CEOCFO Interviews & News!

EnerJex Resources Is Bringing The Capital, The Technology And The Expertise Necessary To Acquire And Bring Fully Into Operation Producing Oil And Gas Properties In Eastern Kansas, And To Extract Additional Upside Over And Above The Traditional Production Rates Of These Properties

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

EnerJex Resources, Inc.

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Steve Cochennet
Chairman, President and CEO

BIO:
Steve Cochennet is the President, CEO, Chairman, Secretary and Treasurer of EnerJex. Prior to helping form EnerJex in 2005, Mr. Cochennet was the President of CSC Group, a strategic consulting group working with Fortune 500 Companies as well as emerging and start-up companies in a variety of capacities including facilitating capital formation. Prior to founding CSC Group in 2002, Mr. Cochennet spent 16 years with Aquila. At Aquila, Mr. Cochennet rose from Manager of Finance in Aquila's predecessor corporation, UtiliCorp United, to President of Aquila's Strategic Partners Group in 2000, where he was responsible for managing senior relationships with key national energy executives and coordinating business opportunities across Aquila's 15 business units. Prior to joining UtiliCorp, Mr. Cochennet spent five years with the Federal Reserve Bank of Kansas City, where he was a commissioned examiner for the 10th district of the Federal Reserve System.

Company Profile:
EnerJex Resources, Inc. (EnerJex) is an oil and natural gas acquisition and development company. Operations are currently focused on the Mid-Continent region of the United States and – more specifically – eastern Kansas.

EnerJex acquires oil and natural gas mineral leases that have existing production and cash flow. Once acquired, EnerJex implements an accelerated development program utilizing capital, a regional operating focus, and new technology to enhance cash flow and return on investment.

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

CEOCFO: Mr. Cochennet, what was your vision when you formed the company and where are you today?
Mr. Cochennet: "The vision of the company was to aggregate small oil and gas properties in eastern Kansas. Kansas production is extremely fragmented with over 23,000 individual producers. This structure prohibits current owners from efficiently attracting large capital blocks to fully develop their properties. Thus, the properties can be acquired at very attractive prices and rolled up into a larger aggregated oil and gas production company at significantly lower costs than what other companies are paying for energy properties."

CEOCFO: Where are you in the process?
Mr. Cochennet: "We completed a $9 million financing in April of this year. We are publicly traded on the bulletin board since April of this year under the symbol EJXR. We have allocated half of that capital at this point. We just completed our August operational update and we have gone from basically zero production to 115 to 120 barrels a day of oil and gas equivalent. We are looking at a couple more acquisitions that we hope to close in the next thirty days. By year-end, we will have all of the capital allocated from this financing and should be cash flow positive. We will be looking to do our second round capital raise probably in the second quarter of 2008."

CEOCFO: How did you recognize the opportunity and why is this an area that hasn't been taken advantage of; what do you see that others did not?
Mr. Cochennet: "As of a couple years ago, the state of Kansas was the fifth largest oil producer in the country, yet there are 23,000 independent producers of which 5,000 account for 30% of the production. It is a very fragmented business and in the instance of this part of the country, you had folks who have 500 to 10,000 acres, and have only drilled a few wells. Therefore, it is primarily the local landowners who have made money over the years. Most of these landowners do not have the capital, have not been keeping up to date on technology and do not have what we consider operational exper-

tise, therefore, most of these properties just sit there. What EnerJex brings to the table is our ability, now that we are a publicly traded company, to attract capital to fund the drilling operations. We also bring operational expertise and the ability to apply new technology to locate and drill for oil. In addition, we can buy these properties at relatively inexpensive prices because we are buying them at 25 or 50 barrels a day. It is small production, where the majors would not be interested at this point; it just makes a combination of facts, like a perfect storm. This scenario allows us to aggregate properties at fairly low cost.”

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CEOCFO: Please tell us about the newer technologies that you are able to implement today?

Mr. Cochennet: “They are not necessarily new in the oil and gas industry per se, but they are new to eastern Kansas. They are horizontal drilling, coil tubing, gas fractionation, and even 3-D seismic to a certain extent. In this part of the country, these technologies have not been used for shallow oil and gas production. There are also some new chemical processes out there that EnerJex is using that will enhance production. We consider all of these things when we are evaluating the properties we are acquiring and believe that we will be able to extract additional upside over and above the traditional production rates of these properties.”

