Preliminary Monthly Report

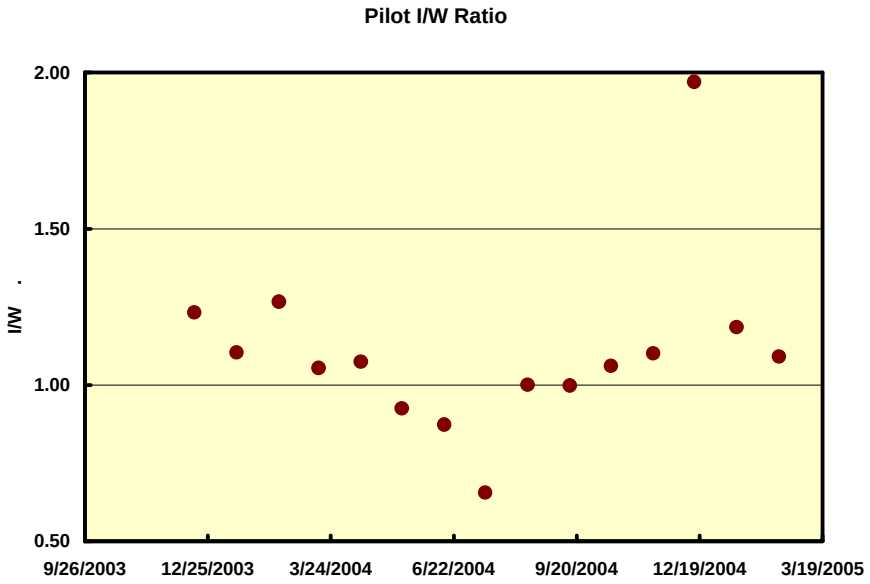
January & February 2004

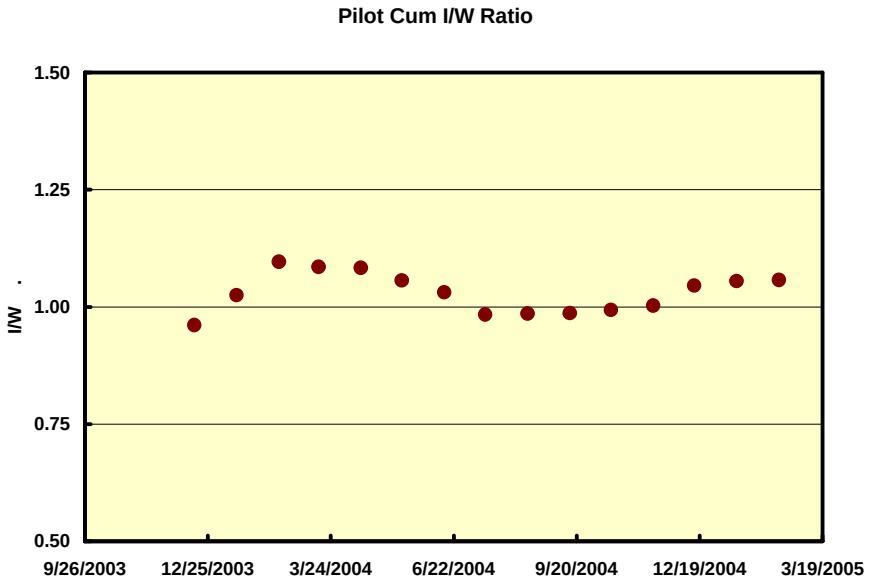
Total liquid production continued to be low for the pilot wells (see attached graphs). Low fluid production is primarily a result of pump problems with CO_2 12, which has been replaced. Oil production was 3.4 and 4.3 BOPD in January and February compared to 1.6 BOPD for December. Production for the first 28 days of March has averaged 3.5 BOPD and the last 7 days with both wells producing has averaged 4.3BOPD and 288 BWPD.

Increase production during January and February was the result of CO_2 stimulation of CO_2 13 and not CO_2 displacement. Analysis of produced gas from CO_2 13 is what would be expected form stimulation and not displacement. CO_2 13 has returned to its normal production rate of 1-2 BOPD as expected.

Current production from CO_2 12 is up to 3-5BOPD. However, some of this is most likely flush production from the previous under production as a result of the pump problems. CO_2 12 gas analysis is consistent with miscible or partial miscible displacement.

