

WASKADA UNIT NO. 9

WATERFLOOD PROGRESS REPORT

January 1, through December 31, 2012

PennWest Exploration

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INTRODUCTION

The Waskada Unit No. 9 pressure maintenance project commenced water injection into the Mission Canyon designed and in accordance with Manitoba Energy and Mines Approval No. PM 49. (See Appendix A- Area Map)

PRESSURE MAINTENANCE: Governed by Board Order No. PM 49

Unit Information:

UNITIZED ZONE: Mission Canyon

Original Unit, April.1, 1986 - Board Order; Voluntary

POOL: Waskada Mission Canyon 3b B (03 42B)

POOL: Waskada Mission Canyon 3a C (03 43C) – one well only 11-27-1-26

This report documents the performance of the Waskada Unit No.9 pressure maintenance project for the period of January 1 to December 31, 2012.

Unit # 1 is part of main Waskada. The Waskada field is situated on the northeast rim of the Williston Basin in southern Manitoba. It comprises a large portion of Township 1 and 2, Ranges 25 and 26 (WPM).

The Waskada Fields produce light density crude (approximately 36° API), predominantly from the Lower Amaranth formation. The interlaminated, shallow marine to subtidal succession of sandstones, silstones, and shale progressively onlaps the Mississippian unconformity surface from basin center, up dip to the north and eastern basin limits in Saskatchewan and Manitoba. The fine grained reservoir rock has a complex reservoir characterization with 13 to 16 % porosity and permeability on the order of 0.5 to 15 md. The lower Amaranth, the oldest Mesozoic unit is a clastic red bed sequence lying directly on the Paleozoic erosional surface. It consists of a series of dolomitic siltstones and sandstones interbedded with argillaceous siltstones and shales. The section is usually subdivided into a lower sandy unit and an overlying shale unit. The lower sequence is the

oil production zone. The bulk of pay is founded in the laminated sandstone/siltstone facies.

The Lower Amaranth has been classified into four general lithological types:

1. Interbedded shale/siltstone/sandstone by grain size, color and texture
2. Siltstone – This lithology occurs in distinct intervals up to two or three meters in thickness. It is generally light green in color and dolomitic.
3. Laminated sandstone – This occurs in distinct sandy intervals with a wide range of grain sizes and primary sedimentary structures.
4. Massive sandstone – This lithology occurs in thin intervals and usually associated with the laminated sandstones facies. Beds are usually light grey to reddish grey in color and coarse to medium – grained.

UNIT HISTORY

Waskada Unit # 9 (Unit History)

CPA Pretty Well ID	Date Well Spudded	On Prod YYYY/MM/DD	Org Operator Name	Ground Elevation (m)	TVD (m)
100/11-27-001-26W1/00	9/14/1982	10/1/1982	Omega Hydcbns Ltd	464.5	951
102/12-27-001-26W1/02	7/6/1983	2/1/1986	NCE Petrofund Corp	462	948
100/13-27-001-26W1/00	12/8/1982	12/1/1982	Omega Hydcbns Ltd	461.6	957
102/13-27-001-26W1/02	6/19/1983	3/1/1989	NCE Petrofund Corp	461.5	948
100/14-27-001-26W1/00	11/19/1982	12/1/1982	Omega Hydcbns Ltd	462.7	950
100/15-27-001-26W1/00	1/31/1983	2/1/1983	Omega Hydcbns Ltd	463.3	948
102/15-27-001-26W1/02	6/2/1983	3/1/1989	Omega Hydcbns Ltd	464.3	952
100/16-27-001-26W1/00	10/21/1982	12/1/1982	Omega Hydcbns Ltd	462.6	955
102/16-27-001-26W1/02	6/6/1983	6/1/1990	NCE Petrofund Corp	464.1	954
100/01-34-001-26W1/00	11/24/1984	12/1/1984	Omega Hydcbns Ltd	463.9	960
100/02-34-001-26W1/00	3/13/1983	6/1/1983	Omega Hydcbns Ltd	465	964

Waskada Unit #9 (Production & Injection History)

CPA Pretty Well ID	First Prod YYYY/MM	On Inject. YYYY/MM/DD	Last Prod. YYYY/MM	Cumulative OIL Prod. (m3)	Cumulative WTR Prod. (m3)	Last Inject. YYYY/MM
100/11-27-001-26W1/00	1982/10	5/1/1986	1989/10	2585	6472	1986/12
102/12-27-001-26W1/02	1986/02		1993/02	2851	20556	
100/13-27-001-26W1/00	1982/12		1996/02	11443	63342	
102/13-27-001-26W1/02	1989/03		1991/04	66	2846	
100/14-27-001-26W1/00	1982/12		2012/10	13037	69011	
100/15-27-001-26W1/00	1983/02		1989/10	5156	20053	
102/15-27-001-26W1/02	1989/03		1991/02	50	9217	
100/16-27-001-26W1/00	1982/12		1991/04	10802	43801	
102/16-27-001-26W1/02	1990/06		1996/06	577	15167	
100/01-34-001-26W1/00	1984/12	1/1/1987	1986/02	281	4176	1988/01
100/02-34-001-26W1/00	1983/06		1983/08	21	369	

DISCUSSION:

Production Performance

The Waskada MC3b B Pool was discovered in September, 1982 with the completion of the well Omega Waskada 11-27-1-26 in the MissionCanyon 3b zone over the interval 927.0 to 930.0 m KB. Board Order No. PM 49 provided for pressure maintenance operations in theWaskada Unit No.9. The Unit includes several producers in the Waskada MC3b BPool and the two injectors. On February 5, 1986, Omega Hydrocarbons Ltd., as operator of the proposed Waskada Unit No.9, has made application for approval to conduct pressure maintenance operations in the Waskada MC3b Pool. Omega started to inject water in two wells (located in Lsd 11 of Section 27-1-26 and in Lsd 1 of Section 34-1-26).

Appendix B is a plot of Unit performance and shows the production and injection profiles. The pressure maintenance scheme will involve the injection of produced water into the Mission Canyon 3bB formation through wells 11-27 and 1-34-1-26 WPM to maintain reservoir pressure and "sweep" oil towards the offsetting production wells, but it did not impact the produced fluid. (Appendix D-see oil, water and injection rates)

On December 2, 1988, Omega Hydrocarbons Ltd., operator of the Waskada Unit No. 9 has made an application under Pressure Maintenance Rule No. 1(3) of Board Order No. PM 49 and suspended the water injection into the subject wells.

Voidage Replacement Ratio Calculation

Upon review of the voidage replacement ratio (VRR) for the Waskada Unit # 9 area, it was shown that the area has been under injected. There is no active injector in this unit. This is shown by instantaneous and cumulative VRR for the Waskada Unit # 9 (Please see the Appendix C).

Corrosion and Scale Prevention Program

We currently inject ScalCor down all the new horizontal wells. Plus, PennWest will be installing cathodic protection on the wells. Also, the new gathering system is Fiberglass and as such is not susceptible to corrosion.

SUMMARY AND RECOMMENDATIONS

Producers:

Current Producing Wells

00/14-27-001-26W1/0

Current Suspended Producing Wells

None

Abandoned Producing Wells

02/12-27-001-26W1/2 (since 1993/03)

00/13-27-001-26W1/0 (since 1996/03)

02/13-27-001-26W1/2 (since 1991/05)

00/15-27-001-26W1/0 (since 1989/11)

02/15-27-001-26W1/2 (since 1991/03)
00/16-27-001-26W1/0 (since 1991/05)
02/16-27-001-26W1/2 (since 1996/07)
8. 00/02-34-001-26W1/0(since 1983/09)

Injectors

Current Injecting Wells

None

Current Suspended Injection Wells

None

Abandoned Injection Wells

00/01-34-001-26W1/0 (since 1988/02)
00/11-27-001-26W1/0 (since 1987/01)

