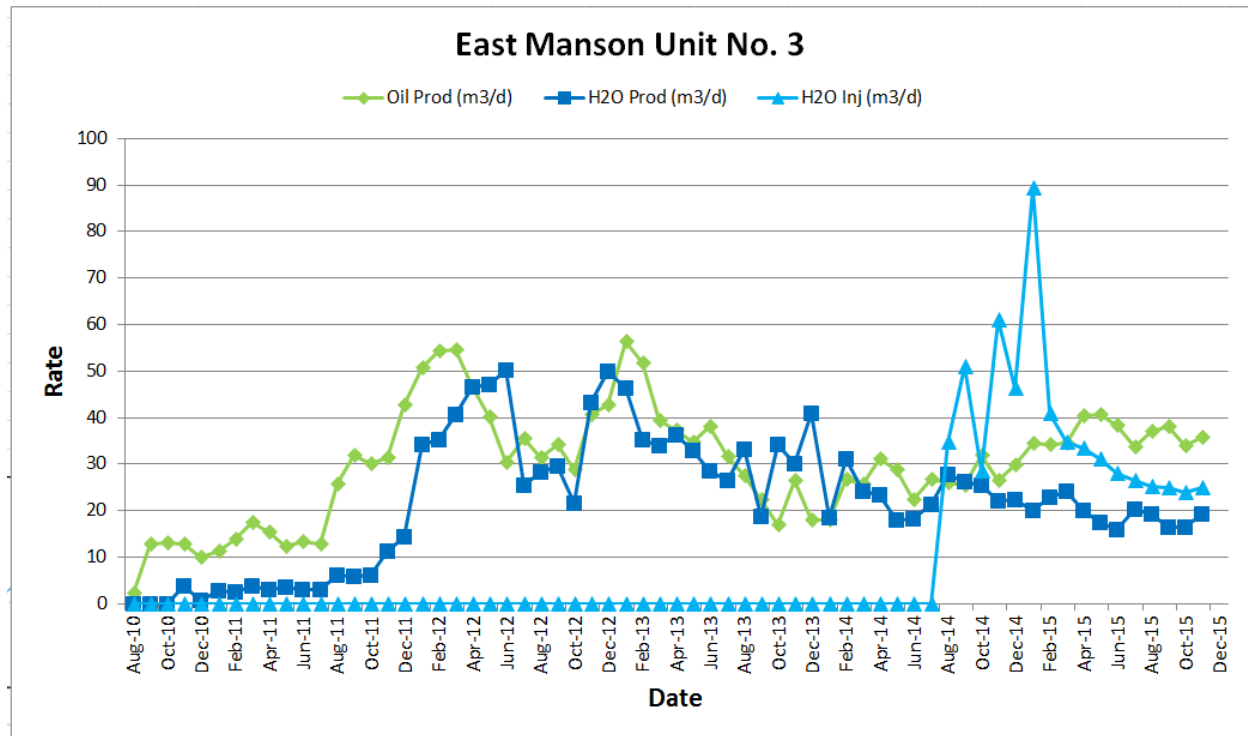
TORC OIL & GAS LTD.

EAST MANSON UNIT #3

ENHANCED OIL RECOVERY (EOR) ANNUAL REPORT

East Manson Unit No. 3

Cum PRD OIL	59.3 e3m3
Cum PRD GAS	0.0 e3m3
Cum PRD WTR	43.4 e3m3
Cum INJ WTR	12.2 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.

The focal point of the flood in EMU #3 for the 2015 year was to continue to appraise and assess the results of our isolated pilot pattern in the south half of section 21. Our 00/08-21-013-28W1 injection well proved to be a very strong injector, with production in its offsets mirroring that which were initially observed in the implementation of the EMU #1 flood. Due to the small scope of the pilot program in place and the breadth of the Unit, VRRs are somewhat misleading, with the localized pattern VRR being closer to unity than depicted on the Unit plot above. Oil recovery in the 100/01-21-013-28W1 and 100/07-21-013-28W1 wells has been stable throughout 2015, with a further increase evident in 07-21 in the latter part of 2015 as pressure support continues to build.

