

Contact Oil & Gas USA, Inc.

**Estimate of Reserves and Future Revenue to Contact Oil & Gas USA
Inc. Interest in Certain Properties Located in Borden County,
Texas as of November 30, 2010**

Prepared in Accordance with Canadian National Instrument 51-101

JOE C. NEAL & ASSOCIATES
 PETROLEUM AND ENVIRONMENTAL ENGINEERING CONSULTANTS
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February 15, 2011

Contact Oil & Gas USA, Inc.
 %Mr. Claude V. Perrier, III
 880-580 Hornby Street
 Vancouver, BC, V6C-3B6

RE: Evaluate Hull #1 well in Borden County, Texas for 51-101 filing

Dear Mr. Perrier,

In accordance with your request, we have made an estimate of the Proved Developed Producing Reserves and Future Net Revenue for the Hull NO. 1 Well in Borden County, Texas as of November 30, 2010 to the interest of Contact Oil & Gas USA, Inc. This well is located in the Jo-Mill Spraberry Field. This report has been prepared using pricing forecasts and cost parameters that will be discussed in subsequent paragraphs in this report and has been prepared in accordance with Canadian National Instrument 51-101 – Standards of Disclosure for oil and gas activities. The estimate of reserves and future net revenue included in this report have been prepared in accordance with definitions and guidelines set forth in section 5 of volume I, second edition, of the Canadian Oil and Gas Evaluation Handbook (COGEH), prepared by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society). Definitions are presented immediately following this report.

As presented in the accompanying Projection, Table 1, we have estimated the company's gross and net oil and gas and future net revenue discounted at 0, 5, 10, 15 and 20 percent to Contact Oil & Gas USA, Inc. Interest as of November 30, 2010 before U. S. Income Taxes:

<u>Category</u>	<u>Gross Reserves and Company Net Reserves</u>				<u>Future Net Revenue (M \$)</u>				
	<u>Oil</u>		<u>Gas</u>		<u>before U.S. Income Tax</u>				
	<u>(M BBL)</u>		<u>(MMCF)</u>		<u>Discounted at (%)</u>				
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>0</u>	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>
Proved Developed Producing	<u>54</u>	<u>10</u>	<u>15</u>	<u>3</u>	<u>446</u>	<u>330</u>	<u>263</u>	<u>220</u>	<u>191</u>
Total Proved	54	10	15	3	446	330	263	220	191

The following is a Summary Projection, Table 2, where we have estimated the Gross Reserves and Future Net Revenue discounted at 0, 5, 10, 15 and 20 percent to Contact Oil & Gas USA, Inc. interest as of November 30, 2010 after U. S. Income Taxes:

<u>Category</u>	<u>Gross Reserves</u>		<u>Future Net Revenue (M \$)</u> after U.S. Income Tax Discounted at (%)				
	<u>Oil</u> <u>(M BBL)</u>	<u>Gas</u> <u>(MMCF)</u>	<u>0</u>	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>
<u>Proved Developed</u>	<u>Gross</u>	<u>Gross</u>					
<u>Producing</u>	<u>54</u>	<u>15</u>	<u>290</u>	<u>214</u>	<u>170</u>	<u>142</u>	<u>123</u>
<u>Total Proved</u>	<u>54</u>	<u>15</u>	<u>290</u>	<u>214</u>	<u>170</u>	<u>142</u>	<u>123</u>

Oil volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases. Revenue estimates are expressed in thousands of US dollars (M\$).

The estimate shown in this report is Proved Developed Producing Reserves. This report does not include any value that could be attributed to interests in undeveloped acreage beyond this tract for which the Proved Developed Producing Reserves have been estimated. Reserves were categorized based on definitions from the Canadian Oil and Gas Evaluation Handbook. Table I is a Cash Flow of Reserves and Economics Projection for the Proved Developed Producing well (Hull #1). A graphical display of the predicted future performance precedes the individual reserve page. Figure 1 is a Map of the state of Texas showing Borden County. Figure 2 is a Lease Ownership Map showing the location of the Hull NO. 1 well. Following is a Summary of our evaluation before U. S. Taxes:

Effective Date.....November 30, 2010

	<u>Proved Developed</u> <u>Producing</u>
Net Reserves	
Evaluated Interests:	
Oil, MBBL	10
Gas, MMCF	3
Future Net Revenue Before	
U. S. Income Taxes,	
U.S. M\$	755
Severance and Ad Valorem Taxes	
U.S. M\$	57
Operating Expenses	
U.S. M\$	252
Capital Costs	
U.S. M\$	0
Future Net Revenue	
Undiscounted, U.S. M\$	446
Future Net Revenue	
Discounted At 10 Percent, U.S. M\$	263

Following is a Summary of our evaluation after U. S. Income Taxes:

	<u>Proved Undeveloped</u> <u>Producing</u>
Gross Reserves	
Evaluated Interests:	
Oil, MMBL	54
Gas, MMCF	15
Future Net Revenue Before	
U. S. Income Taxes,	719
U.S. M\$	
Severance and Ad Valorem Taxes	
U.S. M\$	156
Operating Expenses	
U.S. M\$	273
Capital Costs	
U.S. M\$	0
Future Net Revenue	
Undiscounted, U.S. M\$	290
Future Net Revenue	
Discounted At 10 Percent, U.S. M\$	170

The reserves evaluated in this report are classified as Proved Develop Producing category. A definition of all reserve categories is included following this report. Joe C. Neal's Qualifications are also included as a part of this report.

In estimating the reserves for the Proved Develop Producing (Hull No. 1 well) we evaluated it by using decline curve analysis. Based on the decline curve analysis of the Hull No. 1 well it is projected to ultimately recover 65,400 barrels of oil and 18,552 MCF of gas.

