



Enhanced Oil Resources Inc. Announces CO₂ Purchase Agreement with Kinder Morgan CO₂ Company, L.P.

HOUSTON, April 20 /CNW/ - Enhanced Oil Resources Inc. (TSX-V: EOR) today announced the signing of a 5 year CO₂ delivery agreement with Kinder Morgan CO₂ Company, L.P. (Kinder Morgan) for use by the Company in its tertiary oil projects in the Permian Basin.

The contract with Kinder Morgan calls for a total of 27.4 bcf of CO₂ to be purchased by the Company over a 5 year period commencing no later than August 31, 2012. The purchase commitment is structured to price the cost of CO₂ consistent with industry practices and market conditions.

As previously reported, the Company has completed a 12 month pilot CO₂ injection project at the Company's wholly owned Milnesand (San Andres) Unit located in Roosevelt County, New Mexico. Cawley Gillespie & Associates, the Company's independent engineering firm, has estimated that following the initial 12 month injection period of the Milnesand pilot project the response indicated that an additional 34,640 barrels of oil can be recovered, in the Proven (1P) category, from each 40-acre producer throughout the primary 3,030 acre pattern flood area. Proved plus probable (2P) gross reserves were estimated at 5.31 million barrels (MMBO) or 70,112 gross barrels per producer. Proved plus Probable plus Possible (3P) reserves were estimated at 105,280 gross barrels per producer, or 8.0 MMBO to the Phase 1 area. Cawley Gillespie has also estimated that the future net cash flows available to the Company's interest at Milnesand is estimated at \$222 .5 million, net of capital and the cost of CO₂. The Net Present Value of the Milnesand Phase 1 CO₂-EOR project is estimated to be \$87.9 million (PV10%).

The Phase 1 Milnesand CO₂ flood development will incorporate 3,000 acres within the central part of the 6,000 acre Milnesand field and has been modeled to include up to 64 injectors and 89 producers. Peak oil production from this phase 1 development model, at the 2P level, is expected to reach 2,200 bopd within 3 years after initiating CO₂ development. Prior to initiating CO₂ injection a drilling program will commence to reduce the current 40 acre well spacing down to 20 acre spacing and potentially, over time, to 10 acre spacing. The infill drilling program is expected to increase primary recovery, increase daily production and provide a better conduit between producers and injectors.

The Company controls approximately 5,600 acres within the 6,000 acre Milnesand San Andres field. Full development of this acreage could result in up to 140 producers with potential 3P reserves of up to 14 MMBO. This estimate of reserves is in line with earlier estimates provided by Advanced Resources International (ARI) in their report dated October 9, 2007 where they estimated a contingent resource of 17 MMBO under full field CO₂ flood.

The Company is currently planning the development of a pipeline from the Cortez CO₂ pipeline take point approximately 25 miles from the Milnesand field for delivery by the due date.

Mr. Barry Lasker reports "The execution of this CO₂ contract is a critical part of our overall business plan and will accelerate the development of our CO₂ - EOR asset base. The Company has worked diligently over the last year to increase our oil production and oil reserves with current results showing an increase in daily production of approximately 250% in the last 6 months. Our goal for the remainder of

this year is to continue our workover program and to initiate an infill drilling program at Milnesand with the goal being to increase gross production to approximately 1,000 BOPD by the end of 2010. Further downspacing at Milnesand over the next 2 years could significantly add to our daily production and reserves and will also prepare the field for CO(2) injection by the CO(2) delivery date. Our CO(2) pilot result has confirmed our expectations that considerable value can be generated at Milnesand and by analogy, at our adjacent 18,000 acre Chaveroo field by the use of CO(2) flooding. The contract enables the Company to accelerate the development of these assets while we further develop the Company's St. Johns Helium and CO(2) field in Arizona and New Mexico. The Company is confident this latest development is a major execution point and gives the Company another key speaking note to present to current and potential investors. This latest development is further proof the Company is moving towards our goal of being one of the larger producers of oil in New Mexico. The increase in production, proven reserves and cash flows through the Milnesand CO(2) project should also assist us in developing our St. Johns Helium and CO(2) asset. The signing of this agreement is another step to adding shareholder value and unlocking the immense value that our St. Johns resource can ultimately generate through Helium sales and enhanced oil recovery."

About Enhanced Oil Resources Inc.

Enhanced Oil Resources Inc. is an early-stage company, with two principal business segments of

- (i) Crude oil and natural gas production through enhanced oil recovery ("EOR") projects it is initiating in the Permian Basin on oil fields acquired by the Company in 2007 and 2008 for that purpose.
- (ii) Helium and CO(2) resource exploration and production through property interests it controls in approximately 251,000 gross acres of land within the St Johns Helium/CO(2) field in Arizona and New Mexico, and where the Company is developing what is thought to be the largest undeveloped helium and carbon dioxide field in North America.

Forward-Looking Statement

Certain statements contained herein are forward-looking statements, including statements relating to Enhanced Oil Resources' operations; business prospects, expansion plans and strategies. Forward-looking information typically contains statements with words such as "intends," "anticipate," "estimate," "expect," "potential," "could," "plan" or similar words suggesting future outcomes. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that expectations, predictions, forecasts, projections and other forms of forward-looking information will not be achieved by Enhanced Oil Resources. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties. A change in any one of these factors could cause actual events or results to differ materially from those projected in the forward-looking information. Although Enhanced Oil Resources believes that the expectations reflected in such forward-looking statements are reasonable, Enhanced Oil Resources can give no assurance that such expectations will prove to be correct. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Enhanced Oil Resources and described in the forward-looking statements or information. The forward-looking statements are based on a number of assumptions which may prove to be incorrect. Readers should be aware that the list of factors, risks and uncertainties set forth above are not exhaustive. Readers should refer to Enhanced Oil Resources' current filings, which are available at www.sedar.com, for a detailed

discussion of these factors, risks and uncertainties. The forward-looking statements or information contained in this news release are made as of the date hereof and Enhanced Oil Resources undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable laws or regulatory policies.

ON BEHALF OF THE BOARD OF DIRECTORS

"signed"

Barry D Lasker, CEO

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For further information: visit our Website at www.enhancedoilres.com; or please call Don Currie on 1-888-990-3551