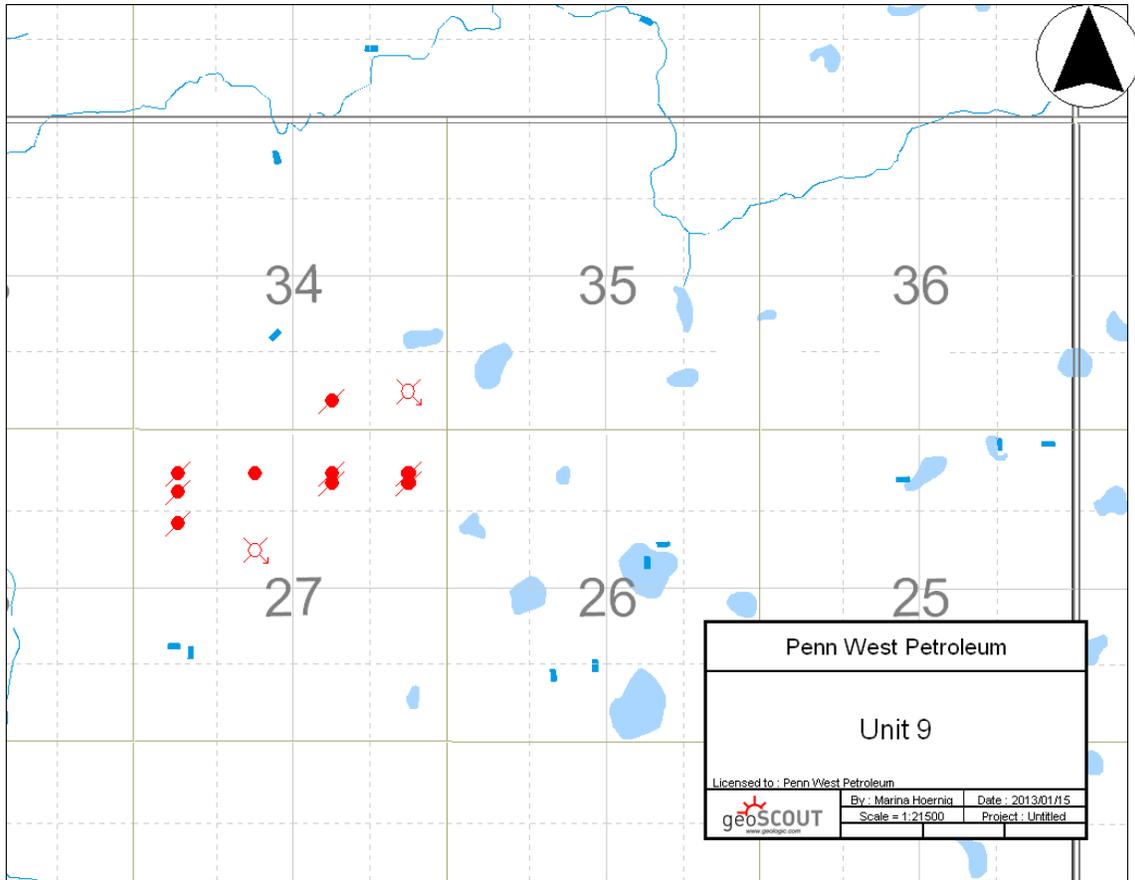
Since there is only one producer and no injection well in this unit, we do not have any plan for this unit other than monitoring the only producer.

TABLE**Waskada Unit #9**

Production Data						
Date	Oil		Water		Injection Water	
Year	m3/year	m3/day	m3/year	m3/day	m3/year	m3/day
1982	401	1.10	340	0.93	0	0.00
1983	10,722	29.38	3,451	9.45	0	0.00
1984	8,359	22.90	8,731	23.92	0	0.00
1985	6,954	19.05	19,766	54.15	0	0.00
1986	4,623	12.67	27,611	75.65	19,497	53.42
1987	4,475	12.26	30,348	83.14	13,295	36.43
1988	2,481	6.80	20,434	55.98	733	2.01
1989	1,310	3.59	19,773	54.17	0	0.00
1990	1,135	3.11	17,857	48.92	0	0.00
1991	967	2.65	13,640	37.37	0	0.00
1992	983	2.69	13,127	35.96	0	0.00
1993	651	1.78	10,603	29.05	0	0.00
1994	442	1.21	6,492	17.79	0	0.00
1995	237	0.65	8,991	24.63	0	0.00
1996	183	0.50	3,652	10.00	0	0.00
1997	278	0.76	2,918	8.00	0	0.00
1998	118	0.32	3,460	9.48	0	0.00
1999	152	0.42	4,031	11.04	0	0.00
2000	145	0.40	4,067	11.14	0	0.00
2001	148	0.41	3,657	10.02	0	0.00
2002	167	0.46	3,483	9.54	0	0.00
2003	167	0.46	2,716	7.44	0	0.00
2004	214	0.59	3,690	10.11	0	0.00
2005	194	0.53	3,663	10.03	0	0.00
2006	142	0.39	3,588	9.83	0	0.00
2007	248	0.68	2,979	8.16	0	0.00
2008	219	0.60	2,871	7.87	0	0.00
2009	278	0.76	2,774	7.60	0	0.00
2010	211	0.58	1,946	5.33	0	0.00
2011	153	0.42	2,210	6.05	0	0.00
2012	110	0.30	2,148	5.88	0	0.00