REGIONAL GEOLOGY

The Aplark field is located in the Southwestern portion of Borden County in the Horseshoe Atoll area of the Midland Basin near the Jo-Mill Spraberry field. The Wolfberry Play of which the Hull NO. 1 is contained currently extends over a nine county area of West Texas. The Wolfberry play is used to describe the comingling of several zones that are produced from a single well. The zones that are currently being comingled are as follows:

1. ClearFork
2. Spraberry (Upper, Middle and Lower)
3. Jo-Mill
4. Dean
5. Wolfcamp
6. Strawn

The numbers of fracture stages and sizes have been increased recently to allow better ultimate recoveries. The Spraberry Trend area is the largest oil field and fifteenth (15th) largest gas field in the United States. Early development of the Spraberry Trend started in the 1950's. The major oil & gas companies increased their activity in the 1960's and 1970's by extending the areal limits of the Spraberry Trend. The 1980's and 1990's were characterized by infill drilling and subsequent sell off by the major companies. There are currently over two hundred (200) operators in the Spraberry Trend area from approximately 13,000 wells.

This study was performed using industry-accepted principles of engineering evaluation that are predicated on established scientific concepts. The application of such principles involves extensive judgments and is subject to changes in existing technical knowledge, economic condition, and statutory or regulatory provisions. Reserve calculations may be imprecise due to inherent uncertainties and limitations in the database. Joe C. Neal & Associates reserves the right to alter the calculation of reserves discussed in this report, if corrections to this data are subsequently required.

Environmental liability presence or potential presence is not addressed in the values developed in this report. The increasing attention to environmental issues by landowners and their associated attorneys, public interest groups, and expanding government agencies such as the RRC, EPA, and TNRCC make it essential to acquire a knowledgeable idea of the environmental costs that are anticipated to be associated with ownership or operation of a property. The required depth of understanding of the environmental issues can be increased proportionally as interest in a property develops. Anticipated reclamation costs can even be subtracted from the price of an acquisition. In any event, a prudent judgment of the value of a property requires including an assessment of existing environmental issues associated with the property. Joe C. Neal & Associates' registered professional engineers routinely conduct the required investigations and provide certified environmental assessments.

Property identification, revenue interests and product prices were provided by the Company or estimated when the data was unavailable. These data were not verified by inspection of internal record and files, nor was a physical inspection made of the producing properties.

Net oil and gas reserves are estimated quantities of crude oil, natural gas, and natural gas liquids attributed to 100 percent of the revenue interest of Contact Oil & Gas USA, Inc. Net income to the 100 percent revenue interest of Contact Oil & Gas USA, Inc. is the future net revenue after deduction of state and county taxes where applicable. Minor variations in composite column total result from computer rounding.

The future net revenue is after deductions for severance and ad valorem taxes, royalties, capital costs, and operating expenses but before consideration of United States Federal Income Taxes. In accordance with Canadian National Instrument 51-101, the future net income has been discounted at annual rates of 0, 5, 10, 15 and 20 percent to determine its present worth. The present worth is shown to indicate the effect of time on the value of money and should not be construed as being the fair market value of the properties.

For the purposes of this report the evaluation was performed using United States dollars (U.S. \$). The oil price used in this report is based on the current price of U.S. \$72.83 per barrel and is adjusted for quality, transportation fees and regional price differential to obtain the estimated wellhead price. The oil price was held constant for the life of the property. The gas price used in this report is based on the current price of \$7.25 per MCF and is adjusted for energy content, transportation fees and a regional price differential to obtain the estimated wellhead price. The gas price was also held constant for the life of the property. The following is the pricing Forecast used in this report as November 30, 2010.

<u>Pricing Assumptions</u>		
<u>Average Forecast Prices (Hull #1)</u>		
<u>Year</u>	<u>\$/BBL</u>	<u>\$/MCF</u>
2010	72.83	7.25

Well operating costs were furnished by the Company. These costs include the per well overhead expenses allowed under the joint operating agreement along with estimates of costs to be incurred at and below the district and field levels. General and administrative overhead expenses are included only to the extent that they are covered under the joint operating agreement. The operating expenses were held constant for the life of the property.

The Reserves shown in this report are estimates only and should not be construed as exact quantities. The Reserves may or may not be recovered. If the Reserves are recovered, the revenues could be more or less than estimated. It may be necessary to revise these estimates as additional performance becomes available. Governmental policies and uncertainties of supply and demand may cause the prices being received for the Reserves to be different than those used in the evaluation.

Only engineering and geological information was considered in this evaluation. No consideration was given to either the legal or accounting aspects of the evaluation. Following the written portion of this report are logs, scout tickets and completion information of wells in the area.

The titles to the properties have not been examined by Joe C. Neal & Associates, nor has the actual degree or type of interest owned been independently confirmed. The data used in our estimates were obtained from "the company", public data sources and non-confidential files of Joe C. Neal & Associates. We are independent petroleum engineers and do not own an interest in these properties and are not employed on a contingent basis.

This report is solely for the information of and assistance to Contact Oil & Gas USA, Inc. in their financial planning. It is not to be used, circulated, quoted or otherwise referred to for any other purpose without the express written consent of the undersigned except as required by law. Data utilized in this report will be maintained in our files and are available for your use. It has been our privilege to serve you by preparing this evaluation.

Yours Very Truly,



Joe C. Neal & Associates

Licensed Professional Engineer

Registration Number: 23238

Registered Professional Engineering Firm

Registration Number: F-001308

DEFINITIONS FOR OIL AND GAS RESERVES

RESERVES

Reserves are estimated volumes of crude oil, condensate, natural gas, natural gas liquids, and associated substances anticipated to be commercially recoverable from known accumulations from a given date forward, under existing economic conditions, by established operating practices, and under current government regulations. Reserve estimates are based on interpretation of geologic and/or engineering data available at the time of the estimate.

Reserve estimates generally will be revised as reservoirs are produced, as additional geologic and/or engineering data become available, or as economic conditions change.

Reserves do not include volumes of crude oil, condensate, natural gas, or natural gas liquids being held in inventory. If required for financial reporting or other special purposes, reserves were reduced for on-site usage and/or processing losses.