The injection withdrawal ratio has been reduced and is more in line with the production capacity in CO_2 12 as a result of the pump repair. Cumulative injection withdrawal is around 1.06 indicating 35-40% of the CO_2 is being lost out of the pilot area.



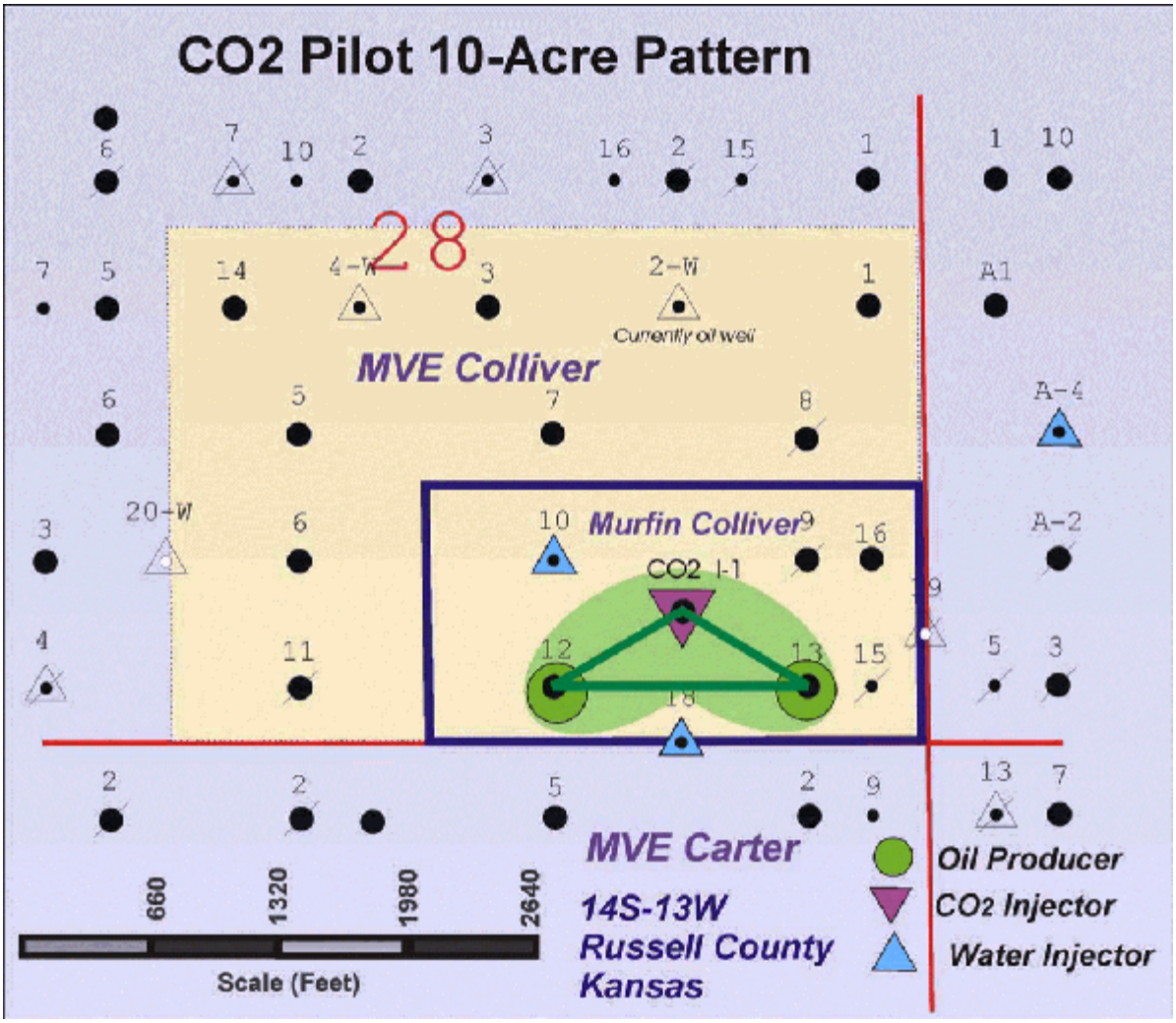


Estimated pressure at the CO_2 12 monitoring point appears to have increased around 300psi since September. This is primarily a result of the under production of CO_2 12 because of the bad pump and over injection in CO_2 13 during this time, conditions which appear to have been corrected in March.