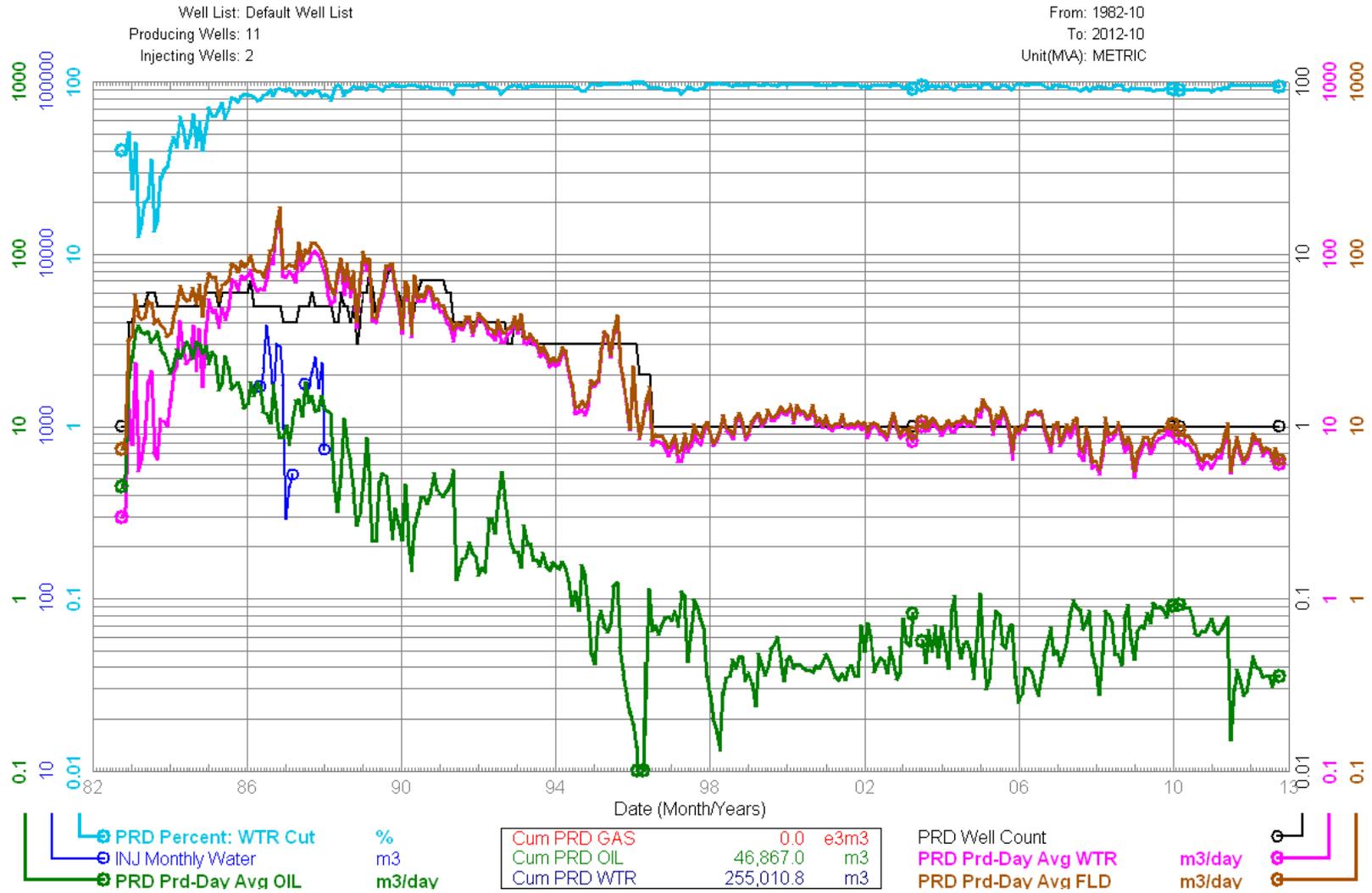
APPENDIX A

Appendix A – Area Map



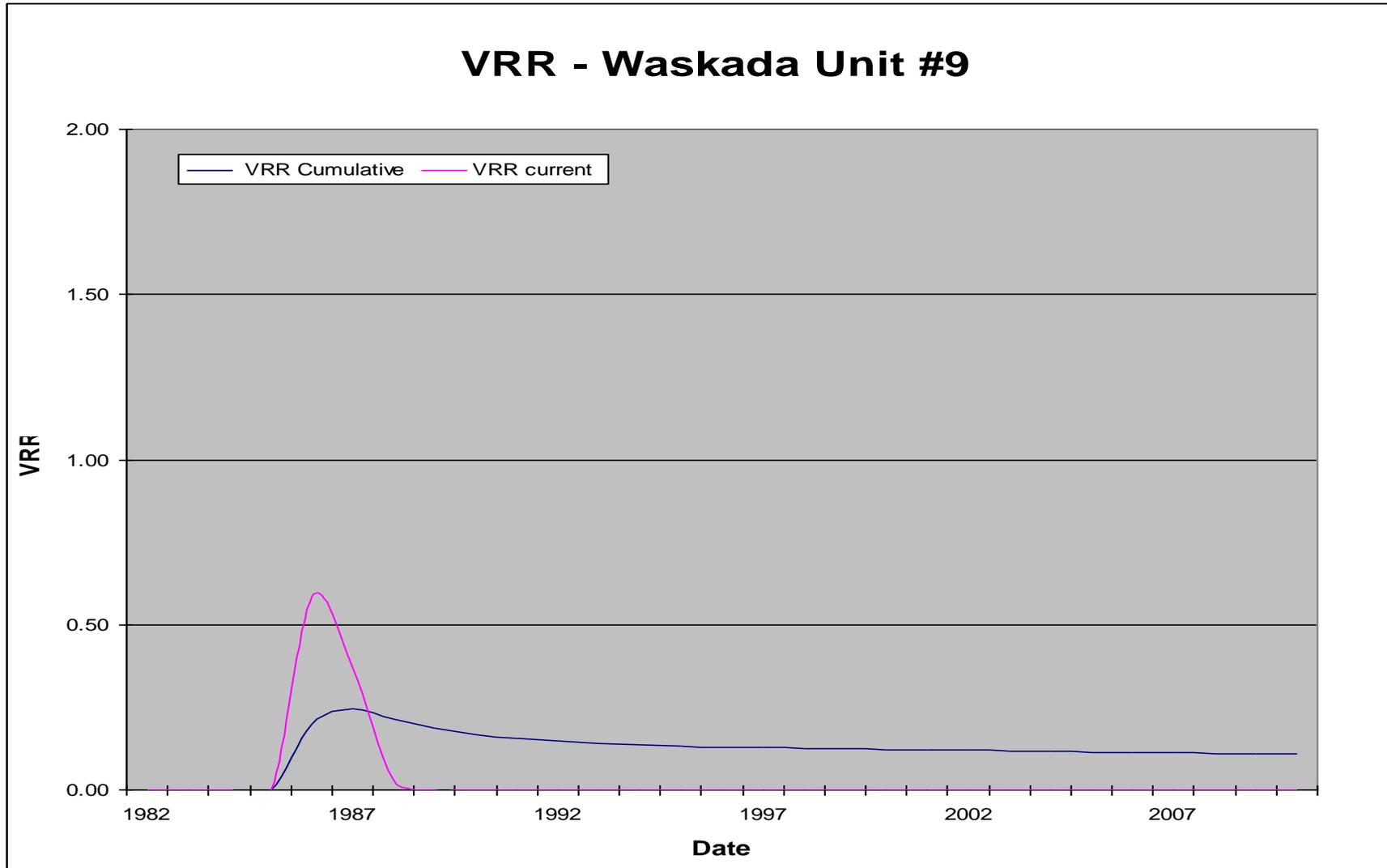
APPENDIX B

Appendix B – Production and Injection History plot



APPENDIX C

Appendix C – Voidage Replacement Ratio VRR



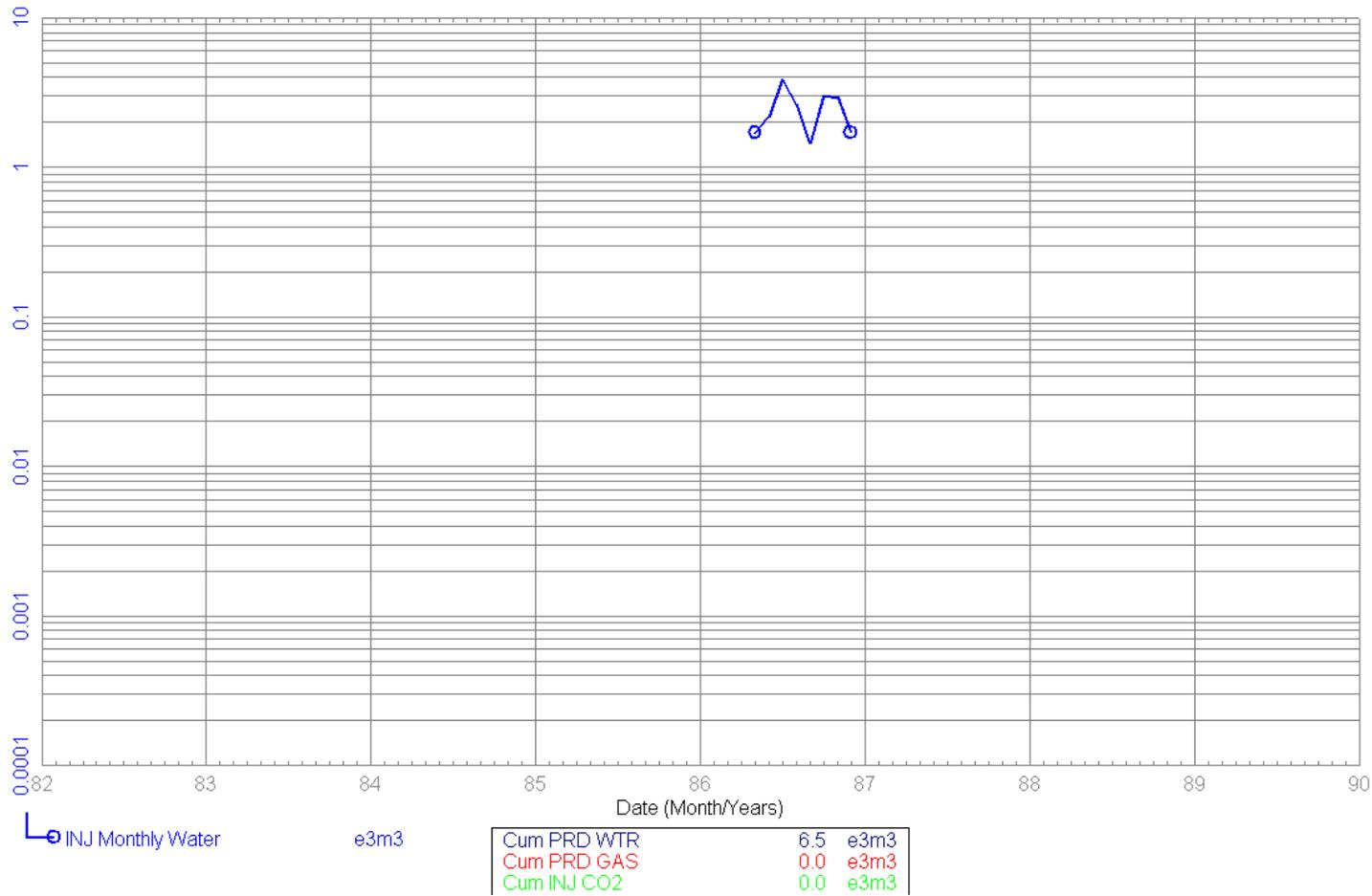
APPENDIX D

Appendix D – Production and Injection Profiles

Data As Of: 2012-10 (MB)
 From: 1982-10
 To: 1989-10

100/11-27-001-26W1/00
 Omega Waskada WW
 Abandoned Water Inj Well

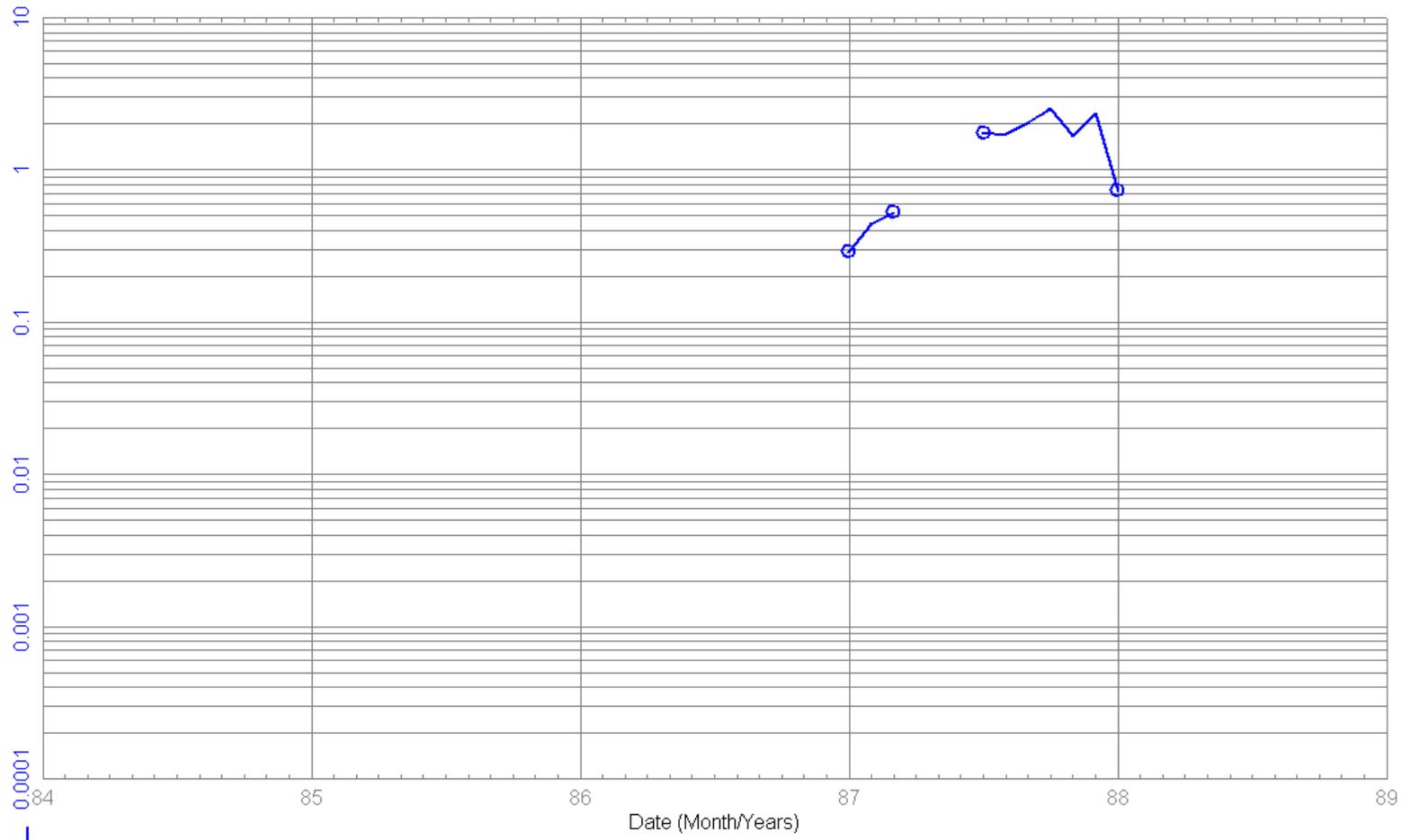
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
From: 1984-12
To: 1986-02

