



Enhanced Oil Resources Inc. Provides Corporate and Operations Update

HOUSTON, Aug. 27 /CNW/ - Enhanced Oil Resources, Inc. (TSX-V: EOR) today provides the following update on corporate and operational activity.

As previously reported the Company has been actively pursuing a production enhancement program at its oilfields in New Mexico with the purpose of increasing near term oil production in a cost effective manner at a time when costs for goods and services have been reduced. At the Company's 98.5% owned Crossroads Siluro-Devonian Unit in Lea County, New Mexico the Company has increased water injection capacity at its water disposal well and at the same time has began the process of increasing the pump capacity in several of the producing wells. The Crossroads No.302 well which was reactivated on July 30th continues to produce approximately 115 barrels of oil per day (BOPD) since production recommenced. The Crossroads No.303 well was worked over on August 18th and is currently producing approximately 70 BOPD (36 BOPD prior). Unit production has averaged 226 BOPD during August while Company wide production has averaged approximately 322 BOPD for the same period. The No.303 well is one of four wells where the Company believes production can be enhanced by using bigger down-hole pumps. Since the Company's acquisition of the Crossroads Siluro-Devonian Unit, average daily production has increased 600%.

At the Company's wholly owned Milnesand San Andres Field the CO2 pilot flood area has now been converted to water injection. Currently there are 7 producers and 9 water injector wells within the pilot flood area and make-up water is now being injected. Several analogous water floods in the area have had tremendous results and we are hopeful that the Milnesand Unit will respond accordingly. We will provide additional information as it comes to hand. A resource study on the waterflood potential at Milnesand has been commissioned with results expected within the next 30 days. In addition, all CO2 pilot data has now been provided to our independent reserves engineers and we expect to see the results of the Milnesand CO2-EOR mid year reserves study also within the next 30 days.

The Company continues to reduce corporate overhead where possible. Our current forecast for the third quarter General and Administrative costs is a reduction of approximately 25% over the second quarter and we expect a further reduction in the fourth quarter of approximately 40% as salary reductions and severance payments to terminated employees cease. Our current monthly overhead is approximately \$250,000 and the expectation for the fourth quarter is \$220,000 per month. At a current oil price of \$70 per barrel and current production rates of 320 bopd we estimate that net cash to the Company on a monthly basis is approximately \$320,000 and is currently covering our monthly overhead expense. We estimate that, at our current overhead and with a stable production base, the Company requires a break even oil price of approximately \$50 per barrel and that presently the Company is generating positive cash from operations.

Mr. Barry Lasker reports "With our recent successful developments at the Crossroads field the Company has averaged in excess of 320 bopd during the month of August.

Congratulations must go to our technical team in Midland and at the oilfields for these results. As previously reported our current year-to-date operating cost at Crossroads is approximately \$6 per barrel and at current oil prices of WTI \$70 per barrel the approximate netback to the Company's interest should be above \$45 per barrel. We have been diligently working to reduce corporate overhead where possible and we believe we are now seeing those efforts resulting in positive cash flow for the Company."

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

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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