The project is starting to show signs that the initial objective of the project will not be achieved (direct demonstration of commercial economical CO_2 miscible displacement of oil in the LKC-C reservoir). Over 34% PPV of CO_2 has been injected into the pilot even accounting for the loss to the north over a 20% PPV of CO2 has been injected. Other projects have been on the advance side of their performance curve by this stage. Losses to the north continue to be greater than originally expected as a result of over injection and poorer reservoir communication with CO_2 13 than expected. Additionally the CO_2 retention in the reservoir appears greater than other projects and could be partially related to the oomoldic nature of the formation and depositional stringers. Evaluation of the deposition is needed to determine if the area heterogeneity being observed in the pilot area are typical for the LKC in general or are more related to the pilot being on the edge of the deposition.

Attached:

- Pilot Map
- Monthly report
- Injection graphs
- Production graphs
- CO_2 Utilization
- LKC Pressure Map
- LKC Pilot monitoring pressure graph
- LKC Pilot monitoring wells pressures graph


CO2 Pilot 10-Acre Pattern
28
MVE Colliver
Currently oil well
4-W
2-W
20-W
Murfin Colliver
CO2 I-1
MVE Carter
14S-13W
Russell County
Kansas
Oil Producer
CO2 Injector
Water Injector
660
1320
1980
2640
Scale (Feet)