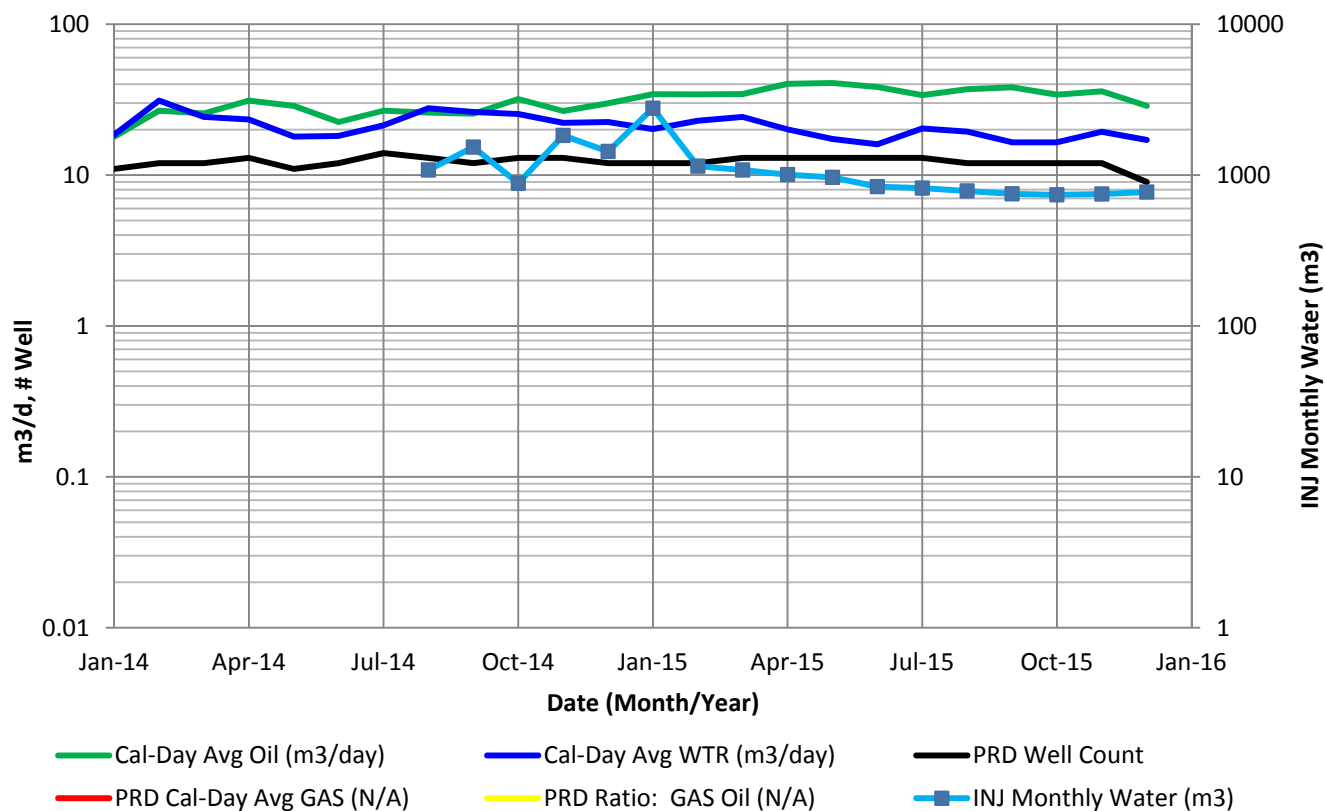
A FeS Reducer chemical injection at the north and south ends of our field was setup in 2015, and appears to be working, as bi-weekly sampling of the water in two production tanks at the battery show little or no FeS. Continuous sampling a monitoring of injection water ensures water quality meets injection standards for the flood.



