



## **Enhanced Oil Resources Inc. Provides Reserves Update**

HOUSTON, July 26 /CNW/ - Enhanced Oil Resources Inc. (TSX-V: EOR) today announced the results of its Milnesand (San Andres) July 5, 2010 20 Acre Infill Reserves Report as prepared by GPE Consulting Engineers and audited by Cawley, Gillespie & Associates Inc. (CGA), the Company's independent petroleum engineer.

GPE and CGA estimates the Company's net proved oil reserves through its proposed 20 acre infill drilling project at Milnesand at July 5, 2010 to be 2.5 million barrels of oil (MMBO), up from 0.0 MMBO at December 31, 2009. The Net Present Value (NPV), discounted at 10%, of these reserves is estimated by GPE to be US\$34.5 mm as compared to US\$0 at December, 2009.

The proved reserves and values attributed to this latest reserves report increases the Company wide proved reserves to 3.5 MMBO with a NPV(10%) of \$64.6 mm.

GPE has analyzed the historical production performance at Milnesand, the historical results of the water flood performance at the 100% Company owned Horton Federal lease adjacent to, and south of, the Milnesand (San Andres) Unit and when compared with analogous San Andres infill projects elsewhere in the Permian Basin has concluded that on average each 20 acre infill well will recover an additional 35,000 barrels of oil over a 25 year life. The additional recovery per 20 acre location is estimated to be less than 5% of the original oil in place. The NPV(10%) of each well is estimated at \$490,000 and assumes a completed well cost of \$500,000.

The Milnesand field was discovered in 1956 and, to date, has produced approximately 12 million barrels of oil from an estimated 93 million barrels of oil in place, resulting in a recovery efficiency of only 13%. The field has been developed on 40 acre spacing with minimal infill drilling in the past. The Company intends to initiate an infill drilling program as a precursor to a full field CO<sub>2</sub> flood which is expected to commence no later than August, 2012.

The Phase 1 Milnesand CO<sub>2</sub> 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, at the 2P level, is modeled to reach an incremental 2,200 bopd within 3 years after initiating CO<sub>2</sub> development.

The Company controls approximately 5,600 acres within the 6,000 acre Milnesand San Andres field. Full CO<sub>2</sub> 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 in their report dated October 9, 2007 where they estimated a contingent resource of 17 MMBO under full CO<sub>2</sub> flood.

The results of this latest report for Milnesand have confirmed that significant value can be achieved at Milnesand through infill drilling followed by a full field CO<sub>2</sub> flood. In addition, this evaluation has high graded the potential for additional recoveries at Chaveroo (San Andres) field, located 6 miles to the north west of Milnesand, as a precursor to a CO<sub>2</sub> flood at that Field. The Company estimates that approximately 180 20 acre infill locations exist at Chaveroo and this will be a target for future drilling following the development at Milnesand.

The Company is looking to finance the infill drilling program at Milnesand through a new debt facility and is currently discussing the opportunity with several banking institutions. We cannot guarantee that a financing will occur, however we remain confident that such funding can be achieved in this current market.

Mr. Barry Lasker reports "The results of this latest reserve report have confirmed the value potential within our San Andres leasehold position. We have previously reported the increased value at Milnesand associated with CO2 flooding of these fields where independent engineering firms have estimated that approximately 50 MMBO could be recovered at Chaveroo and Milnesand by full field CO2 injection. This report, coupled with the recent execution of a CO(2) sales contract with Kinder Morgan CO(2) Company, L.P. will accelerate the development of our CO2-EOR assets and we remain committed to implementing a CO(2) flood at Milnesand and longer term, at Chaveroo. The Company continues to have positive results with our workover programs, and with zero debt, an ongoing reactivation, and infill, program the Company is well positioned for growth."

#### 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](http://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](http://www.enhancedoilres.com) or please call Don Currie on 1-888-990-3551