100/01-34-001-26W1/00
Waskada Unit No. 9 Prov. WIW
Abandoned Water Inj Well

Field: WASKADA (03)
Pool: MISSION CANYON 3b B (42B)
Unit: WASKADA UNIT NO. 9



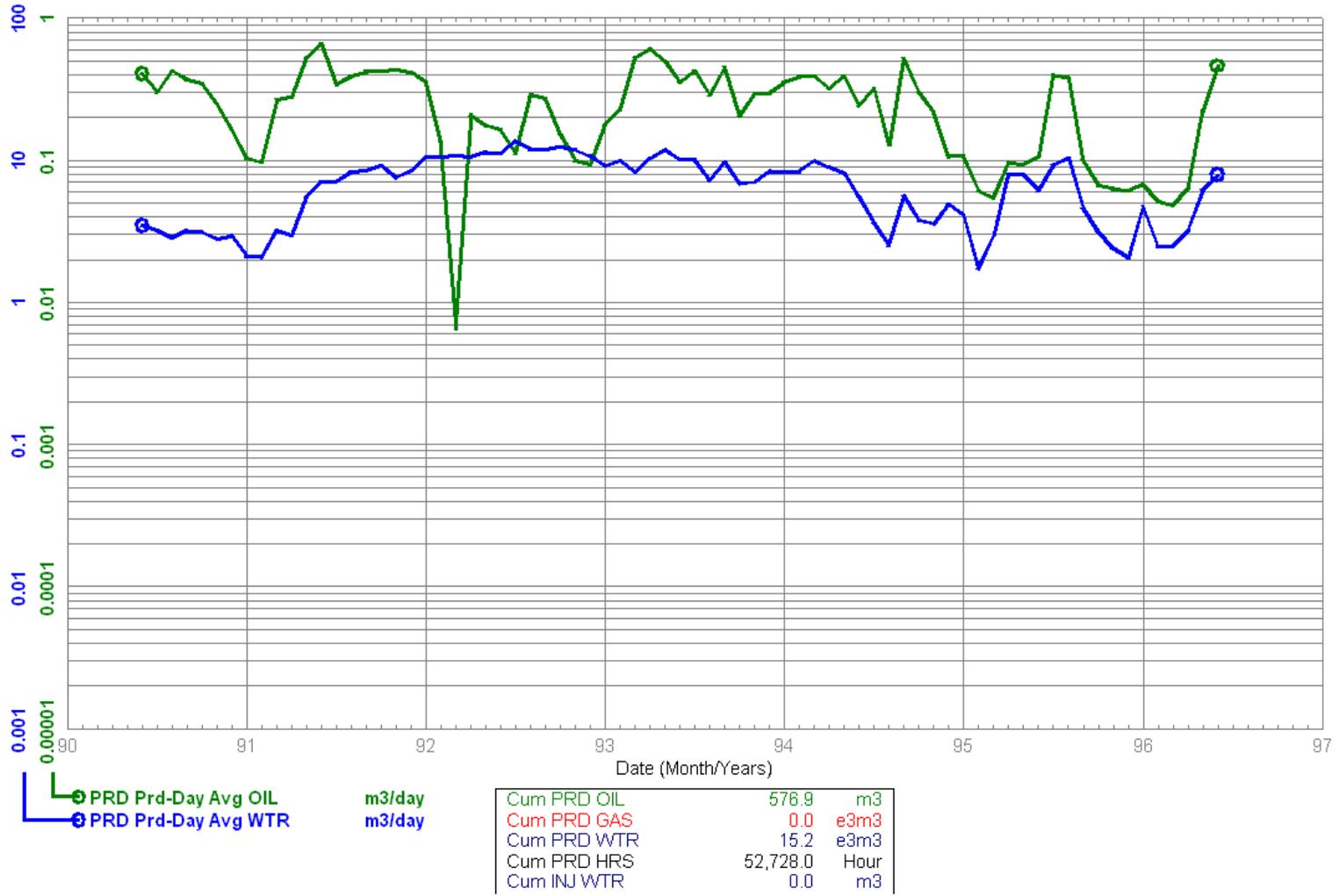
INJ Monthly Water e3m3

Cum PRD WTR	4.2	e3m3
Cum PRD GAS	0.0	e3m3
Cum INJ CO2	0.0	e3m3

Data As Of: 2012-10 (MB)
 From: 1990-06
 To: 1996-06

102/16-27-001-26W1/02
 Waskada Unit No. 2
 Abandoned Producer

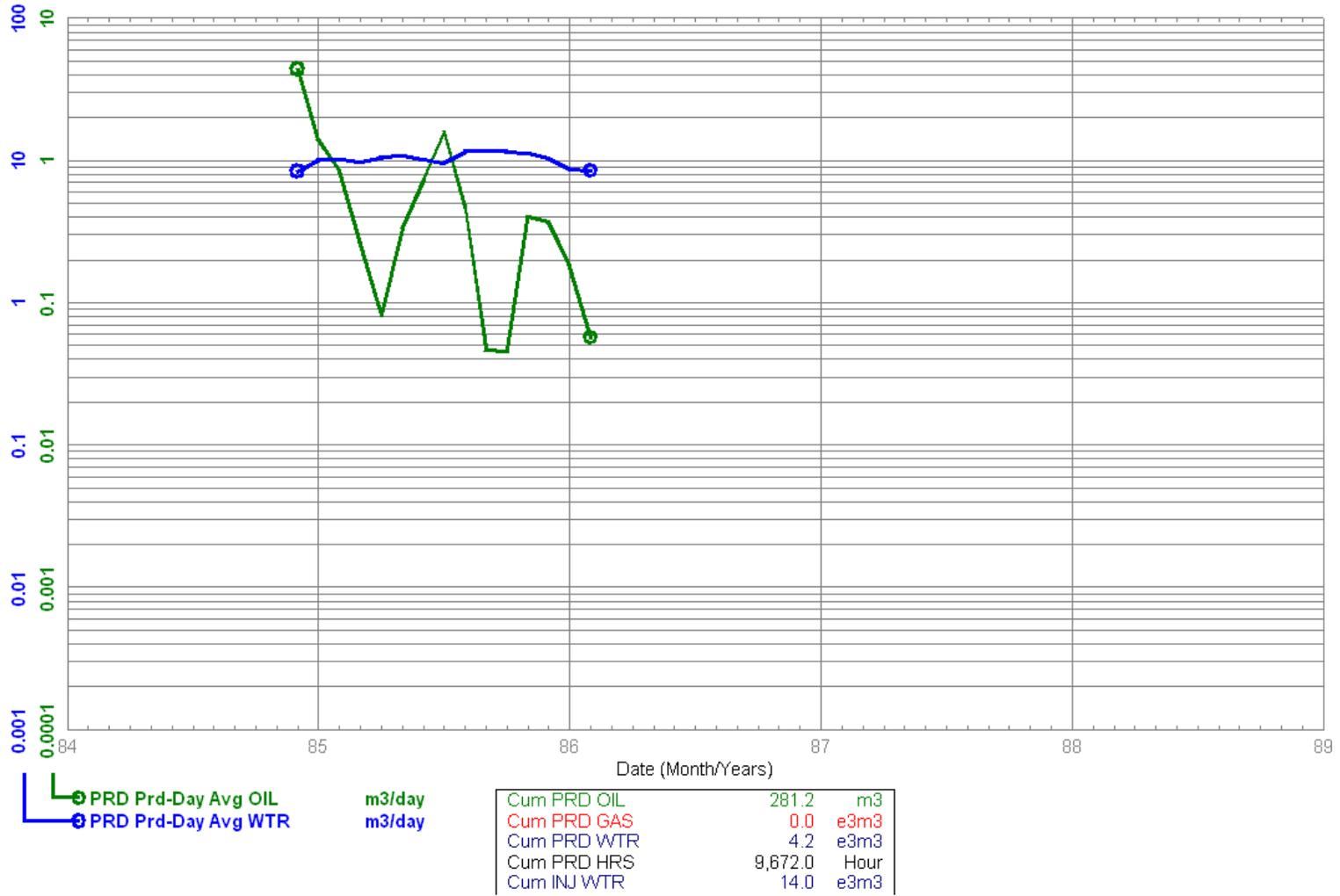
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
 From: 1984-12
 To: 1986-02