The ownership status of reserves may change due to the expiration of a production license or contract; when relevant to reserve assignment such changes are identified for each reserve classification.

Reserves may be attributed to either natural reservoir energy, or improved recovery methods. Improved recovery includes all methods for supplementing natural reservoir energy to increase ultimate recovery from a reservoir. Such methods include (1) pressure maintenance, (2) cycling, (3) waterflooding, (4) thermal methods, (5) chemical flooding, and (6) the use of miscible and immiscible displacement fluids.

All reserve estimates involve some degree of uncertainty, depending chiefly on the amount and reliability of geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degrees of uncertainty were conveyed by placing reserves in one of two classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be sub classified as probable or possible to denote progressively increasing uncertainty.

PROVED RESERVES

Proved reserves can be estimated with reasonable certainty to be recoverable under current economic conditions. Current economic conditions include prices and costs prevailing at the time of the estimate. Proved reserves may be developed or undeveloped.

In general, reserves are considered proved if commercial producibility of the reservoir is supported by actual production or formation tests. The term proved refers to the estimated volume of reserves and not just to the productivity of the well or reservoir. In certain instances, proved reserves were assigned on the basis of electrical and other type logs and/or core analysis that indicate subject reservoir is hydrocarbon bearing and is analogous to reservoirs in the same area that are producing, or have demonstrated the ability to produce on a formation test.

PROVED RESERVES (CONTINUED)

The area of a reservoir considered proved includes: (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) the undrilled areas that can be reasonably judged as commercially productive on the basis of available geological and engineering data. In the absence of data on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the proved limit unless otherwise indicated by definitive engineering or performance data.

Proved reserves must have facilities to process and transport those reserves to market that are operational at the time of the estimate, or there is a commitment or reasonable expectation to install such facilities in the future.

In general, proved undeveloped reserves are assigned to undrilled locations that satisfy the following conditions: (1) the locations are direct offsets to wells that have indicated commercial production in the objective formation, (2) it is reasonably certain that the locations are within the known proved productive limits of the objective formation, (3) the locations conform to existing well spacing regulations, if any, and (4) it is reasonably certain that the locations will be developed. Reserves for other undrilled locations are classified as proved undeveloped only in those cases where interpretations of data from wells indicate that the objective formation is laterally continuous and contains commercially recoverable hydrocarbons at locations beyond direct offsets.

Reserves that can be produced through the application of established improved recovery methods are included in the proved classification when (1) successful testing by a pilot project or favorable production or pressure response of an installed program in that reservoir, or one in the immediate area with similar rock and fluid properties, provides support for the engineering analysis on which the project or program is based and (2) it is reasonably certain the project will proceed.

RESERVE STATUS CATEGORIES

Reserve status categories define the development and producing status of wells and/or reservoirs.

Developed. Developed reserves are expected to be recovered from existing wells (including reserves behind pipe). Improved recovery reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Developed reserves may be subcategorized as producing or nonproducing.

Producing. Producing reserves are expected to be recovered from completion intervals open at the time of the estimate and producing. Improved recovery reserves are considered to be producing only after an improved recovery project is in operation.

Nonproducing. Nonproducing reserves include shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from completion intervals open at the time of the estimate, but which had not started producing, or were shut in for market conditions or pipeline connection, or were not capable of production for mechanical reasons, and the time when sales will start is uncertain.

Behind-pipe reserves are expected to be recovered from zones behind casing in existing wells, which will require additional completion work or a future recompletion prior to the start of production.

Undeveloped. Undeveloped reserves are expected to be recovered: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different reservoir, or (3) where a relatively large expenditure is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Probable. Probable reserves are the estimated quantities of recoverable hydrocarbons which are based on engineering and geological data similar to those used in the estimates of proved reserves but, for various reasons, these data lack the certainty required to classify the reserves as proved. In some cases, economic or regulatory uncertainties may dictate the probable classification. Probable reserves are less certain to be recovered than proved reserves.

Probable reserves include, without limitations: (a) reserves that appear to exist a reasonable distance beyond the proved limits of productive reservoirs where water contacts have not been determined and proved limits are established by the lowest known structural occurrence of hydrocarbons; (b) reserves in formations that appear to be productive from log characteristics only, but lack definitive tests or core analyses data; (c) reserves in a portion of a formation that has been proved productive in other areas in a field but is separated from the proved area by sealing faults, provided that the geologic interpretation indicates the probable area is structurally high relative to the proved portion of the formation; (d) reserves obtainable by improved recovery where an improved recovery program, that has yet to be established through repeated economically successful operations, is planned but is not yet in operation and a successful pilot test has not been performed, but reservoir and formation characteristics appear favorable for its success; (e) reserves in the same reservoir as proved reserves that would be recoverable if a more efficient primary recovery mechanism develops than was assumed in estimating the proved reserves; and (f) reserves which are dependent for recovery on a successful workover, treatment, retreatment, change of equipment, or other mechanical procedures, when such procedures have been proven successful in wells exhibiting similar behavior in the same reservoir.

Joe C. Neal, P.E.

Curriculum Vitae

Joe C. Neal was born in Pauls Valley, Oklahoma on May 1, 1933 where he grew up. He worked for Shebester, Toland and Reeves (Well Servicing Company) during the summers from 1951 to 1956. During 1956 he worked for Gulf Oil Corporation in Hobbs, New Mexico as an Engineer in training. The work in Hobbs consisted of roustabouting, well testing, pumping and foreman training. In 1957 he entered the United States Air force as a Second Lieutenant and served two (2) years.