CEOCFO: Will you be drilling in new areas? What is the plan going forward?

Mr. Cochennet: “Right now, the properties that we have acquired and are considering currently have active production. Our view is that we would like to acquire properties that already have production, that have operational upside and production upside, and that have not been recognized to-date. When we buy a property that is producing 30 barrels a day, by employing some operational upgrades and additional capital, we may be able to double that production within a relatively short time frame. Plus, each property typically has considerable additional drillables. This would not be considered ‘wildcatting’; this is infield drilling and we are stepping up the current production and increasing value over and above what the property is currently producing by bringing efficiencies to market. We are not going to take fifty-thousand acres that have not been drilled; we are buying something that has been producing for a long time, and that has other production around it. We might buy a property that doesn’t have any wells, but it would have drillables on it and be surrounded by properties that do have producing wells. What we do is probably at the lower end of the risk spectrum in terms of development. It is more tried and true method. Simply, we attract capital, buy at the right price and then bring our expertise to enhance and improve the production on those properties.”

CEOCFO: Are your properties all 100% owned, and do you see partnerships or joint ventures in the future?

Mr. Cochennet: “Currently, all but one of our properties are 100% working interest. We have one property where we have brought in a group from Europe, Euramerica Energy Inc. They have contributed $526,000 to basically develop one of our gas properties. They have the right to purchase that property for what we have invested in it, which is approximately $1.2 million. If purchased, we will continue to operate it. We will drill 10 wells and complete three of them. They have until March 1st of 2008 to decide whether they want the property. Once they receive their investment back in profits from the production, EnerJex will have a 25% working interest. All of the other properties we have either acquired or looking to acquire, we will own and operate 100% at least initially.”

CEOCFO: Are people coming to you now and saying, ‘take my well’?

Mr. Cochennet: “There have been two or three articles in the local papers, so we are starting to get the word out and we are starting to get more and more calls. It is a matter of having the capital available to acquire them, but we will continue to evaluate all of them and be ready to act once we have raised additional capital. The capital we raised in April will be deployed by the end of this year, so until we do a secondary raise, we will be limited.”

CEOCFO: You have plenty to keep you busy!

Mr. Cochennet: “We will probably have drilled up to 100 new wells by the end of the year – so we are keeping quite busy.”

CEOCFO: Are you finding it difficult to find the people and equipment you need?

Mr. Cochennet: “No, actually not. Our Black Oaks operating partner, Mark Haas as been a tremendous resource. Mark has been an operator for about 30 years. His family is third or fourth generation, and has been drilling in Kansas since the 1920's. When it comes to drilling equipment and pumping, operations, they have been doing it for a very long time and are very well respected in the region. His business has been through the highs and lows of oil prices – they are very astute and efficient. With Mark, not only did we have an agreement to develop a couple of his properties; he has an additional property that – as we get capital -\we will probably fold into the company over time. At this point, he is an outside consultant that not only manages the Black Oaks project, but also provides support in terms of material, personnel, and equipment, whether it be pulling, drilling or whatever. He has been instrumental in our ability to grow."

CEOCFO: Other than raising capital are there any challenges you need to be on the lookout for?

Mr. Cochennet: "I would say our biggest challenge — if we continue to grow exponentially **--** will we continuing to hire people in the field to match our growth. With all of the fluctuation over the last 10 to 29 years in the oil business, many people left the industry. We will need to find pumpers, pullers, and personnel and start training people now to be able to fill the operational needs we'll have as we continue to grow. To me that is going to be the biggest challenge."

CEOCFO: In closing, please tell potential investors why EnerJex should stand out from the crowd.

Mr. Cochennet: "EnerJex has a relatively low-risk, fundamental strategy; we buy properties that have a pay-back within a relatively short period of time and there is upside in terms of development and efficiency. As we continue to execute our plan, it will become profitable. We also minimize the risk by hedging 50 to 70 percent of our production as it comes in the door, so we are not going to take commodity risks. Again, if we can make a 30 or 40 percent ROI (return on investment) on a property, we are going to make money. If you are looking for something that is going to sell at a fifty multiple, this is probably not going to be your company. If you want a company that has developed a track record, and that will continue to grow and be profitable, then we are probably a great choice. We are going to be profitable, grow our earnings, and stick to our game plan."

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