



# CEOCFO

## Interviews & News!

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### A Strategy Of Focusing On Proven Undeveloped Properties (PUDs) Has Helped To Mitigate The Risk For Bonanza Oil & Gas And Helped Them In Getting Oil And Gas Out Of The Ground Providing Better Returns



**Basic Materials**  
**Oil & Gas Drilling & Exploration**  
(BGOI-OTC: BB)

**Bonanza Oil & Gas, Inc.**  
**3000 Richmond Avenue, Suite 400**  
**Houston, TX 77098**  
**Phone: 713-333-5808**

**William Wiseman**  
**Chairman, President and CEO**

#### **BIO:**

Mr. Wiseman's career in the oil & gas industry encompasses 31 years of experience specializing in seismic data programs. He was responsible for the initial concept, design and acquisition of over 20,000 miles of 2D seismic data in the Gulf Coast region, and designed and implemented the first seismic line location database for the area. He has been instrumental in acquiring and processing 3D seismic data in China and West Africa, as well as a 108 square mile 3D project in Hidalgo County, Texas that resulted in the Cerda Field discovery.

#### **Company Profile:**

Bonanza Oil & Gas is a recently formed Nevada Corporation based in Texas focused on creating value for shareholders by optimizing complementary strategies in the oil & gas industry.

Our primary goal is capturing and exploiting PUDs (Proven Undeveloped re-

serves). As these PUDs are acquired, assembled and developed, our reserves will be increased accordingly.

Our relationships with superior partners have given us access to the most viable and potentially profitable leases and working interests available, and our partnerships with the best operators in the sector will allow us to exploit these opportunities to our fullest advantage.

Based in Houston, TX, Bonanza Oil and Gas, Inc. holds assets ranging from current producing properties, wholly owned prospects, to developing working interests in Proven Undeveloped (PUDS) properties.

**Interview conducted by:**  
**Lynn Fosse, Senior Editor**

**CEOCFO:** Mr. Wiseman, what is the vision for Bonanza Oil and Gas?

**Mr. Wiseman:** "We became public at the end of 2007, as an oil and gas production and development company. We look forward to the future. We have a long-term drilling program that we have implemented. This program will last approximately three years, and the plan is to grow the company through the drill bit."

**CEOCFO:** Where are your properties located and why have you chosen those particular areas?

**Mr. Wiseman:** "We are not an exploration company; we are a production and development company. We choose properties because they have PUDs (proven undeveloped locations) on them. The first is our Aplark Project out in Borden County, Texas. It is 6700 acres with fourteen horizontal PUD locations, and six vertical locations. This property was brought to us by Westerly Exploration.

We have an alliance with Westerly and we get many of our properties from them. They are a proven operator in West Texas. Another property that we are partnering with Westerly on, is Bourland Field in Ector County, Texas. It is St. Andreas Zone and we have eight PUD locations to drill on that field, which is currently producing. The other property is Good North; it is a field just south of that on the border of Borden and Howard Counties. It is approximately 1,200 acres; we have six locations to drill there horizontally. These are comparable to the Jo Mill Field, which is just to the north of our field and has produced several million barrels of oil over the years and several hundreds of BCF of gas. Those are our properties in West Texas. We also have a property here on the Gulf Coast just south of Houston in Brazoria County, called Damon Mound, which is on a salt dome. We have three locations to drill there with the possibility of drilling up to ten locations on the salt dome. Mostly these are infield drilling, which are offsets to existing production. We know the oil is there, it is just about the drilling to retrieve the oil."

**CEOCFO:** How have you been able to scoop these properties up?

**Mr. Wiseman:** "A lot of it is the associations that we have with other operators that are in the area already. They are looking for partners, like Westerly was looking for a partner. Since drilling is such an expensive task they are trying to mitigate their risk, so they were looking for partners and we knew them. We have been friends with them for years so they asked if we were interested and consequently we were able to get our money together and partner with them on drilling wells. A lot of people don't realize it

is such a large expense to drill these wells and there is still some risk involved. In our case, it is more of a mechanical risk than actually finding the oil. Again, we know the oil is there, it is just getting it out of the ground. These wells are still costing around \$3 million to drill. It is quite an expensive undertaking.”

**CEO CFO:** Are you able to get the people and the equipment you need in competitive market?

**Mr. Wiseman:** “That is certainly a problem. Drilling companies are available, but we have run into a shortage of supplies of pipe. Steel has become a commodity that is hard to get a hold of. Also, getting the casing pipe that we need to drill is becoming short in supply, and certainly has driven up the price. Drilling crews are also in short supply.”

**CEO CFO:** Why have you chosen this strategy to go with the proven undeveloped reserves as opposed to some other strategy for the industry?

**Mr. Wiseman:** “The biggest reason is because of the amount of risk involved. We had done some exploration in the past and we used a lot of 3-D and 2-D technology gravity magnetics to find the oil. We took the strategy to negate our risk as more of a mechanical than an exploration risk.”

**CEO CFO:** What is ahead for the next year?

**Mr. Wiseman:** “We have these properties that are quite large. With Apclark, we have a large drilling program to drill fourteen horizontal wells. We have actually drilled two of those fourteen wells. The first one is on production and the second one is being completed as we speak. Our plan is to drill the Apclark

Property through the next few years to drill a well about every sixty days. We have six vertical wells to drill, but that will be later the third, fourth, and fifth year down the line. In our other properties in Good North is also 1,200 acres and we have a drilling program to drill six wells there minimum and to drill those every 45 to 60 days. For the next two years we will probably be drilling one or two wells a month.”

**CEO CFO:** Are you still looking at additional properties?

**Mr. Wiseman:** “We look at properties almost every day. If it fits our strategy then we will do the due diligence and look at the price and make a decision if it

**“We became public at the end of 2007, as an oil and gas production and development company. We look forward to the future. We have a long-term drilling program that we have implemented. This program will last approximately three years, and the plan is to grow the company through the drill bit.” - William Wiseman**

is something that we want to move forward on. We see a lot, we turn down a lot. It has to fit into our niche.”

**CEO CFO:** What is the financial picture today?

**Mr. Wiseman:** “I think it is very good. A lot of people see the commodity price of oil and gas going down, but that is probably short lived in the market. The price of oil is very good and the price of gas is as well. It gives us a lot of opportunity to be able to drill these wells even at the cost that they are to drill now. The financial markets are very open to helping us finance drilling these wells and a portion of that is due to the commodity price.”

**CEO CFO:** I see from your website that your management team are leaders in oil and gas, and are successful because of hard work, clear vision and the ability to create value; please elaborate a bit on that for us.

**Mr. Wiseman:** “A lot of the experience starts with myself and our COO, who is also my partner Bob Teague. We have over thirty years experience in the business. I believe it gives us the opportunity to take advantage of the relationships that we have built over the years like with Westerly and other operators. Therefore, we can take advantage of the properties that they have, along with their expertise of being able to operate these wells in a profitable fashion and use our technical

expertise as well. My background has been geology and geophysics, and Bob’s has been land. It gives us the opportunity to have seen a lot of properties come and go and what works and what doesn’t work. We have also seen a lot of companies come and go, and what has worked for them and

we are able to take advantage of that experience.”

**CEO CFO:** In closing, there are many companies to choose from; why should potential investors pick Bonanza out of the crowd?

**Mr. Wiseman:** “The return on investment is much greater for companies such as ours. We are not the only ones who do this type of production and development. This certainly narrows the risk. Our main focus is to mitigate our risk and get shareholder value up with the PUDS. That gives value to the company, and is less risk in getting the oil and gas out of the ground, so it gives not only a better return, but a more stable and consistent return.”

