

KOLA UNIT NO. 3
WATERFLOOD EOR PROJECT
ANNUAL REPORT FOR 2015

March 29, 2016

Tundra Oil and Gas Partnership

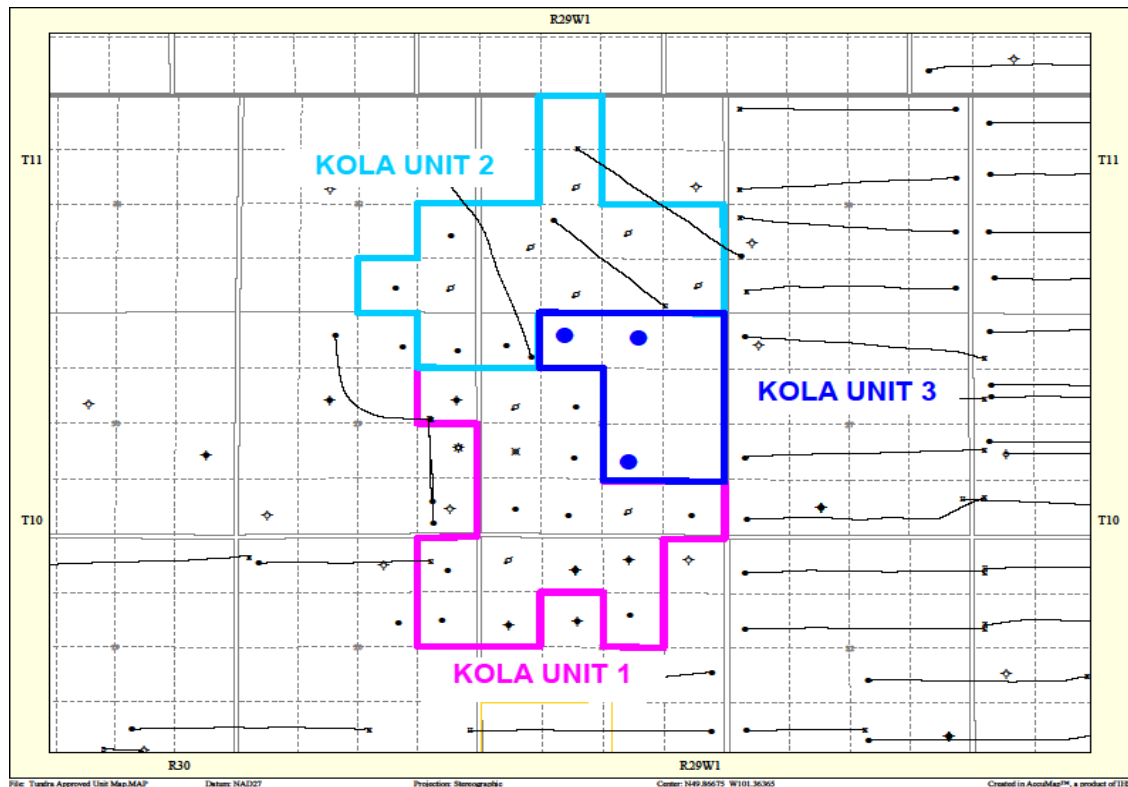
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INTRODUCTION

Kola Unit No. 3 Enhanced Oil Recovery (EOR) Waterflood Project was approved effective May 1st, 2014 with Tundra Oil and Gas as Operator. The EOR project area, outlined in dark blue in Figure 1, contains 1 abandoned and 2 vertical producing wells in 7 LSDs in Township 10, Range 29W1.

Figure 1: Kola Unit No. 3 Area Outline



In accordance with Section 73 of the Manitoba Drilling and Production Regulation, Tundra submits the following 2015 Annual Progress Report for Kola Unit No. 3.

DISCUSSION

Production History

For the wells included in Kola Unit No. 3, production started in February 1996 with the 00/15-28-010-29W1/00 well. Oil production peaked at 8.25 m³/d in August of 1997. In 2015, the average production for the unit was 1.09 m³/d of oil and 4.48 m³/d of water, and the average WOR was 4.36 m³/m³. There is currently no water injection in Kola Unit No. 3. The rates and WOR are presented in Figure 2.