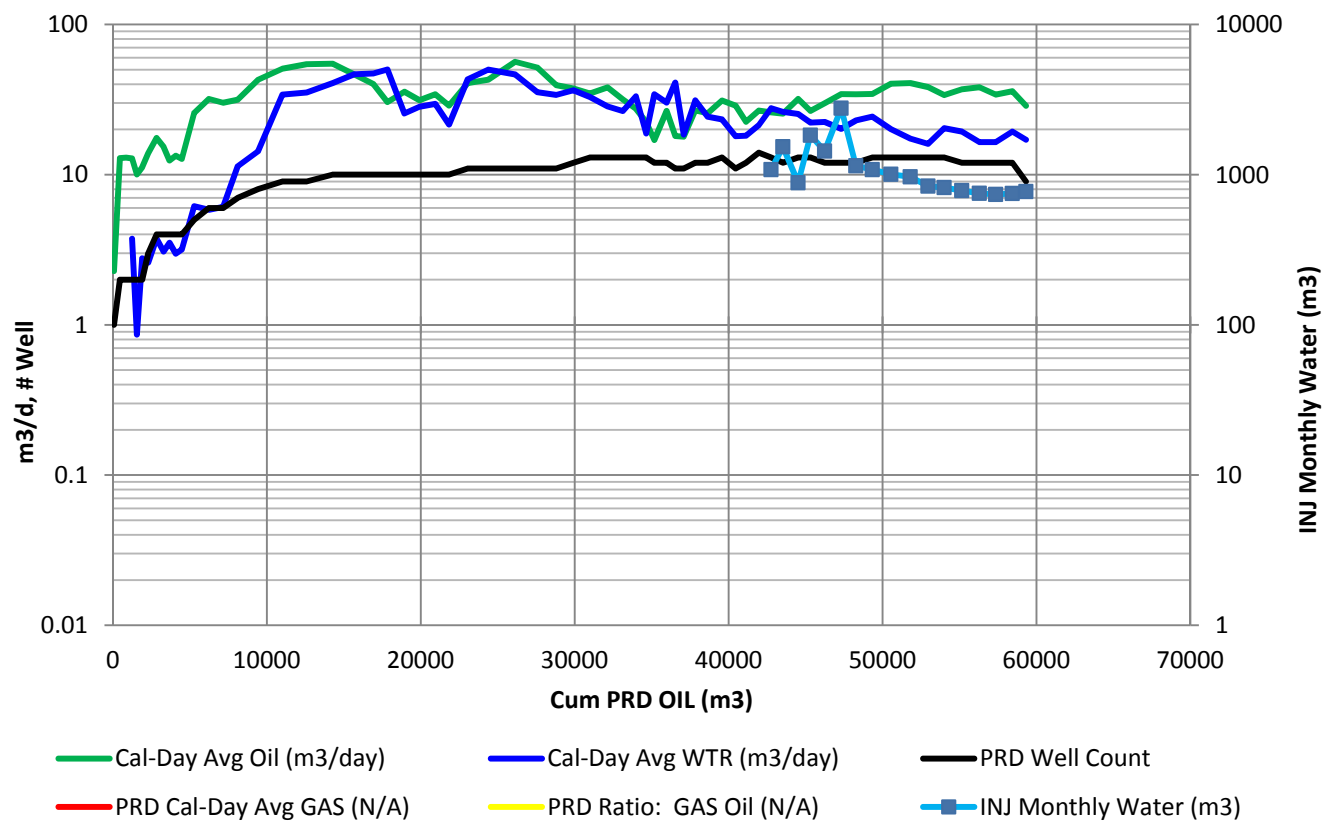
Carrying forward, TORC has drafted a full scale flood development plan for EMU #3 which will be aimed towards replicating the success achieved with the 8-21 injection well pattern. TORC has budgeted 2 wells to be drilled in Section 20, to be placed on primary production with the existing 100/10-20-013-28W1 and 02/15-20-013-28W1 wells being considered for conversion to injection to support the new drills, and provide much needed take points within the unit to increase injectivity in Section 20. Further phased development will continue should similar results be achieved with in next round of development.

Operationally, TORC applied the same learnings acquired from their operation of the EMU #1 flood to apply iron sulfide control chemicals at the battery, as well as instituting a program for chemical circulation on out injection wells which drastically improves injectivity, and ensures that critical pressures are not reached during injection.

