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With a Vision of Acquiring and Monetizing Greenfields in the Oil and Gas Industry that Had Not Realized their Full Potential, Greenfields Petroleum Corporation is Initially Focused on Developing Very Substantial Opportunities in Azerbaijan



**John W. Harkins
Chief Executive Officer**

**BIO:
John Harkins – Chief Executive Officer**

Mr. John W. Harkins has over 30 years of diverse international energy experience managing commercial efforts to find, capture and exploit international energy and midstream businesses in more than 25 countries. He gained his experience in negotiations, finance & business development through positions with Amoco, TransCanada Pipelines and Anadarko.

David Gullickson – Chief Financial Officer

Mr. David G. Gullickson, CPA, has over thirty years of experience in the domestic and international oil & gas industry and related manufacturing and refining industries. He has worked for large, privately-held companies, but most of his experience has been with U.S. SEC-registered companies. He has directed equity and debt offerings, secured construction loans, moved companies from the NASDAQ to larger exchanges, and managed the compliance requirements of the Sarbanes-Oxley Act. He started his career at Ernst & Young, LLP auditing oil & gas and related energy-industry companies.

Company Profile:

Greenfields Petroleum Corporation, backed by a proven and experienced management team, is actively seeking to capture and exploit previously discovered but undeveloped international oil and gas fields, also known as "greenfields". Greenfields are characterized by existing proven hydrocarbons that require further delineation or infrastructure (as opposed

to "wildcat" exploration), have current production or near-term production and frequently contain significant upside potential.

Greenfields is a junior oil and natural gas corporation focused on the development and production of proven oil and gas reserves principally in the Republic of Azerbaijan. The Company plans to expand its oil and gas assets through further farm-ins, and acquisitions of Production Sharing Agreements from foreign governments containing previously discovered but underdeveloped international oil and gas fields. More information about the Company may be obtained on the Greenfields website at www.greenfields-petroleum.com.

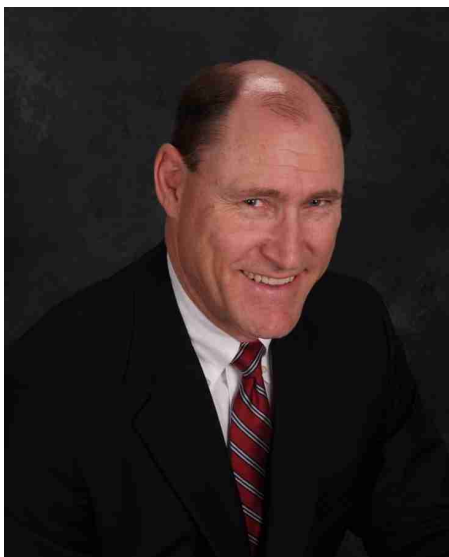
**Energy
Oil & Gas
(GNF-TSXV)**

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**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Mr. Harkins, how long have you been with Greenfields Petroleum and what attracted you to the company?

Mr. Harkins: I have been with Greenfields Petroleum since the summer of 2008. I joined the company because I was attracted by the vision of the two founding partners; Alex Warmath, and Richard MacDougal, both of whom I had previously



**David G. Gullickson
Chief Financial Officer**

worked with. They had a vision to establish a company that would capture "greenfields"; and in the oil and gas industry these refer to already discovered hydrocarbons. These "greenfields", for whatever reasons, have not been brought on production to date, or, they have not realized their full potential. The fact that the three of us had previously worked together at Anadarko, starting in 2001, certainly helps. There we worked on similar concepts to try to monetize several international greenfields.

The two founding partners of Greenfields Petroleum Corporation founded the company in the spring of 2008 and quickly captured its first greenfield in Indonesia. I was familiar with the concept and I believed that they had all of the requirements to establish a very successful company. My confidence was based in the fact that in the three previous years they had formed a company that was called GFI. That acronym stood for Greenfields International. In these three years, the company was listed, started trading and captured two substantial greenfields; one was located in Thailand and one was in Indonesia.

When they took that company public on the TSXV, they raised \$70 million and 26 months later, they were able to monetize the company by ultimately selling it for \$290 million to Salamander. In three years, GFI had earned a great return for their shareholders by developing and monetizing these greenfield opportunities.

In summary, the two founding partners had established a very viable business model that had been successful and they were already starting a new company again. I decided to join them and compliment their technical and operational skills with my own commercial. We have completed our listing and conducted our IPO on the Toronto Stock Venture Exchange. We are now very focused on develop-

ing our substantial greenfield opportunity in Azerbaijan.

CEO CFO: What is the vision and why did you choose to go in the direction of greenfields as opposed to a wildcat type of company?