100/01-34-001-26W1/00
 Waskada Unit No. 9 Prov. WIW
 Abandoned Water Inj Well

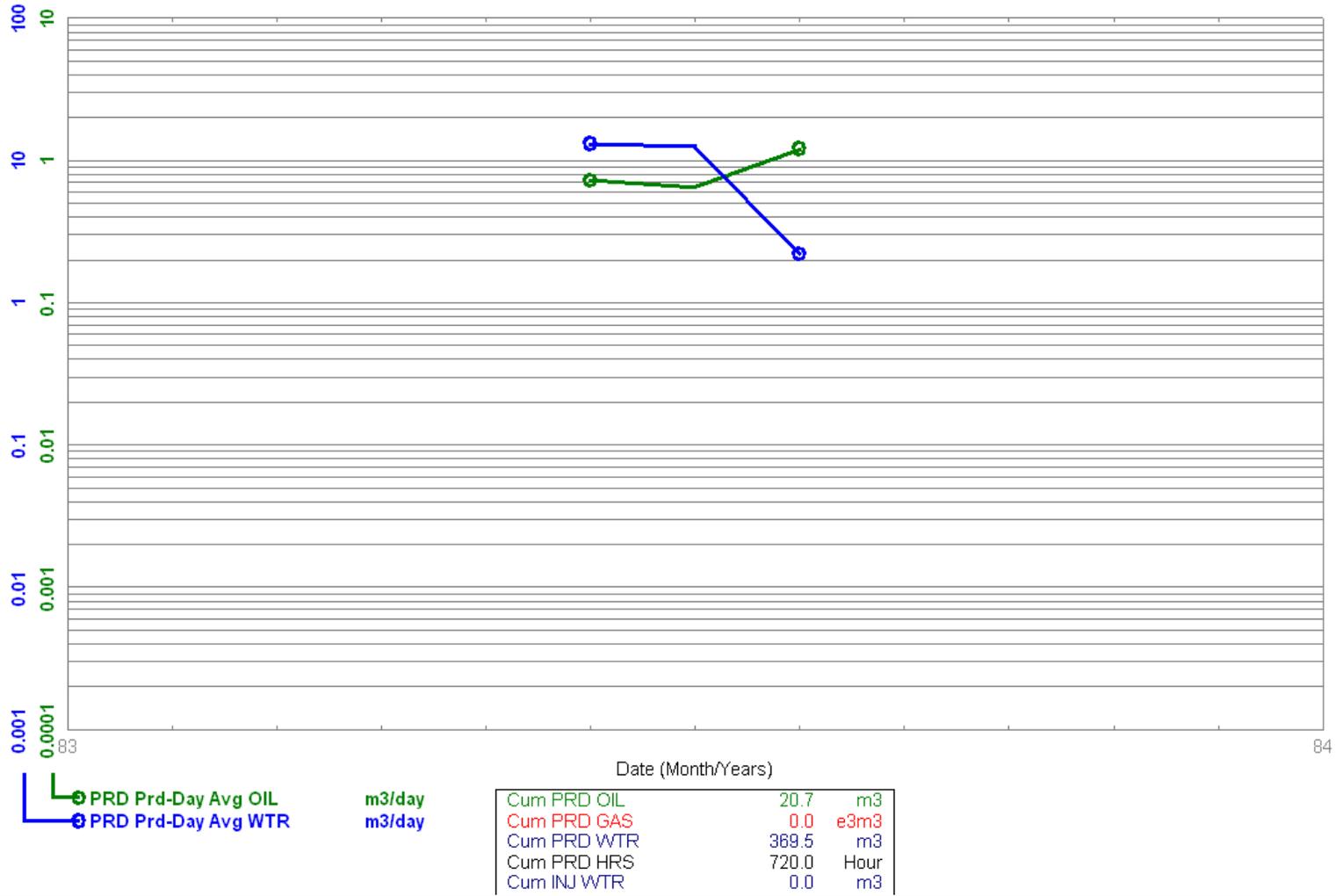
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
 From: 1983-06
 To: 1983-08

100/02-34-001-26W1/00
 Omega Waskada Prov.
 Abandoned Producer

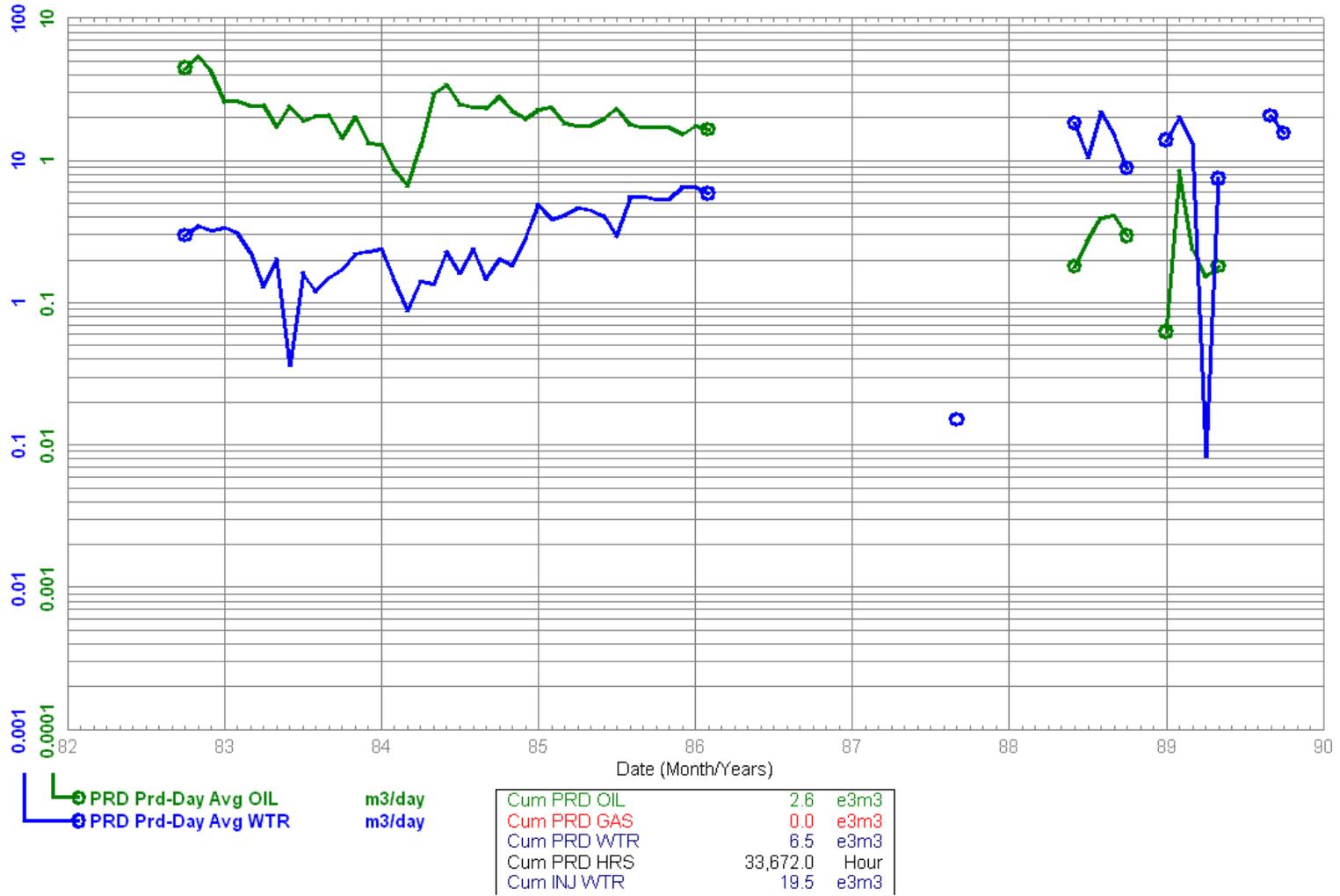
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
 From: 1982-10
 To: 1989-10

