

# **Chapman Petroleum Engineering Ltd.**

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March 21, 2014

**Strata-X Energy Ltd.**  
2080, 7777 Hornby Street  
Vancouver, BC  
V6Z 1S4

**Attention: Mr. Tim Hoops**

Dear Sir:

**Re: Endorsement of In House Work by Strata-X Energy Ltd.  
Concerning the Evaluation of the Well Blessings 1-4H in Illinois, USA  
Proved Developed Producing Case**

We have examined the information provided by Strata-X Energy Ltd. (the "Company"), which included the production history of the well, certain information on the drilling, logging and completion of the well, and the plans of the Company to return the well to regular production.

This well is capable of production but has been shut in due to the high cost of water disposal. The Company has plans to lay a line to a nearby well which will allow water disposal for a cost of about \$0.50 per barrel rather than about \$3.50 per barrel for trucking and disposal at a commercial facility.

All prices and costs appear to be realistic. No value has been assigned to gas or NGLs since no plant or sales line exist at this time. This is appropriate for the proved developed producing evaluation even though it is likely that these markets will develop in the future.

The evaluation predicts gross recovery of 37.44 MSTB to the 100 percent working interest and 31.73 MSTB net after deduction of the royalty burdens.

The net present value (discounted at 10%) of \$1,710,450 for this well, in the proved developed producing case, is an appropriate valuation. This is not necessarily the fair market value but is an appropriate value for this type of evaluation.

Attachment 1 presents the production history of the well and certain estimates and projections. Attachment 2 presents the economic assumptions used in the evaluation, while Attachment 3 presents the full fifteen year cash flow evaluation of the proved developed producing case.

It has been a pleasure to prepare this letter of endorsement and the opportunity to have been of service is appreciated.

Yours very truly,

**Chapman Petroleum Engineering Ltd.**

[Original Signed By:]

*Charles G.K. Moore*

Charles G.K. Moore, P.Eng.,  
Associate

cgm/lml/5943