Figure 2: Kola Unit No. 3 Production/Injection Rates and WOR vs. Time

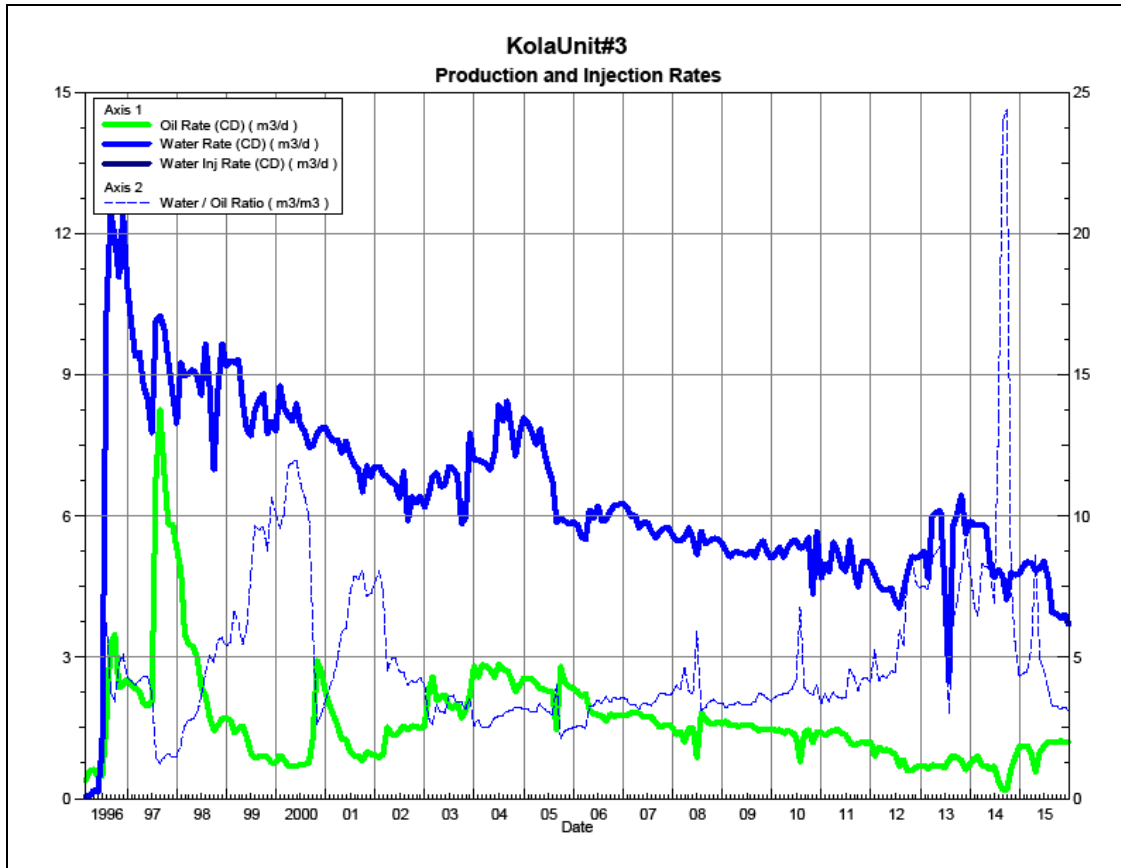
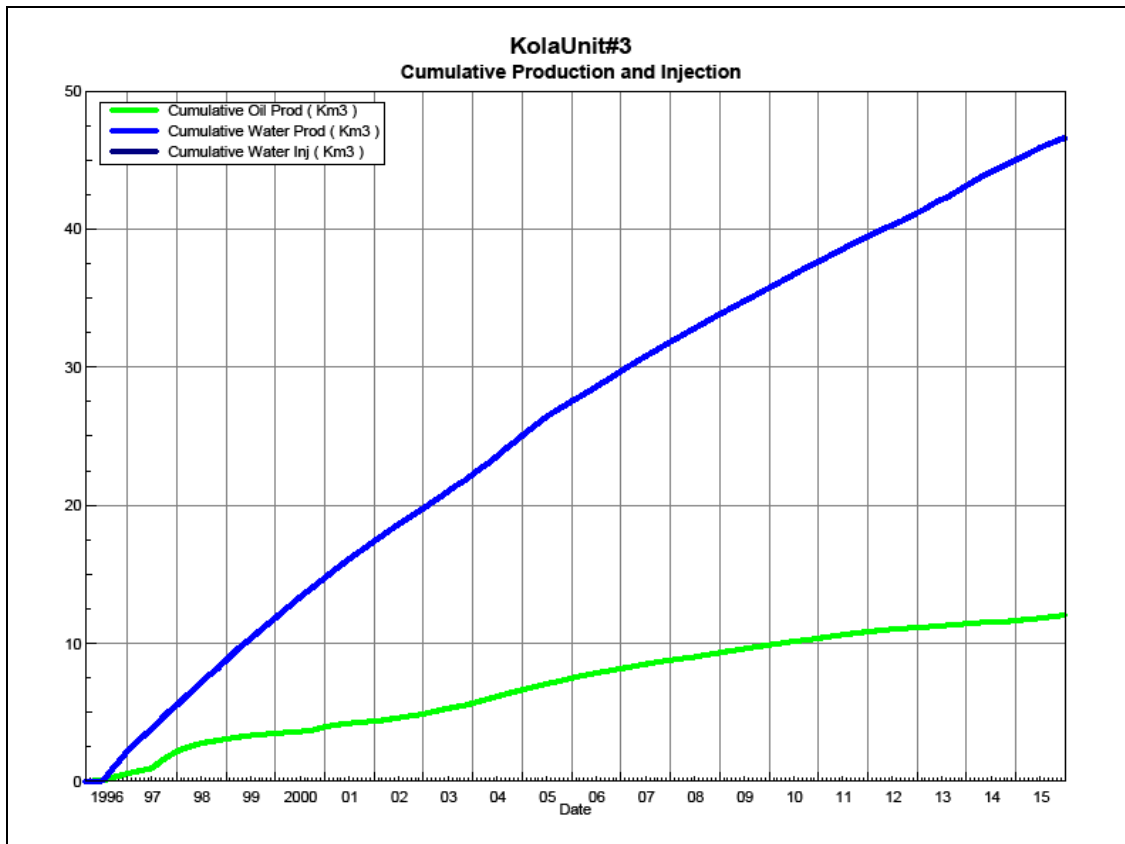