100/11-27-001-26W1/00
 Omega Waskada WIW
 Abandoned Water Inj Well

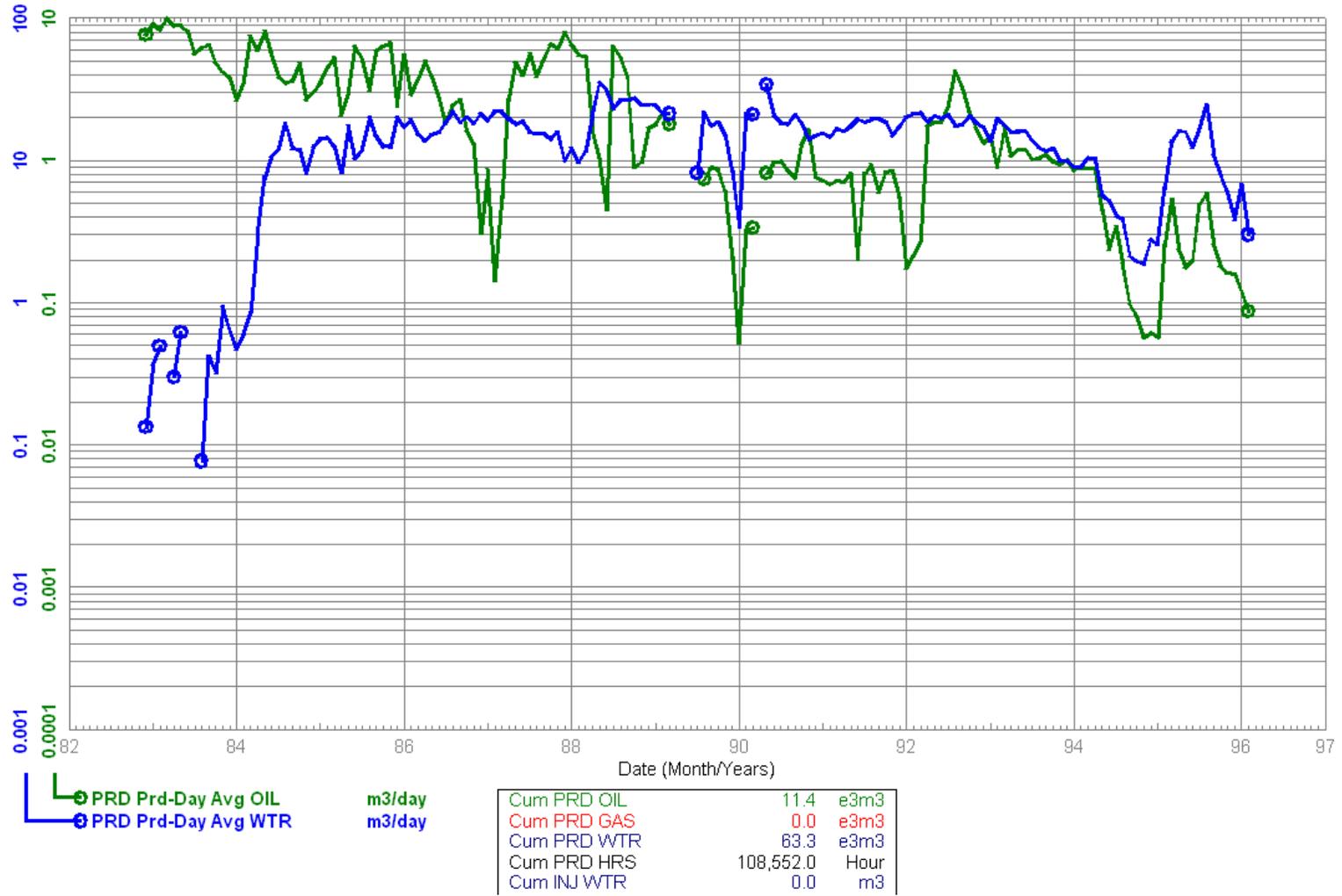
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
 From: 1982-12
 To: 1996-02

100/13-27-001-26W1/00
 Waskada Unit No. 9
 Abandoned Producer

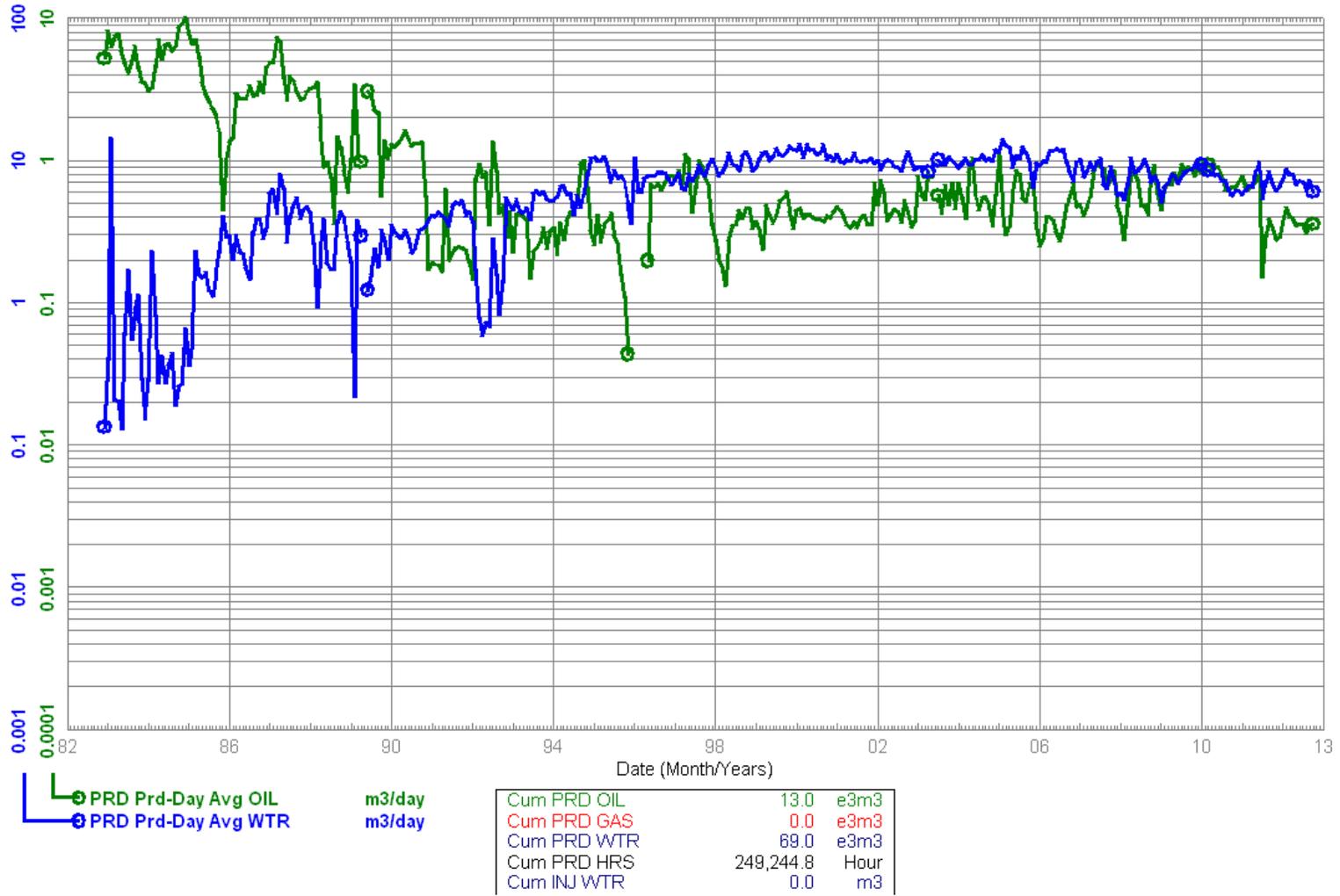
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
 From: 1982-12
 To: 2012-10

100/14-27-001-26W1/00
 Waskada Unit No. 9
 Capable Of Oil Prod

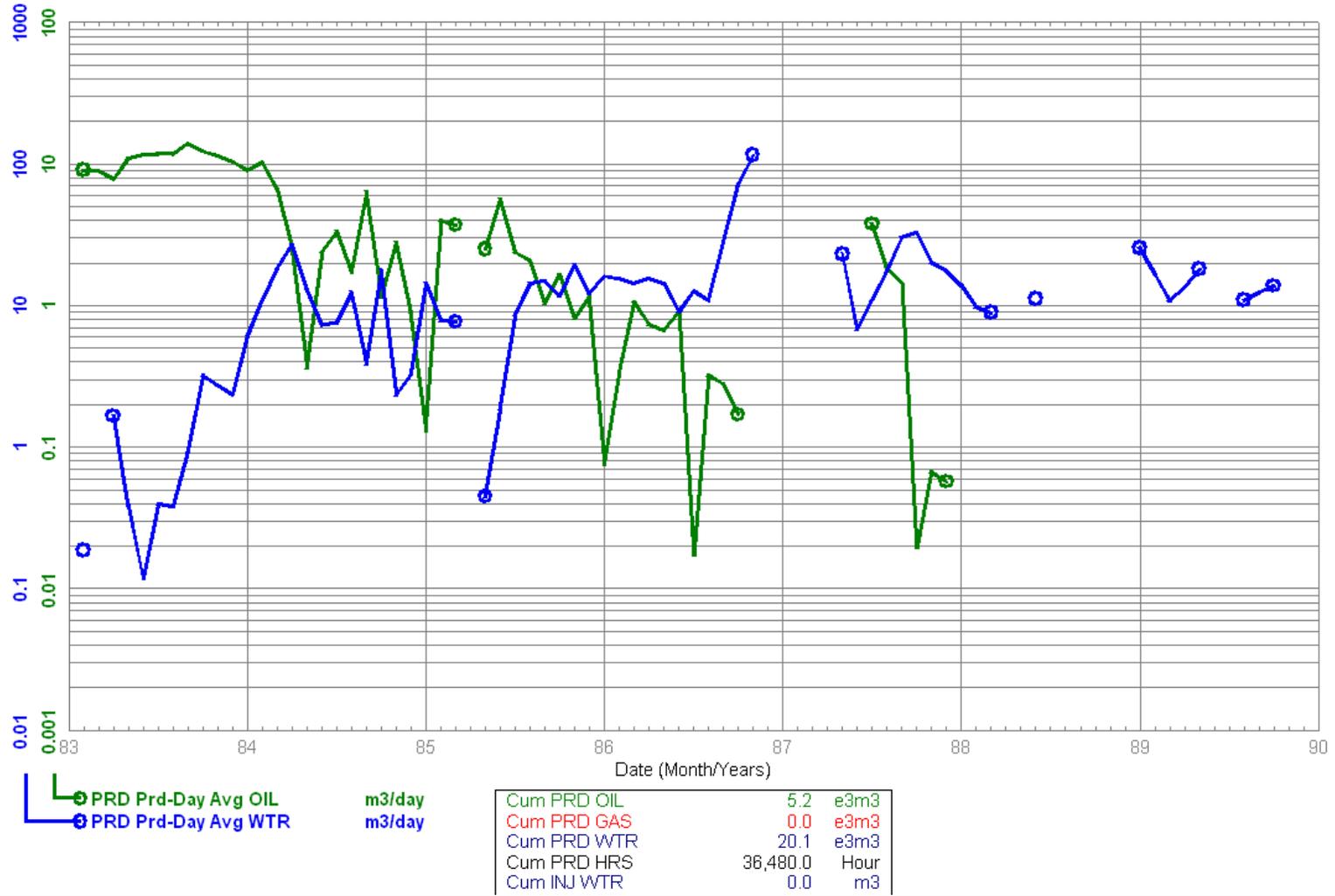
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
 From: 1983-02
 To: 1989-10