Mr. Harkins: Greenfields Petroleum is a company that does not take significant risk on the exploration side. As my technical partner, Alex Warmath, often phrases: "Mother Nature can be very difficult to predict", and when the industry drills exploration wells worldwide sometimes that risk can lead to less than a 10% success rate. In the case of greenfields, however, somebody has already taken

We have two giant fields; one of the fields is the Gum Deniz oil field, which is a field that has had significant oil production in its past. The field itself has already produced 207 million barrels of oil and we believe there is an additional 100 million barrels of oil to be produced. This is good quality oil with an API gravity between 35 and 42 degrees. The second field is the Bahar gas field. That gas field is a giant field, giant in that it has significant resources. It has produced over 4.3 TCF (trillion cubic feet) of gas and over 80 million barrels of condensate to-date, and we believe that there are significant resources in the gas field. Therefore, we have an oil field with over 100 million barrels of remaining oil reserves and a gas field with remaining gas reserves in excess of three hundred BFC (billion cubic feet).

- John W. Harkins

that significant exploration risk. They have found and discovered a resource and for whatever reason they have not been able to capitalize on its full potential. Sometimes that is the result of no market for the hydrocarbons at the time of discovery, so we can come in later when we think we can create the market. Sometimes the technical skills are not available at the time and later they evolve through horizontal drilling or fracturing. Sometimes it is about having the right people and we have a great experience in identifying key skill sets. Therefore, what we tend to do is do the less risky things and these are the activities that we have demonstrated in other countries around the world. It is a question

of risk and we believe the development of these opportunities is a much lower risk; so that there is probably 70%, 80%, or possibly even 90% probability of success in our delivering the returns where we have identified opportunities.

Mr. Gullickson: It is like folks would say on some TV programs, "don't try this at home". There are the risks that John identified; such as technical risk and exploration risk. You have additional facets of these risks. The first one is the discovery risk, which he identifies, that we try to eliminate. Then there is the technical production risk, which has its own risk. However,

if you are dealing internationally, as one would expect--just to state the obvious, one has logistical risk, you have global-scale distance risk and certainly political risk wherever you go—even in the U.S. There is a whole set of risks and we are just trying to minimize one of them that can be one of the most nettlesome. Plus, if you are a large organization, some geologists might be able to spend their whole career working successfully on one geologic area. It is difficult for a small organization like us to pretend to have the broadband geologic staff expertise to discover new things in new places continuously. So, that is an especially high risk for any organization, doubly or triply so for a small organization.

CEO CFO: Would you tell us what you like about Azerbaijan, why you choose it, the infrastructure and the political climate?

Mr. Harkins: Azerbaijan was a country that regained its independence at the fall of the former Soviet Union in the early 1990s. When that took place Richard MacDougal had the opportunity to be working for Union Texas Petroleum and in his role as the general manager, he signed the first production sharing agreement in Azerbaijan. After doing so, he stayed on and operated these assets for two years

until ultimately they were sold to ARCO (now BP).

Rich made tremendous relationships within the government by demonstrating how new ideas could be brought to these older onshore fields. About four years ago my two partners, Rich and Alex, approached the Azerbaijan government and suggested that a small company could do a great job in developing similar offshore resources. Up to that point in time, only large companies had been awarded offshore blocks; these would be companies like Total, BP, Exxon and ENI.

Our value proposition to the government was that we could bring modern technology to these older fields. We had demonstrated in our work in Thailand and Indonesia our ability to develop these fields quite quickly. Therefore, unlike a major who might study a reservoir for five years and then undertake a re-development program, we had demonstrated the ability to bring on reservoirs quickly.

For example, in the Thailand project from the point at which they shot seismic until production started--including building the platforms and pre-drilling the wells--it took only 26 months. Because we had demonstrated a much faster cycle time, they liked the idea of a small company like Greenfields Petroleum coming into the market and trying to speed up the cycle time. That previous success enabled us to negotiate directly with SOCAR, the state oil company in Azerbaijan, an ERDPSA, which is Exploration Rehabilitation Development and Production Sharing Agreement.

Our agreement was the 28th agreement negotiated with the government in the period since 1994. We were familiar with operations in the country through Rich MacDougal's previous experience there. We had previous experience in the country, which is very important for us and we also knew a number of the key players in

the country's industry and government.