LKC Pilot

Preliminary
Monthly Report

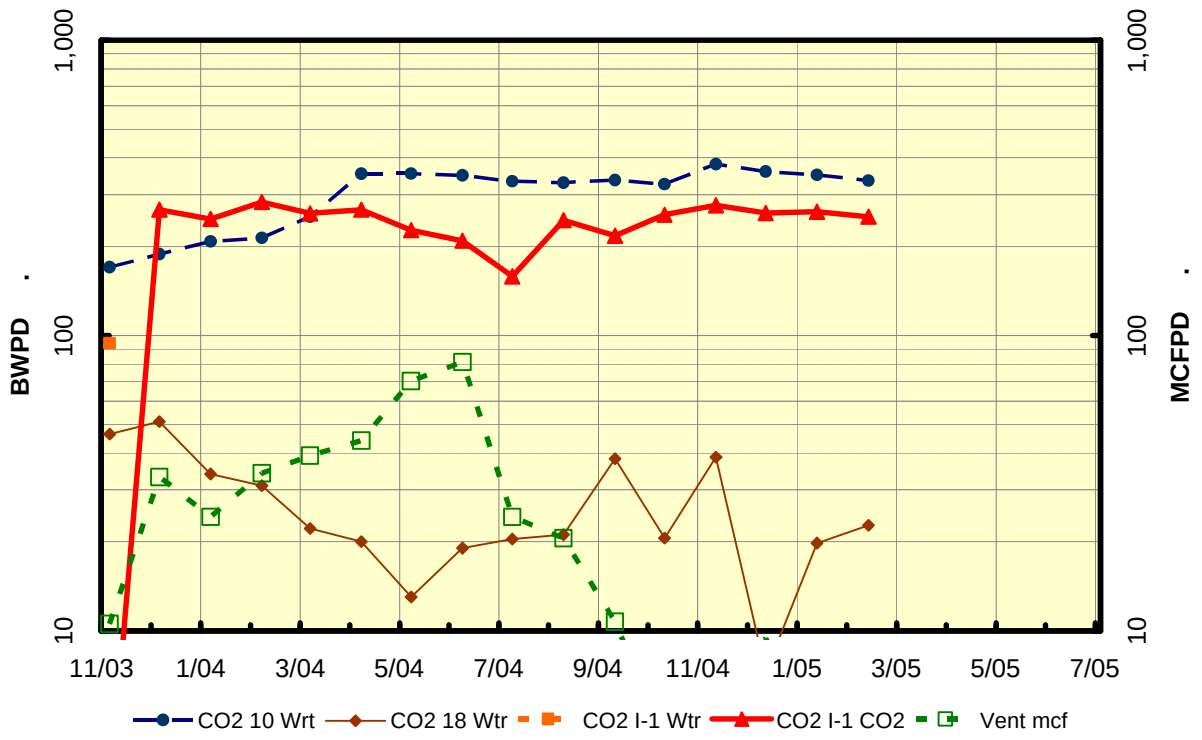
Field			March 2004	April 2004	May 2004	June 2004	July 2004	Aug 2004	Sept 2004	Oct 2004	Nov 2004	Dec 2004	Jan 2005	Feb 2005	Cum	
I/W With 30% North Losses			1.05	1.08	0.93	0.87	0.66	1.00	1.00	1.06	1.10	1.97	1.19	1.09		
PPV Inj CO2 I-1		%	9.7%	12.0%	14.1%	16.0%	17.5%	19.8%	21.7%	24.1%	26.6%	29.0%	31.4%	33.5%		
Production																
	Oil	bbl	85.0	58.0	84.0	75.0	80.0	78.1	65.0	92.7	65.6	48.9	104.9	120.3	1,038.8	bbl
	Wtr	bbl	5,853.0	5,713.3	6,078.0	5,589.0	5,849.0	5,567.0	5,104.0	6,022.0	5,814.0	4,038.0	4,333.0	4,184.0	80.06	Mbbl
	Gas	mcf	0.0	0.0	33.9	211.0	312.0	374.0	274.0	344.5	304.0	363.4	408.3	456.6	3,081.6	mcf
Injection																
	Wtr	bbl	8,515	11,200	11,365	11,042	10,958	10,882	11,228	10,745	12,596	11,357	11,466	10,012	162.75	Mbbl
	CO2	mcf	8,042.2	8,011.0	7,051.0	6,280.1	4,918.0	7,613.0	6,542.4	7,958.0	8,289.5	8,057.1	8,146.0	7,070.5	112.25	mmcf
		Mlb	938.195	934.554	822.562	732.632	573.728	888.124	763.224	928.371	967.049	939.930	950.303	824.837	13.09	MMlb
CO2 Delivered																
		mcf	9,304.4	9,656.4	9,007.2	9,010.2	5,724.5	8,128.0	7,006.9	7,891.9	8,786.3	8,475.2	8,164.9	7,250.6	126.16	mmcf
		Mlb	1,079.0	1,119.8	1,044.6	1,044.9	663.9	942.6	812.6	915.2	1,018.9	982.9	946.9	840.8	14.63	MMlb
		Tons	539.5	559.9	522.3	522.5	331.9	471.3	406.3	457.6	509.5	491.4	473.4	420.4	7,315	Tons
Tank Vent																
		mcf	1,214.4	1,320.2	2,175.9	2,437.1	753.2	637.5	321.8	134.2	165.1	293.1	122.3	106.0	12.77	mmcf
		Mlb	140.83	153.10	252.34	282.63	87.35	73.93	37.31	15.56	19.14	34.00	14.18	12.30	1.48	MMlb
	% of Injection		15.1%	16.5%	30.9%	38.8%	15.3%	8.4%	4.9%	1.7%	2.0%	3.6%	1.5%	1.5%	11.4%	
Wells																
Production																
CO2 12	Oil	bbl	76.6	37.3	71.6	49.2	77.5	55.0	59.4	77.6	42.6	40.9	22.0	34.4	680.5	bbl
	Wtr	bbl	4,141.0	4,039.4	4,497.0	4,080.0	4,293.0	3,840.0	3,738.0	4,578.2	4,384.0	3,670.0	2,586.0	2,720.0	56.94	Mbbl
	Gas	mcf	0.0	0.0	33.9	211.0	296.0	361.0	268.9	337.4	295.0	361.0	285.2	158.8	2,608.2	mcf
CO2 13	Oil	bbl	8.4	20.7	12.4	25.8	2.5	23.2	5.6	15.2	23.0	8.0	82.9	85.9	358.3	bbl
	Wtr	bbl	1,711	1,674	1,581	1,509	1,556	1,727	1,366	1,444	1,530	368	1,747	1,465	23.21	Mbbl
	Gas	mcf	0	0	0	0	16	13	5	7	9	2	123	298	473.4	mcf
Injection																
CO2 10	Wtr	bbl	7,827.0	10,599.0	10,962.0	10,471.0	10,325.0	10,226.0	10,081.0	10,106.0	11,435.0	11,132.0	10,852.0	9,374.0	147.02	Mbbl
CO2 18	Wtr	bbl	688	601	403	571	633	656	1,147	639	1,161	225	614	638	12.91	Mbbl
CO2 I-1	Wtr	bbl	0	0	0	0	0	0	0	0	0	0	0	0	2.83	Mbbl