100/15-27-001-26W1/00
 Omega Waskada
 Abandoned Producer

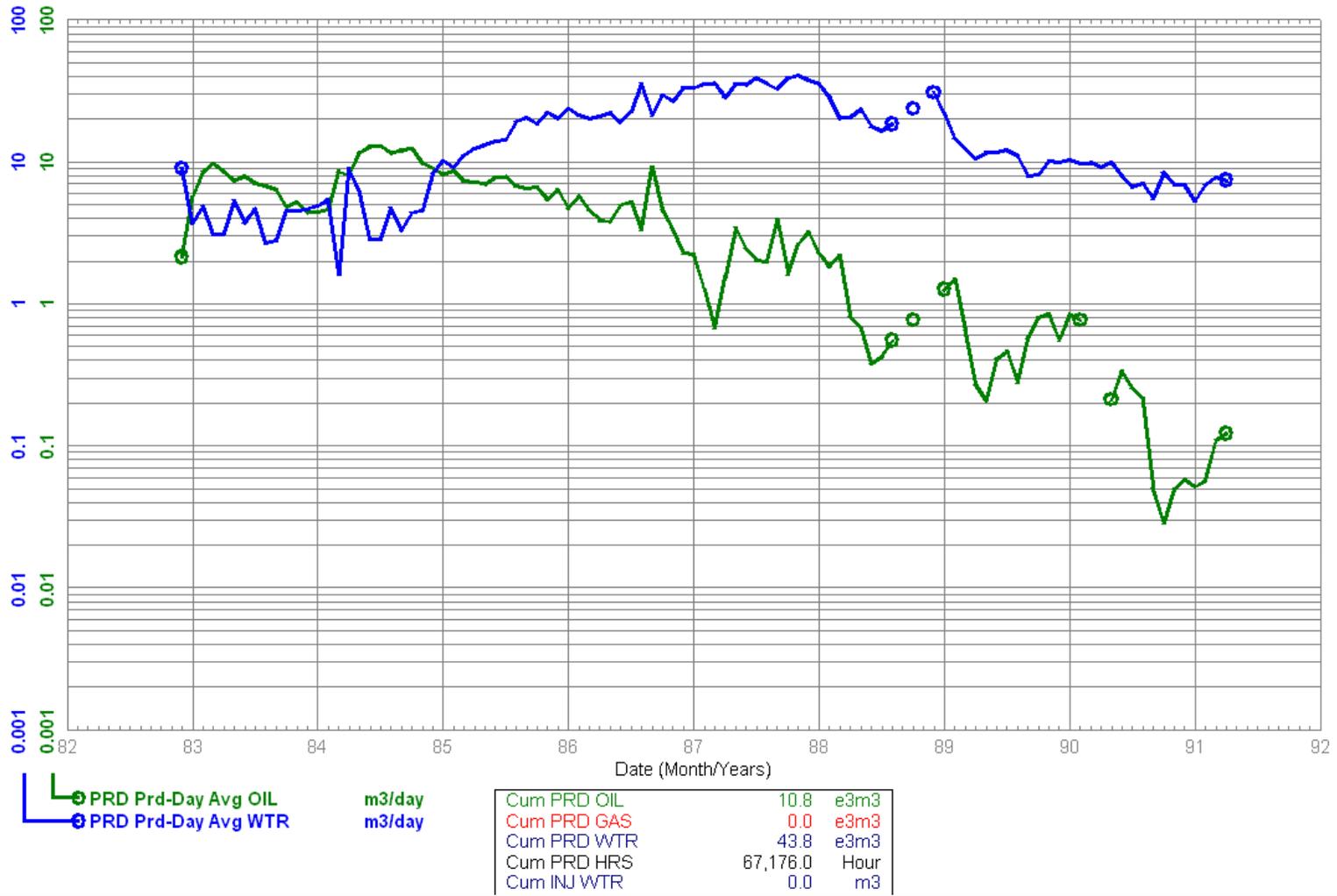
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
 From: 1982-12
 To: 1991-04

100/16-27-001-26W1/00
 Waskada Unit No. 9
 Abandoned Producer

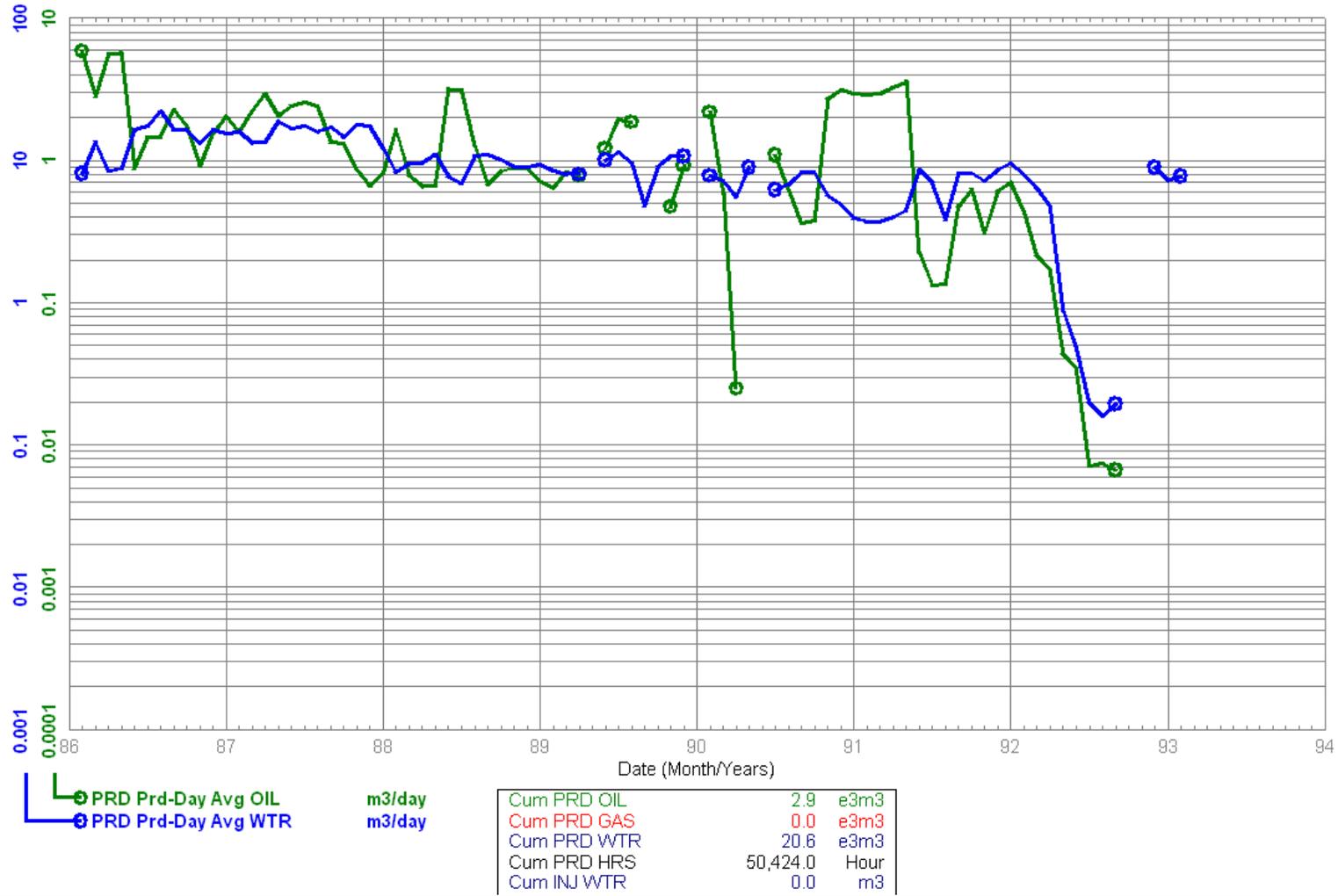
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
 From: 1986-02
 To: 1993-02