In 1959 he returned to work for Gulf Oil Corporation in Monahans, Texas as a Petroleum Engineer. His duties included supervision of 200 wells in a waterflood project. The objective was to maximize oil production by proper monitoring of both production and water injection wells and preparing AFE's for workovers when necessary. In 1960 he was transferred to Odessa, Texas where his initial job was to monitor the activity of the 500 well Goldsmith San Andres Unit. From 1960 to 1963 he designed and installed the necessary equipment to waterflood the Goldsmith (5,600') field. In 1964 to 1967 he was assigned to the Midland, Texas District Office to perform Reservoir Engineering evaluations on various Gulf properties. In 1968 he was hired by International Pollution Control, Inc. as their Southeast District Manager in Atlanta, Georgia. The main focus of International Pollution Control was to design and install Pollution Control Facilities for various industries. In 1973 he was hired as President of Petroleum Analytical Laboratories in Midland, Texas. The lab performed gas and oil analysis for settlement purposes. In addition, environmental test were conducted on plant emissions for State and Federal Compliance.

In 1978 he was hired by Sipes, Williamson and Aycok (Reservoir Engineering Consulting Firm) to perform Reservoir Engineering studies on various oil and gas fields in the United States and Canada.

He joined the Engineering Consulting Firm of T. Scott Hickman and Associates in 1981. He worked as a Senior Reservoir Consulting Engineer until 1983 when he formed his own Engineering Consulting Firm of Joe C. Neal & Associates. For the past twenty-three (23) years he has been consulting on engineering matters, which pertain to the oil industry.

H. Alan Neal

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(432) 694-1100

EXPERIENCE

- | | | |
|---|---|-------------|
| 1983 – Present | Joe C. Neal & Associates
<i>Registered Petroleum Engineering Firm – State of Texas</i> | Midland, TX |
| <i>Petroleum Consultant</i> | | |
| <ul style="list-style-type: none">• Petroleum Consulting• Evaluation of oil and gas reserves for property acquisition and sale, Annual reserve studies, estate evaluations, Ad Valorem Tax Audits and Log Analysis• Consulted for various companies on drilling, completion and workovers in West Texas and New Mexico• Expert witness at state regulatory commissions hearings• Computer hardware and software maintenance | | |
| 1980 – 1983 | Geochem Research, Inc. | Houston, TX |
| <ul style="list-style-type: none">• Production Chemist• Field Technician• Core Analysis | | |
| 1973 – 1976 | Petroleum Analytical Laboratories, Inc. | Midland, TX |
| <ul style="list-style-type: none">• Laboratory evaluation of gas, LPG and water | | |

EDUCATION

- | | | |
|--|-----------------------------------|----------------|
| 1984 – 1986 | University of Texas Permian Basin | Odessa, TX |
| <ul style="list-style-type: none">• Reservoir Engineering• Log Analysis• Enhanced Recovery Methods | | |
| 1981 – 1982 | University of Houston | Houston, TX |
| <ul style="list-style-type: none">• Chemical Engineering• Geology | | |
| 1976 – 1980 | Southwestern University | Georgetown, TX |
| <ul style="list-style-type: none">• Bachelor of Science• Chemistry | | |
| 1972 – 1976 | Robert E. Lee High School | Midland, TX |

PROFESSIONAL ORGANIZATIONS

- Senior Property Tax Consultant – Registration Number 3248
- Society of Professional Engineers AIME (SPE)

JOE C. NEAL & ASSOCIATES
PETROLEUM AND ENVIRONMENTAL
ENGINEERING CONSULTANTS

A WORD ABOUT YOU, OUR CLIENT, AND
JOE C. NEAL & ASSOCIATES
PETROLEUM AND ENVIRONMENTAL
CONSULTING ENGINEERS

You and our professional petroleum engineers have worked together over the years to realize optimum success throughout the constantly changing economic times experienced in our industry. Our support is our always current and in-depth professional technical knowledge and experience presented on a continuing and timely basis. This service supports you in managing confident, continuing business success and expansion for your oil and gas operations.

* * *

You and our company realize that the environment we live in is a finite system between ourselves and nature. We live and work in the environment and within the legal systems and judicial framework that exist. We offer recognized and professional support in planning for environment preservation, regulatory compliance and business success. Our commitment is to work in the best interest of our industry and for our customer's satisfaction and success.

FOR PROFESSIONAL
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CALL

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THE COMPANY

JOE C. NEAL & ASSOCIATES is a registered professional engineering company, certified by the State of Texas and is an acknowledged leader in providing professional petroleum and environmental engineering consulting services to corporations, individuals, partnerships, financial institutions and government agencies for the full range of oil and gas industry operations in the United States, Canada, China and Ukraine. Our staff of registered professional engineers and support personnel stays current with respect to technical knowledge and practices and regulatory requirements. We utilize the latest state-of-the art in-house data processing equipment to provide timely service to our clients. A network system of micro-computers driven by a central hard disc drive provides virtually unlimited computing capacity that allows us to provide our clients with a quality and timely economic or environmental assessment report.

PERSONNEL

Our senior consulting engineers have a wide diversity of experience and capabilities acquired over four decades. Our staff consulting engineers provide current up-to-date expertise in the field of Petroleum and Environmental Engineering. Our senior technical support personnel have more than a decade of experience. Registered Senior Property Tax Consultant on staff.

CLIENTS

Included among our clientele are producers, royalty owners, individuals, financial institutions, estates, legal firms, oil and gas companies, accounting firms, government agencies and investment firms.

Professional references and detailed resumes are available upon request.

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PETROLEUM ENGINEERING SERVICES

Our reservoir and production engineering services include:

- Oil and gas reserves evaluations
- Property evaluations for acquisitions
- Engineering for stock offerings
- Engineering for mergers and acquisitions
- Annual reserve reports (Banking or In-House)
- Due diligence on exploratory prospects
- Preparation of Securities and Exchange Commission Reports
- Provide expert witness testimony for litigation and regulatory bodies
- Prepare secondary and enhanced recovery studies
- Representation for unitization studies
- Prepare reports on oil and gas properties for IRS Estate filings
- Ad Valorem Tax Audits and Representation
- Quality control engineering
- Preparation of property sales packages
- Gas availability studies for pipeline construction

ENVIRONMENTAL ENGINEERING SERVICES

Our environmental engineering services provide an assured basis for sound environmental practices. This basis is provided by professional environmental site assessments performed to gain maximum information at minimum cost and to fully assure the establishment of all appropriate inquiry and due diligence.