Figure 3 shows the cumulative production for Kola Unit No. 3 to the end of December 2015 as 12.05 e³m³ of oil and 46.64 e³m³ of water, representing a 3.5% recovery factor of the OOIP.

Figure 3: Kola Unit No. 3 Cumulative Oil, Water and Water Injected vs. Time



Waterflood History

Kola Unit No. 3 is still in the development phase at the end of 2015. Tundra's plan is to develop the remaining undrilled LSD's, evaluate pressure (via fall-off tests, static gradients and fluid levels) to estimate the level of reservoir communication with the existing Kola Units No. 1 and 2. Should the wells be sufficiently depleted, the plan would be to convert such wells to waterflood, to increase the current reservoir pressure closer to the original pressure. This would be done by maintaining an instantaneous voidage replacement ratio (VRR) of 1.25 to 2.0 until a cumulative VRR of 1.0 is reached.

Future horizontal injectors, potentially left openhole or completed with multi-stage hydraulic fractures, will be drilled in Kola Unit No.3, to complete waterflood patterns with alternating horizontal producers, for an effective 40 acre spacing, similar to that of Kola Unit No. 2. Tundra intends to put newly drilled wells on production to determine candidacy for converting to water injection.

Any future revisions to the waterflood development or surveillance plan would be based on new production or performance response data, technical studies, or observed reservoir behavior and reserves recovery interpretations.

Waterflood EOR Operating Strategy and Performance

Water Source and Quality

Injected fluid consisted of produced water from the Lodgepole formation, from the unit and surrounding area until November 2013. Injection water for Kola Unit No. 3 is being provided from the Jurassic source water well at 100/02-25-010-29W1 (2-25). Tundra received approval from the Petroleum Branch in March 2013 to use the 2-25 well as a source water well for waterflood operations. Jurassic-sourced water is pumped from the 2-25 source well to the Daly 12-24-10-29 battery, where it is filtered to 50 microns and then pumped up to injection system pressure.

Injection Wellhead Pressures

No wellhead injection pressure is available for Kola Unit No. 3.

Reservoir Pressure

No reservoir pressure measurements were taken at Kola Unit No. 3 in 2015.

Well Servicing

No maintenance was required on the 3 wells in Kola Unit No. 3 in 2015.

Waterflood Performance Discussion

At the end of 2015, there is currently no water injection in Kola Unit No. 3.