In addition, Alex Warmath our technical lead had evaluated these opportunities in the offshore in some of his previous assignments with Apache, and EOG (Enron Oil and Gas) so he was familiar with the potential of the two giant fields, the Gum Deniz oil field, and the Bahar gas field. Both of those fields had significant opportunity that had not been fully exploited, so for us we were going to a place that we knew how business is conducted, in reservoirs that we were familiar with, and therefore we could

Regarding our financial position, we just recently released our June 30 financial statements. What is helpful to note about our company is that as a result of the IPO and still today, we have just under \$40 million in cash and short-term investments available to continue to implement the plans that we have outlined for Azerbaijan among other places. We are well capitalized for our plans in the next year or so. We have a strong following with the investment community up in Canada where Greenfields is registered and listed to trade its stock. As John points out, we have programs for well workovers and drilling development wells in the fields where we are. Those are on track to come on stream as we have hoped, but right now we have plenty of liquidity and resources to implement those plans.

- David G. Gullickson

establish an accelerated development schedule, which Rich and Alex had previously demonstrated in their earlier company, GFI.

CEO CFO: Is Greenfields Petroleum actually working on oil or gas, or both?

Mr. Harkins: We are into both. As I mentioned, we have two giant fields; one of the fields is the Gum Deniz oil field, which is a field that has had significant oil production in its past. The field itself has already produced 207 million barrels of oil and we believe there is an additional 100 million barrels of oil to be produced. This is good quality oil with an API gravity between 35 and 42 degrees. The second field is the Bahar gas field. That gas field

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Mr. Gullickson: It is probably worth mentioning that on a generic level for any organization, we would be included, oil is classically going to be of more interest. You are frequently going to encounter some gas, it might just be a small amount of associated gas, but oil is more transportable. In our case, we are fortunate to have the gas reserves, but we are also near to pipeline transmission systems that can take it to markets.

Just by way of example, there are different companies and different locations where there are large gas reserves that are established over in northwest Africa, for instance, but there is only limited pipeline capacity to enable export. There is even less LNG capacity to offload production, so it is "all dressed up with no place to go". If you are going to be looking for gas on large scales in foreign locations, you pretty much have to also gear up to build the transport infrastructure. That extra construction expands the lead-time to produce those reserves, but that situation does not affect us here.

Mr. Harkins: One last comment to add to the numbers I referred to is that Greenfield Petroleum is a one-third interest partner in these fields that we are developing. We have two Azeri partners that work with us, each of them owning one third. They bring significant value to our opportunity here in that Baghlan and RAFI are both currently involved in the energy business in Azerbaijan, so they know

the people and they know how to do things. We compliment their roles by bringing significant technical and operational skill sets to the operating company.

CEOCFO: What will ownership strategy be for Greenfields Petroleum going forward?

Mr. Harkins: the Russians originally operated these assets until the fall of the former Soviet Union. After that, they were operated by SOCAR, the national oil company, until we took them over. They had implemented very basic oil field technology, so their production had declined and were getting to a point where they were marginal. We acquired the assets from the national oil company and what we are looking to do is to increase the production.

What we anticipate doing over the next three to five years is increasing the production in excess of four times its current level. By doing so, we will be introducing current, modern technology to the fields and increasing the production. We will mainly be utilizing the existing infrastructure. In our case, this includes up to about 100 existing wells, plus all of the onshore facilities that tie these existing facilities offshore into sales gas lines and sales oil lines.

CEOCFO: What is happening on the ground today and is there any new and exciting news that you would like to tell us about?

Mr. Harkins: Greenfields Petroleum, through our 33.33% owned subsidiary Bahar Energy Limited, took over the Bahar ERDPSA on October 1st 2010 and we have been preparing to start our re-completion and drilling programs to restore oil production from the Gum Deniz oil field and to restore gas production from the Bahar gas field. Both fields are currently producing and we have been preparing the materials and equipment to start the redevelopment program. We obtained government approval in June of 2011 for the first phases of the redevelopment program and we are just starting the first re-completions. The initial phase of the redevelopment plan should add 2P reserves to Greenfields of 22.9 MMMBOE. Later

this year we plan to have two additional new work-over rigs on site to undertake more re-completions. Additionally, by year-end 2011 we will have a drilling rig onsite to start development drilling in the Gum Deniz oil field. Over the next five years we plan to re-complete 91 wells and drill over 106 development wells.

In summary, we will have two work-over rigs on site by the end of the year. In addition, we plan to start drilling in the field and this is important because the oil fields have not had wells drilled in it for a significant period of time. As a result of both of those activities, we think that is going to add substantial production and recovery of reserves, which would not have been recovered had we not taken over the operation of this field.

CEOCFO: Is there a new strategy or technology that will affect the future of Greenfields Petroleum?