East Manson Unit No. 3 - Rate Time



East Manson Unit No. 3 - Rate Cum

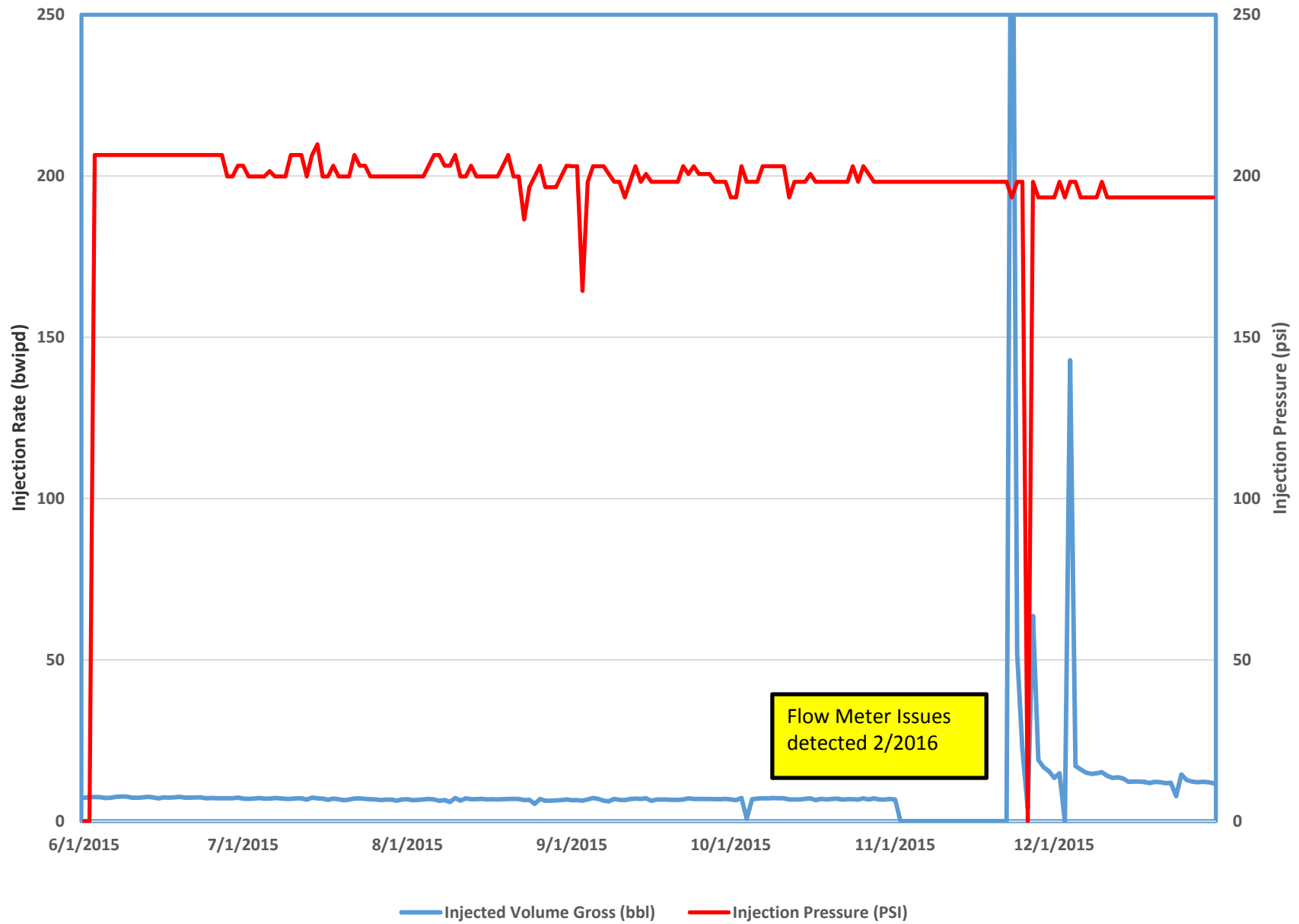


East Manson Unit No. 3 - Injection Parameters

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	34.4	0.0	20.2	89.3	460	47310.9	0.0	37106.4	9528.7	0	0.59
Feb-15	34.3	0.0	22.9	40.9	529	48270.0	0.0	37748.5	10672.8	0	0.67
Mar-15	34.5	0.0	24.3	34.8	556	49338.5	0.0	38501.6	11752.1	0	0.70
Apr-15	40.3	0.0	20.1	33.5	602	50547.2	0.0	39103.7	12758.5	0	0.50
May-15	40.7	0.0	17.4	31.2	600	51809.9	0.0	39642.0	13724.4	0	0.43
Jun-15	38.3	0.0	16.0	27.9	609	52959.7	0.0	40122.6	14562.6	0	0.42
Jul-15	33.8	0.0	20.4	26.4	612	54008.4	0.0	40754.2	15382.2	0	0.60
Aug-15	37.0	0.0	19.4	25.3	603	55156.3	0.0	41355.1	16165.6	0	0.52
Sep-15	38.1	0.0	16.5	25.0	600	56300.7	0.0	41849.5	16916.5	0	0.43
Oct-15	34.1	0.0	16.5	23.8	603	57357.4	0.0	42360.5	17655.6	0	0.48
Nov-15	35.9	0.0	19.4	24.9	585	58433.7	0.0	42941.4	18404.1	0	0.54
Dec-15	28.7	0.0	17.1	24.9	576	59324.5	0.0	43471.1	19175.8	0	0.59

