

ELM RIDGE RESOURCES INC.

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Memorandum

To: Tim Kelly

July 29, 2008

From: Terry Lindeman

RE: Risk Assessment for drilling the IGE 132

Tim,

The closest P&A'd well to the proposed IGE 132 is the Schull GU #1 API # 05-067-05494 This well was P&A'd in 1965 The 7" casing was set at $\pm 2544'$ and based on records and assuming a 1 15 yield on the cement, the top of cement should be above the bottom of the surface pipe shoe which was cemented to surface The well was plugged with 70 sks of cement on bottom, with the top of cement estimated at 2450' The top of the Fruitland Coal Formation is at $\pm 2620'$ which leaves 170' of cement inside casing above the top of the Fruitland Formation

Considering the manner the well was plugged, and the cemented casing left in the hole, there should be no risk involved in drilling a well close to this wellbore