Mr. Harkins: The technologies that I mentioned related to undertaking common oilfield practices, which are very prevalent throughout North America for re-completions and drilling. In addition, the fields had not had any seismic shot in the producing areas or in the exploration areas and that is remarkable. Fields of this size elsewhere in the world would have had significant 2-D and 3-D seismic coverage. Therefore, by acquiring seismic, in both the producing areas and in the exploration areas, we will gain greater visibility as to the prospectivity of the field that has not been recognized in the past. The reason we are also focusing on the exploration area, even though we are very much focused on re-completions and development of the existing greenfields is because the government also gave us access to an area called Bahar 2. Bahar 2 is an exploration area that has not had a discovery on it to date. It is most interesting to us because if we draw a straight line from our Bahar gas field, down to the southeast, BP and its partners have a discovery down there, the Shah Deniz field, which has 25 TCF of gas. Also, Total has announced recently a very significant gas discovery offshore Azerbaijan on trend with our block. So you have our field with seven TCF,

you have BP's with 25 TCF, Total with a big gas discovery and we are shooting seismic directly between these fields. Therefore, there is definitely a very active petroleum system generating significant resources and by shooting 3-D, we hope to identify if there is prospectivity in our existing Bahar 2 area.

Additionally, in the Bahar ERDPSA, we are acquiring 2-D seismic on the existing oil and gas fields. This is the first seismic to be shot on these fields and we believe it will identify additional upside drilling for future development drilling.

CEOCFO: Are there other geographic locations that Greenfields Petroleum is considering?

Mr. Harkins: We are open to good ideas anywhere in the world. In fact, Alex Warmath, our technical lead partner, has over the years studied hundreds of other greenfields around the world. In addition, when we hone this down into areas that we want to focus on, we look at places where Rich, Alex, or myself, have operated in the past and that is quite an extensive list.

It includes twenty-six countries around the world, because we want to go to places that we are familiar with, where we know the petroleum systems and where we know how they regulate and operate the petroleum regime. We are looking at opportunities right now: We are focused in Latin America for additional opportunities as well as Asia. This would include opportunities in Asia where our predecessor company GFI has two greenfields that it took to production.

CEOCFO: What are financials like for Greenfields Petroleum today and how did your IPO affect that?

Mr. Harkins: Last fall in November 2010, we took the company public on the TSXV in an opportunity to provide capital for us to undertake the Phase 1 development of the Bahar ERDPSA. We raised in excess of \$40 million and at that time, we felt that would get us through Phase 1. What we have identified since that time is that subsequent oil price increases have given us the potential for greater

revenues and proceeds from our production. Therefore, we see ourselves well capitalized to undertake Phase 1, until this project would be self-sufficient through its cash flows to meet its future development needs for the next few years.

Mr. Gullickson: Regarding our financial position, we just recently released our June 30 financial statements. What is helpful to note about our company is that as a result of the IPO and still today, we have just under \$40 million in cash and short-term investments available to continue to implement the plans that we have outlined for Azerbaijan among other places. We are well capitalized for our plans in the next year or so.

We have a strong following with the investment community up in Canada where Greenfields is registered and listed to trade its stock. As John points out, we have programs for well work-overs and drilling development wells in the fields where we are. Those are on track to come on stream as we have hoped, but right now we have plenty of liquidity and resources to implement those plans.

CEOCFO: Do you do any investor outreach?

Mr. Harkins: We were very fortunate in our IPO, which was led by First Energy, Raymond James, and Haywood, and those companies have been very active with us in communicating to our investors. The majority of our investors are represented by groups that either previously invested in the GFI or companies that have a focus in these types of international E&P opportunities.

CEOCFO: Are there any analyst comments that would attract potential investors?

Mr. Harkins: Yes, there are; First Energy, Raymond James, and Cormark are following us.

“Greenfields Petroleum Corporation, as a public company listed on the TSX Venture exchange in Toronto, is one of the few companies focused primarily on the offshore Azerbaijan with both current production of oil and gas and potential upside through future redevelopment and exploration.”

“Additionally, Greenfields Petroleum has identified other “greenfield” opportunities worldwide where we can capture existing production opportunities, which will lead to increased oil and gas production for our shareholders within the next 36 months.” As quoted from Stephane Foucaud of

First Energy.

CEOCFO: In closing, why should investors consider Greenfields Petroleum?

Mr. Harkins: We are well situated as a junior exploration & production company. The opportunities that we have captured to date are in Azerbaijan. Azerbaijan is growing tremendously as an oil export hub in the Caspian region; we are looking at exporting markets of gas into Europe as well as oil through the region into the world markets. Therefore, we see the two fields that we captured, and these giant fields have significant upside potential and we are in a position to realize that for our shareholders.

In addition, we have demonstrated in this company, in our predecessor company and throughout our careers, that we have the ability to monetize these greenfield opportunities. Therefore, we hope to be bringing additional opportunities for our shareholders that we can also monetize and do it in a shorter period. Thirty-six months is generally a target for us that we would like to realize and show people the potential that these fields have.



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