Services include:

- Environmental site assessments to determine the impact of previous and on-going operations at a site in order to establish environmental due diligence. A "LEVEL 1" site assessment includes a study of site background/operating history - chain of title - records review - use of adjacent properties - soil/topographic information - area fresh water wells - on-site inspections - hazardous materials check - personnel interviews - regulatory review - special area concerns. LEVEL II, III and IV environmental site assessments expand the environmental requirements at a site as needed
- On-site soil and water analyses for petroleum hydrocarbons, BETX's PCB and other compounds, routinely as part of a site assessment and for remediation work
- Environmental compliance assurance audits for risk and liability assessment and environmental due diligence
- Expert witness testimony and litigation support.
- Regulatory compliance guidance
- Regulatory agency negotiations, certifications, permits and variances
- Regulatory awareness and training
- Health, safety and toxicology
- Treatment, storage and disposal audits
- Corrective action programs

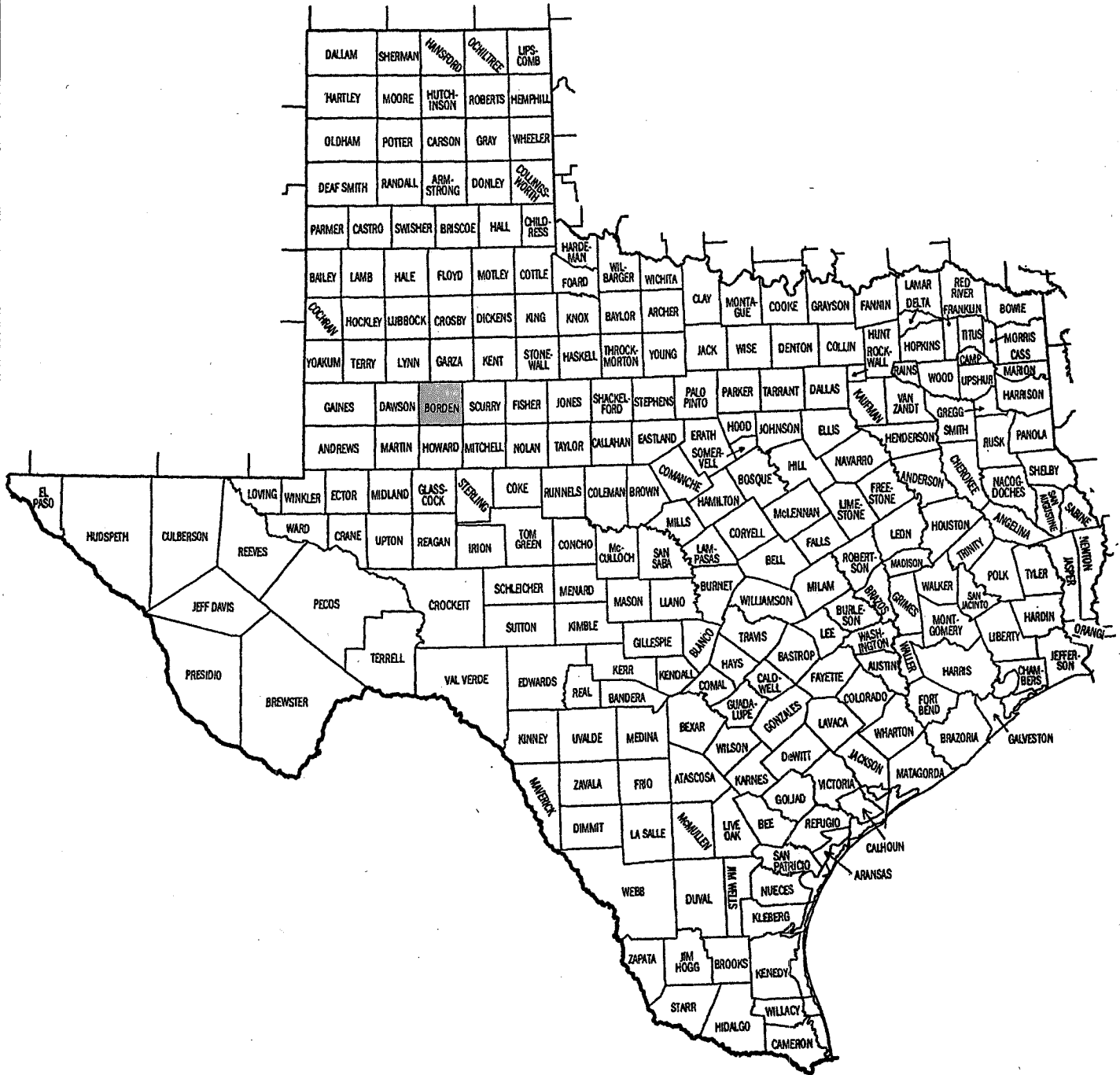


FIGURE 1
AREA MAP
TEXAS

Figure 2
Lease Ownership Map
Borden County, Texas

 **Hull # 1 Well**

30166

329709

 32091

30784

30670

30152

31948

31340

31196

30582

30266

0730
P
P
P
P

 2000ft

HULL
 JO-MILL SPRABERRY
 BORDEN TX
 WESTERLY EXPLORATION, INC.
 TX08A069585

DATE : 02/04/2011
 TIME : 13:13:36
 DBS : CLASSIC
 SETTINGS : SETDATA
 SCENARIO : DEFAULT

R E S E R V E S A N D E C O N O M I C S

AS OF DATE: 12/2010

MO-YEAR	END--GROSS PRODUCTION--	NET OIL	PRODUCTI	GROSS OIL	PRIC GAS	NET OPER REVENUE	SEV+ADV TAXES	NET OPER EXPENSES	CAPITAL COST	CASH FLOW BTAX	CUM DISC NET INC.
	---MB---	---MB---	---MMF---	---\$/B---	---\$/M---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
11-2011	5.743	2.974	0.558	72.83	7.250	82.470	6.268	9.300	0.000	66.902	64.083
11-2012	4.229	1.702	0.319	72.83	7.250	60.056	4.546	9.300	0.000	46.210	104.232
11-2013	3.592	1.236	0.232	72.83	7.250	50.733	3.833	9.300	0.000	37.600	133.911
11-2014	3.208	0.986	0.185	72.83	7.250	45.152	3.407	9.300	0.000	32.445	157.185