East Manson Unit No. 3 (Section 20 and 21) - 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
Aug-10	31		70.7	0		0.0		0	2	0	0	0	445	71	0	0	0	1	0	0.0%	2	0.00	0.0	0.0%	51.6	0.000
Sep-10	30		386.8	0		0.0		0	13	0	0	0	2,878	458	0	0	0	2	0	0.0%	9	0.00	0.0	0.0%	334.0	0.000
Oct-10	31		402.3	0		0.0		0	13	0	0	0	5,408	860	0	0	0	2	0	0.0%	9	0.00	0.0	0.0%	627.6	0.000
Nov-10	30		384.4	0		112.4		0	13	0	4	0	7,826	1244	0	112	0	2	0	22.6%	13	0.00	0.0	8.3%	1021.2	0.000
Dec-10	31		310.8	0		26.7		0	10	0	1	0	9,781	1555	0	139	0	2	0	7.9%	8	0.00	0.0	8.2%	1274.9	0.000
Jan-11	31		346.5	0		86.1		0	11	0	3	0	11,960	1902	0	225	0	2	0	19.9%	11	0.00	0.0	10.6%	1614.4	0.000
Feb-11	28		388.4	0		72.7		0	14	0	3	0	14,403	2290	0	298	0	3	0	15.8%	13	0.00	0.0	11.5%	1971.0	0.000
Mar-11	31		543.8	0		116.3		0	18	0	4	0	17,824	2834	0	414	0	4	0	17.6%	17	0.00	0.0	12.8%	2484.8	0.000
Apr-11	30		459.6	0		92.2		0	15	0	3	0	20,715	3293	0	506	0	4	0	16.7%	14	0.00	0.0	13.3%	2913.0	0.000
May-11	31		385.2	0		109.2		0	12	0	4	0	23,138	3679	0	616	0	4	0	22.1%	13	0.00	0.0	14.3%	3303.9	0.000
Jun-11	30		401.3	0		89.5		0	13	0	3	0	25,662	4080	0	705	0	4	0	18.2%	13	0.00	0.0	14.7%	3686.8	0.000
Jul-11	31		394.6	0		98.4		0	13	0	3	0	28,144	4474	0	804	0	4	0	20.0%	12	0.00	0.0	15.2%	4073.8	0.000
Aug-11	31		798.4	0		190.9		0	26	0	6	0	33,166	5273	0	994	0	5	0	19.3%	25	0.00	0.0	15.9%	4848.5	0.000
Sep-11	30		957.2	0		175.1		0	32	0	6	0	39,187	6230	0	1170	0	6	0	15.5%	29	0.00	0.0	15.8%	5723.2	0.000
Oct-11	31		933.8	0		188.9		0	30	0	6	0	45,060	7164	0	1358	0	6	0	16.8%	28	0.00	0.0	15.9%	6594.7	0.000
Nov-11	30		945.8	0		341.5		0	32	0	11	0	51,009	8110	0	1700	0	7	0	26.5%	34	0.00	0.0	17.3%	7628.3	0.000
Dec-11	31		1,328.8	0		443.7		0	43	0	14	0	59,368	9438	0	2144	0	8	0	25.0%	46	0.00	0.0	18.5%	9044.3	0.000
Jan-12	31		1,572.5	0		1,057.6		0	51	0	34	0	69,259	11011	0	3201	0	9	0	40.2%	71	0.00	0.0	22.5%	11255.2	0.000
Feb-12	29	9,916	1,576.5	0	6,418	1,020.3		0	54	0	35	0	79,175	12587	0	4222	0	9	0	39.3%	75	0.00	0.0	25.1%	13431.5	0.000
Mar-12	31	10,669	1,696.2	0	7,932	1,261.1		0	55	0	41	0	89,844	14284	0	5483	0	10	0	42.6%	81	0.00	0.0	27.7%	15937.2	0.000