102/12-27-001-26W1/02
 Waskada Unit No. 9
 Abandoned Producer

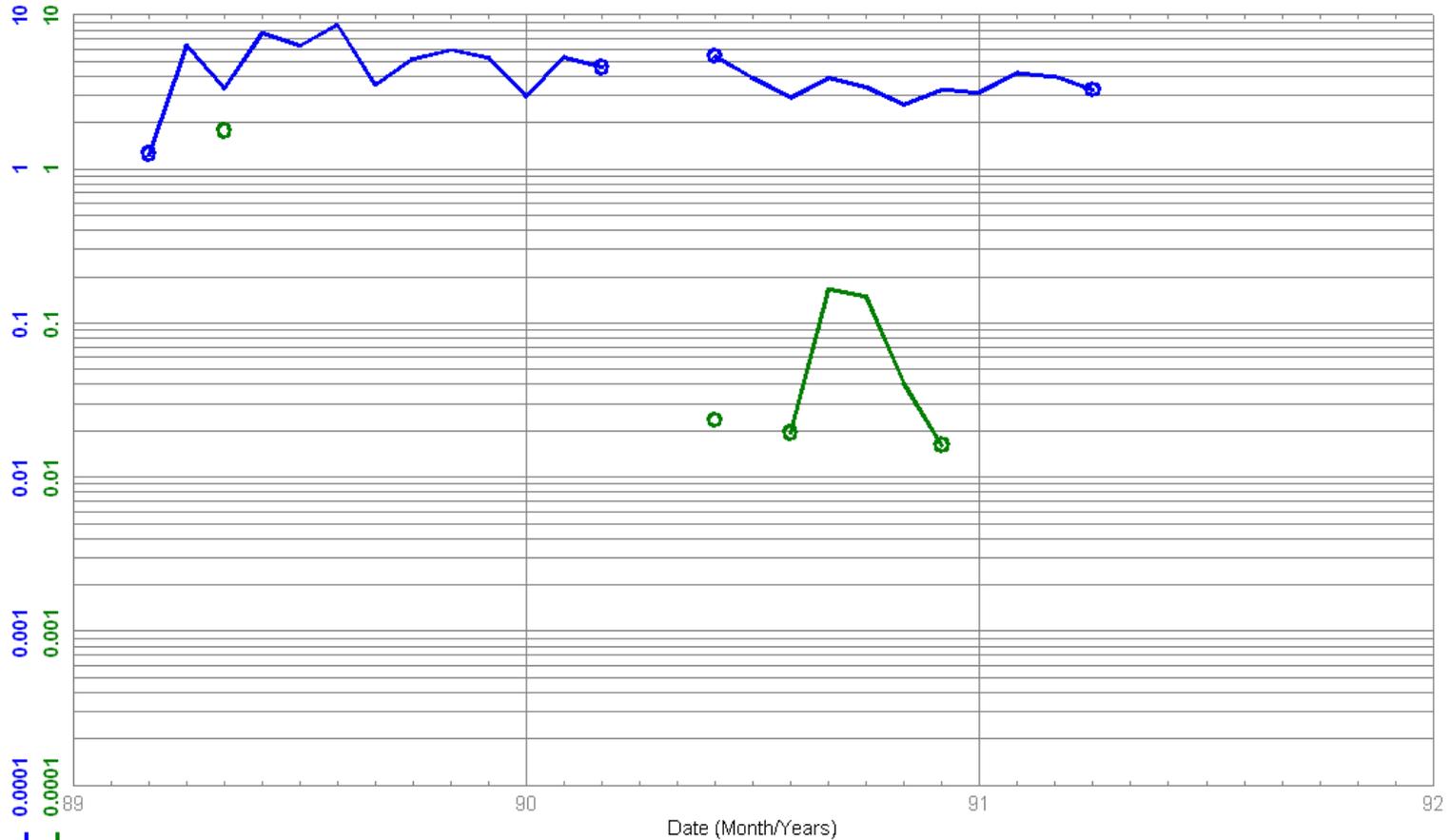
Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



Data As Of: 2012-10 (MB)
 From: 1989-03
 To: 1991-04

102/13-27-001-26W1/02
 Waskada Unit No. 9
 Abandoned Producer

Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



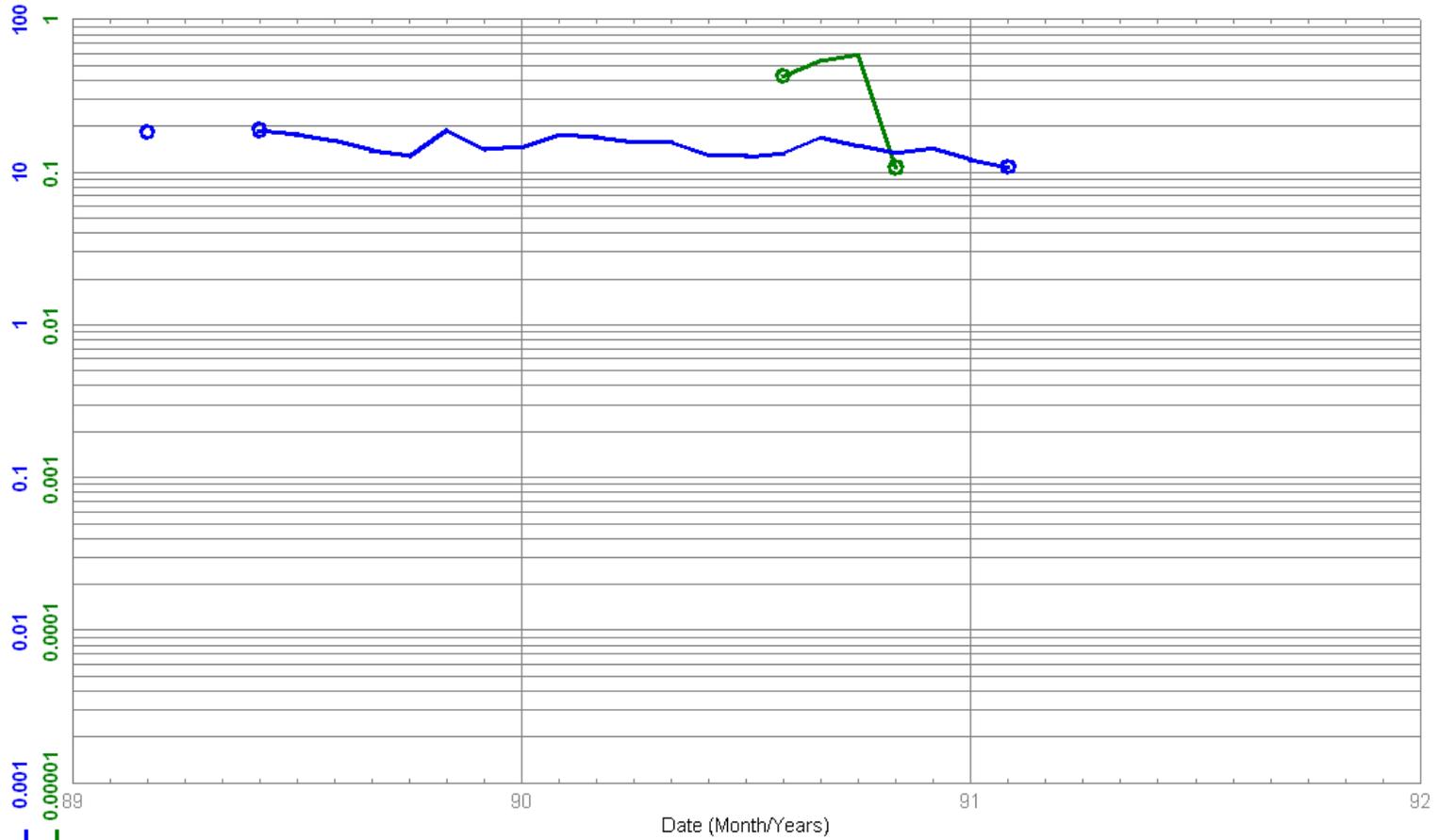
 PRD Prd-Day Avg OIL m3/day
 PRD Prd-Day Avg WTR m3/day

Cum PRD OIL	65.5	m3
Cum PRD GAS	0.0	e3m3
Cum PRD WTR	2.8	e3m3
Cum PRD HRS	15,336.0	Hour
Cum INJ WTR	0.0	m3

Data As Of: 2012-10 (MB)
 From: 1989-03
 To: 1991-02

102/15-27-001-26W1/02
 Omega Waskada
 Abandoned Producer

Field: WASKADA (03)
 Pool: MISSION CANYON 3b B (42B)
 Unit: WASKADA UNIT NO. 9



PRD Prd-Day Avg OIL m3/day
 PRD Prd-Day Avg WTR m3/day

Cum PRD OIL	50.3	m3
Cum PRD GAS	0.0	e3m3
Cum PRD WTR	9.2	e3m3
Cum PRD HRS	14,784.0	Hour
Cum INJ WTR	0.0	m3