11-2015	2.942	0.827	0.155	72.83	7.250	41.299	3.113	9.300	0.000	28.885	176.019
11-2016	2.742	0.716	0.134	72.83	7.250	38.417	2.894	9.300	0.000	26.223	191.560
11-2017	2.576	0.634	0.119	72.83	7.250	36.037	2.713	9.300	0.000	24.023	204.503
11-2018	2.421	0.570	0.107	72.83	7.250	33.840	2.547	9.300	0.000	21.993	215.275
11-2019	2.276	0.519	0.097	72.83	7.250	31.787	2.392	9.300	0.000	20.095	224.223
11-2020	2.139	0.478	0.090	72.83	7.250	29.865	2.247	9.300	0.000	18.318	231.639
11-2021	2.011	0.443	0.083	72.83	7.250	28.065	2.111	9.300	0.000	16.654	237.768
11-2022	1.890	0.413	0.078	72.83	7.250	26.377	1.984	9.300	0.000	15.093	242.818
11-2023	1.777	0.388	0.073	72.83	7.250	24.793	1.865	9.300	0.000	13.628	246.963
11-2024	1.670	0.365	0.068	72.83	7.250	23.306	1.753	9.300	0.000	12.253	250.351
11-2025	1.570	0.343	0.064	72.83	7.250	21.907	1.648	9.300	0.000	10.960	253.106
11-2026	1.476	0.322	0.060	72.83	7.250	20.593	1.549	9.300	0.000	9.744	255.333
11-2027	1.387	0.303	0.057	72.83	7.250	19.357	1.456	9.300	0.000	8.601	257.121
11-2028	1.304	0.285	0.053	72.83	7.250	18.196	1.369	9.300	0.000	7.527	258.543
11-2029	1.226	0.268	0.050	72.83	7.250	17.104	1.287	9.300	0.000	6.518	259.662
11-2030	1.152	0.251	0.047	72.83	7.250	16.078	1.209	9.300	0.000	5.569	260.532
S TOT	47.334	14.021	2.629	72.83	7.250	665.432	50.191	186.000	0.000	429.241	260.532
AFTER	6.406	1.398	0.262	72.83	7.250	89.384	6.723	65.875	0.000	16.786	262.565
TOTAL	53.740	15.419	2.891	72.83	7.250	754.816	56.914	251.875	0.000	446.027	262.565
GROSS WELLS											
GROSS ULT., MB & MMF		1.0	0.0		LIFE, YRS.					P.W. %	P.W., M\$
GROSS CUM., MB & MMF	65.400	18.552	0.0		DISCOUNT %					5.00	329.814
GROSS RES., MB & MMF	11.660	3.133	0.0		UNDISCOUNTED PAYOUT, YRS.					10.00	262.565
NET RES., MB & MMF	53.740	15.419	0.0		DISCOUNTED PAYOUT, YRS.					15.00	219.822
NET REVENUE, M\$	10.076	2.891	0.0		UNDISCOUNTED NET/INVEST.					20.00	190.580
INITIAL PRICE, \$	72.830	7.250	0.0		DISCOUNTED NET/INVEST.					25.00	169.401
INITIAL N.I., PCT.	18.750	18.750	0.0		RATE-OF-RETURN, PCT.					30.00	153.365
					INITIAL W.I., PCT.					40.00	130.654
										60.00	104.114
										80.00	88.874
										100.00	78.855