Apr-12	30	8,775	1,395.0	0	8,785	1,396.6		0	47	0	47	0	98,618	15679	0	6879	0	10	0	50.0%	81	0.00	0.0	30.5%	18359.2	0.000
May-12	31	7,830	1,244.8	0	9,207	1,463.7		0	40	0	47	0	106,448	16923	0	8343	0	10	0	54.0%	77	0.00	0.0	33.0%	20739.0	0.000
Jun-12	30	5,744	913.2	0	9,456	1,503.3		0	30	0	50	0	112,192	17837	0	9846	0	10	0	62.2%	73	0.00	0.0	35.6%	22916.6	0.000
Jul-12	31	6,947	1,104.5	0	4,986	792.7		0	36	0	26	0	119,140	18941	0	10639	0	10	0	41.8%	52	0.00	0.0	36.0%	24519.6	0.000
Aug-12	31	6,104	970.4	0	5,523	878.0		0	31	0	28	0	125,243	19912	0	11517	0	10	0	47.5%	51	0.00	0.0	36.6%	26110.4	0.000
Sep-12	30	6,473	1,029.1	0	5,581	887.3		0	34	0	30	0	131,716	20941	0	12404	0	10	0	46.3%	55	0.00	0.0	37.2%	27753.5	0.000
Oct-12	31	5,619	893.4	0	4,206	668.7		0	29	0	22	0	137,336	21834	0	13073	0	10	0	42.8%	43	0.00	0.0	37.5%	29077.8	0.000
Nov-12	30	7,684	1,221.7	0	8,144	1,294.8		0	41	0	43	0	145,020	23056	0	14368	0	11	0	51.5%	73	0.00	0.0	38.4%	31271.0	0.000
Dec-12	31	8,355	1,328.3	0	9,762	1,552.0		0	43	0	50	0	153,375	24384	0	15920	0	11	0	53.9%	82	0.00	0.0	39.5%	33800.5	0.000
Jan-13	31	10,994	1,747.8	0	9,056	1,439.7		0	56	0	46	0	164,369	26132	0	17359	0	11	0	45.2%	88	0.00	0.0	39.9%	36523.4	0.000
Feb-13	28	9,094	1,445.8	0	6,227	990.0		0	52	0	35	0	173,463	27578	0	18349	0	11	0	40.6%	73	0.00	0.0	40.0%	38573.8	0.000
Mar-13	31	7,685	1,221.8	0	6,620	1,052.5		0	39	0	34	0	181,148	28799	0	19402	0	11	0	46.3%	63	0.00	0.0	40.3%	40523.6	0.000
Apr-13	30	7,066	1,123.4	0	6,872	1,092.5		0	37	0	36	0	188,214	29923	0	20494	0	12	0	49.3%	64	0.00	0.0	40.6%	42441.7	0.000
May-13	31	6,773	1,076.8	0	6,417	1,020.2		0	35	0	33	0	194,987	31000	0	21515	0	13	0	48.7%	58	0.00	0.0	41.0%	44253.1	0.000
Jun-13	30	7,196	1,144.1	0	5,368	853.4		0	38	0	28	0	202,184	32144	0	22368	0	13	0	42.7%	56	0.00	0.0	41.0%	45946.0	0.000
Jul-13	31	6,174	981.5	0	5,166	821.3		0	32	0	26	0	208,358	33125	0	23189	0	13	0	45.6%	50	0.00	0.0	41.2%	47488.0	0.000
Aug-13	31	5,348	850.3	0	6,474	1,029.2		0	27	0	33	0	213,706	33976	0	24219	0	13	0	54.8%	53	0.00	0.0	41.6%	49143.1	0.000
Sep-13	30	4,234	673.2	0	3,550	564.4		0	22	0	19	0	217,940	34649	0	24783	0	13	0	45.6%	35	0.00	0.0	41.7%	50201.8	0.000
Oct-13	31	3,313	526.7	0	6,688	1,063.2		0	17	0	34	0	221,253	35175	0	25846	0	12	0	66.9%	47	0.00	0.0	42.4%	51654.9	0.000
Nov-13	30	5,011	796.6	0	5,692	904.9		0	27	0	30	0	226,264	35972	0	26751	0	12	0	53.2%	50	0.00	0.0	42.6%	53145.9	0.000
Dec-13	31	3,524	560.2	0	7,996	1,271.3		0	18	0	41	0	229,788	36532	0	28022	0	11	0	69.4%	54	0.00	0.0	43.4%	54832.7	0.000
Jan-14	31	3,493	555.4	0	3,600	572.4	0	0	18	0	18	0	233,281	37088	0	28595	0	11	0	50.8%	32	0.00	0.0	43.5%	55813.4	0.000
Feb-14	28	4,711	749.0	0	5,495	873.6	0	0	27	0	31	0	237,992	37837	0	29468	0	12	0	53.8%	51	0.00	0.0	43.8%	57238.2	0.000
Mar-14	31	4,997	794.5	0	4,737	753.1	0	0	26	0	24	0	242,990	38631	0	30221	0	12	0	48.7%	43	0.00	0.0	43.9%	58575.1	0.000
Apr-14	30	5,884	935.5	0	4,406	700.5	0	0	31	0	23	0	248,874	39567	0	30922	0	13	0	42.8%	46	0.00	0.0	43.9%	59962.1	0.000
May-14	31	5,611	892.0	0	3,512	558.4	0	0	29	0	18	0	254,485	40459	0	31480	0	11	0	38.5%	39	0.00	0.0	43.8%	61174.4	0.000
Jun-14	30	4,241	674.3	0	3,428	545.0	0	0	22	0	18	0	258,726	41133	0	32025	0	12	0	44.7%	35	0.00	0.0	43.8%	62214.4	0.000
Jul-14	31	5,208	828.0	0	4,166	662.4	0	0	27	0	21	0	263,934	41961	0	32688	0	14	0	44.4%	41	0.00	0.0	43.8%	63484.6	0.000
Aug-14	31	5,062	804.8	0	5,402	858.8	6,788	1,079	26	0	28	35	268,996	42766	0	33547	1079	13	0	51.6%	47	0.75	0.0	44.0%	64935.3	0.017
Sep-14	30	4,811	764.8	0	4,945	786.1	9,636	1,532	25	0	26	51	273,807	43531	0	34333	2611	12	0	50.7%	45	1.14	0.0	44.1%	66283.7	0.040
Oct-14	31	6,225	989.6	0	4,949	786.8	5,551	883	32	0	25	28	280,031	44520	0	35119	3494	13	0	44.3%	49	0.59	0.0	44.1%	67796.9	0.052
Nov-14	30	5,015	797.3	0	4,188	665.8	11,513	1,830	27	0	22	61	285,046	45317	0	35785	5324	13	0	45.5%	42	1.47	0.0	44.1%	69048.1	0.077
Dec-14	31	5,833	927.3	0	4,377	695.9	9,027	1,435	30	0	22	46	290,879	46245	0	36481	6759	12	0	42.9%	44	1.05	0.0	44.1%	70424.4	0.096
Jan-15	31	6,706	1,066.2	0	3,933	625.3	17,422	2,770	34	0	20	89	297,586	47311	0	37106	9529	12	0	37.0%	45					

15-20 Rate vs Pressure



8-21 Injection Rate vs Pressure