Table 1

GOR-SCF/BBL

1e+08

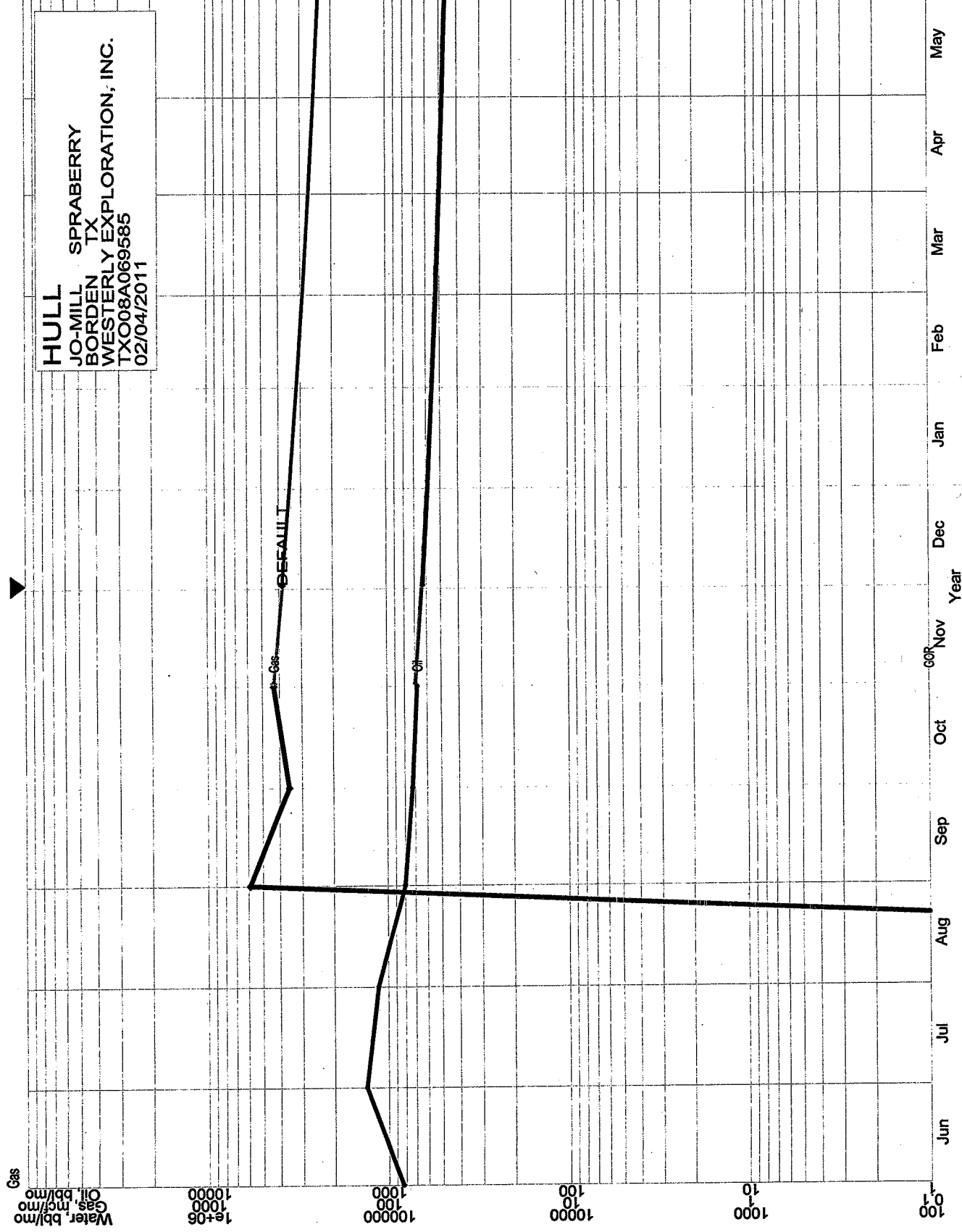
1e+07

1e+06

100000

10000

HULL
 JO-MILL SPRABERRY
 BORDEN TX
 WESTERLY EXPLORATION, INC.
 TX008A069585
 02/04/2011



Gas
 Water, bbl/mo
 Gas, mcf/mo
 Oil, bbl/mo

1e+08

100000

10000

1000

100

May

Apr

Mar

Feb

Jan

Dec

Nov

Oct

Sep

Aug

Jul

Jun

2011

2010

Year

HULL
 JO-MILL SPRABERRY
 BORDEN TX
 WESTERLY EXPLORATION, INC.
 TX008A069585

DATE : 02/04/2011
 TIME : 15:15:14
 DBS : CLASSIC
 SETTINGS : SETDATA
 SCENARIO : DEFAULT

AFTER TAX ECONOMICS

AS OF DATE: 12/2010

MO-YEAR	GROSS OIL	GROSS GAS	REVENUE TO INT.	OPER. EXPENSE	NET INCOME	TOTAL INVEST.	DEPR.	DEPL.	INCOME TAX	CASH FLOW	CUM. NET PW
----	---MB---	---MMF---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---	---M\$---
11-2011	5.743	2.974	78.559	11.657	66.902	0.000	0.000	0.000	23.416	43.486	41.463
11-2012	4.229	1.702	57.237	11.017	46.210	0.000	0.000	0.000	16.174	30.037	67.498
11-2013	3.592	1.236	48.350	10.751	37.600	0.000	0.000	0.000	13.160	24.440	86.756
11-2014	3.208	0.986	43.036	10.591	32.445	0.000	0.000	0.000	11.356	21.089	101.863
11-2015	2.942	0.827	39.366	10.481	28.885	0.000	0.000	0.000	10.110	18.776	114.091
11-2016	2.742	0.716	36.621	10.399	26.223	0.000	0.000	0.000	9.178	17.045	124.181
11-2017	2.576	0.634	34.354	10.331	24.023	0.000	0.000	0.000	8.408	15.615	132.586
11-2018	2.421	0.570	32.261	10.268	21.993	0.000	0.000	0.000	7.697	14.295	139.580
11-2019	2.276	0.519	30.304	10.209	20.095	0.000	0.000	0.000	7.033	13.062	145.390
11-2020	2.139	0.478	28.473	10.154	18.318	0.000	0.000	0.000	6.411	11.907	150.205
11-2021	2.011	0.443	26.757	10.103	16.654	0.000	0.000	0.000	5.829	10.825	154.184
11-2022	1.890	0.413	25.147	10.054	15.093	0.000	0.000	0.000	5.283	9.810	157.462
11-2023	1.777	0.388	23.638	10.009	13.628	0.000	0.000	0.000	4.770	8.859	160.154
11-2024	1.670	0.365	22.219	9.967	12.253	0.000	0.000	0.000	4.288	7.964	162.353
11-2025	1.570	0.343	20.886	9.927	10.960	0.000	0.000	0.000	3.836	7.124	164.142
S TOT	40.788	12.593	547.198	155.916	391.282	0.000	0.000	0.000	136.949	254.333	164.142
AFTER	12.952	2.827	172.289	117.544	54.745	0.000	0.000	0.000	19.161	35.584	170.279
TOTAL	53.740	15.419	719.487	273.460	446.027	0.000	0.000	0.000	156.110	289.918	170.279

	GROSS	W.I.	NET	BFIT	AFIT	P.W. %	BFIT P.W.	AFIT P.W.
	-----	-----	-----	-----	-----	-----	-----M\$---	-----M\$---
INITIAL INTEREST	1.000	0.250	0.188	100.00	100.00	5.00	329.814	214.168
OIL RESERVES, MB	53.740	13.435	10.076	0.00	0.00	10.00	262.565	170.279
GAS RESERVES, MMF	15.419	3.895	2.891	0.00	0.00	15.00	219.822	142.338
CND RESERVES, MB	0.000	0.000	0.000	0.00	0.00	20.00	190.580	123.186
SGS RESERVES, MMF	0.000	0.000	0.000	0.00	0.00	25.00	169.401	109.285
REVENUE, M\$	4025.686	1006.422	719.487	0.00	0.00	30.00	153.365	98.736
OPER. EXPENSE, M\$	1093.839	273.460	273.460	10.00	10.00	35.00	140.791	90.445
TANGIBLES, M\$	0.000	0.000	0.000	27.08	27.08	40.00	130.654	83.744
INTANGIBLES, M\$	0.000	0.000	0.000	1.00	1.00	60.00	104.114	66.100
INITIAL OIL PRICE	72.830	0.000	0.000	0.00	0.00	80.00	88.874	55.868
INITIAL GAS PRICE	7.250	0.000	0.000	0.00	0.00	100.00	78.855	49.078

Table 2

GOR-SCF/BBL

1e+08

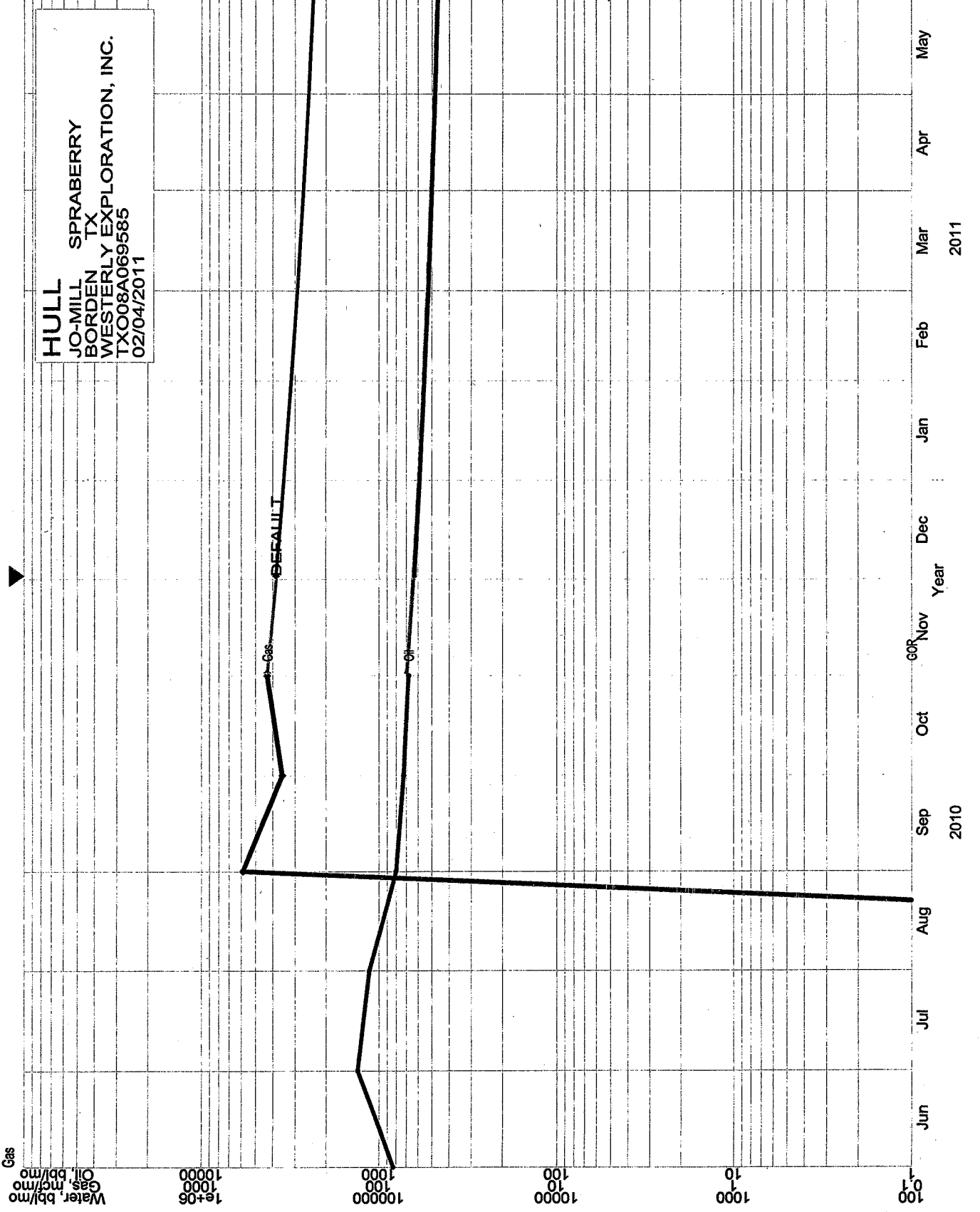
1e+07

1e+06

100000

10000

HULL
 JO-MILL SPRABERRY
 BORDEN TX
 WESTERLY EXPLORATION, INC.
 TXO08A069585
 02/04/2011



Gas

Oil, bbl/mo
Gas, mcf/mo
Water, mcf/mo

Jun

Jul

Aug

Sep

Oct

Nov

Dec

Jan

Feb

Mar

Apr

May

2011

2010

WESTERLY EXPLORATION, INC.

WOLFBERRY

ABANDONMENT COST ESTIMATE

PLUGGING OF WELLBORE

\$

WO Rig	10,000
Wireline	4,000
CIBP	2,000
Cement	3,000
Freepoint	2,000

LOCATION REMEDIATION

Reserve Pit	5,000
Remaining Location	<u>10,000</u>
TOTAL	36,000

SALVAGEABLE EQUIPMENT

8000' 2-3/8" 4.7# N-80 Tubing @ \$1.50/FT	12,000
Tree and Wellhead	7,000
3000' 5-1/2" N-80 Casing @ \$4.00/FT	12,000
210 Barrel Water Tank	3,000
210 Barrel Oil Tank	3,000
LP Separator	<u>2,500</u>
TOTAL	39,500

NET TO INTEREST \$ + 3,500