Vent During Loading

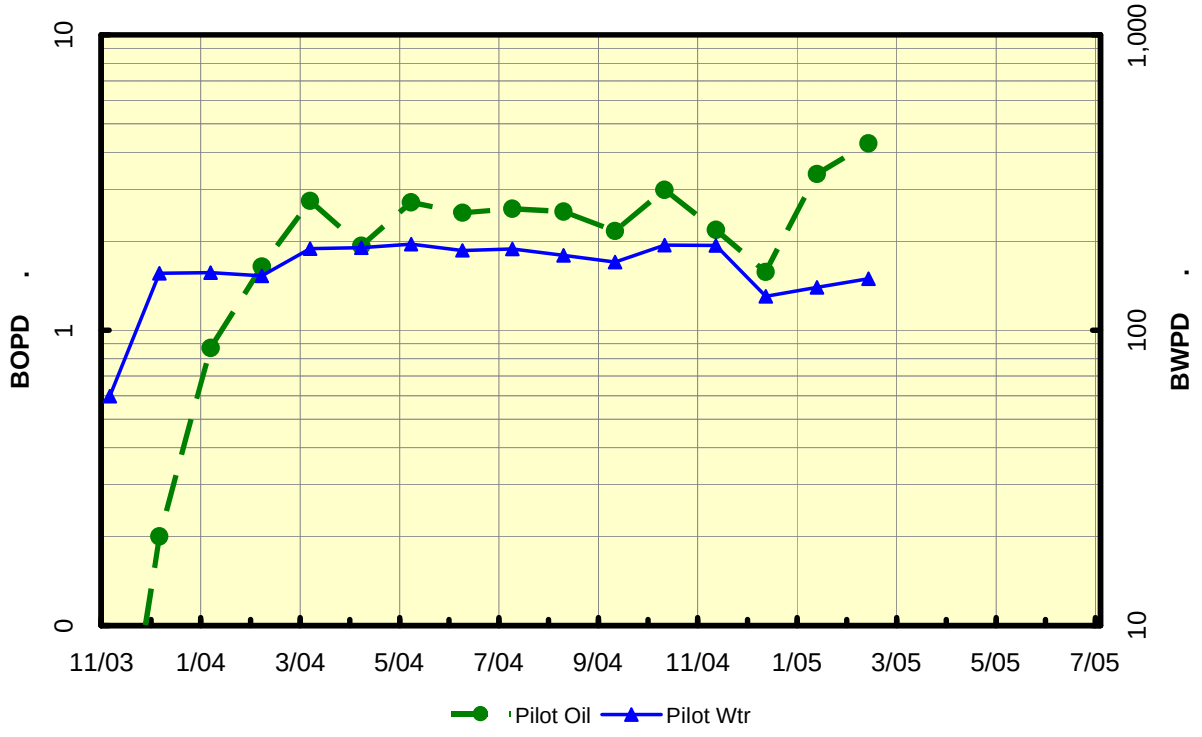
LKC Pilot
Daily Values

			March 2004	April 2004	May 2004	June 2004	July 2004	Aug 2004	Sept 2004	Oct 2004	Nov 2004	Dec 2004	Jan 2005	Feb 2005
Field														
Production														
	Oil	bbl	2.7	1.9	2.7	2.5	2.6	2.5	2.2	3.0	2.2	1.6	3.4	4.3
	Wtr	bbl	188.8	190.4	196.1	186.3	188.7	179.6	170.1	194.3	193.8	130.3	139.8	149.4
	Gas	mcf	0.0	0.0	1.1	7.0	10.1	12.1	9.1	11.1	10.1	11.7	13.2	16.3
Injection														
	Wtr	bbl	274.7	373.3	366.6	368.1	353.5	351.0	374.3	346.6	419.9	366.4	369.9	357.6
	CO2	mcf	259.4	267.0	227.5	209.3	158.6	245.6	218.1	256.7	276.3	259.9	262.8	252.5
		Mlb	30.3	31.2	26.5	24.4	18.5	28.6	25.4	29.9	32.2	30.3	30.7	29.5
CO2 Delivered														
		mcf	300.1	321.9	290.6	300.3	184.7	262.2	233.6	254.6	292.9	273.4	263.4	258.9
		Mlb	34.8	37.3	33.7	34.8	21.4	30.4	27.1	29.5	34.0	31.7	30.5	30.0
Tank Vent														
		mcf	39.2	44.0	70.2	81.2	24.3	20.6	10.7	4.3	5.5	9.5	3.9	3.8
		Mlb	4.5	5.1	8.1	9.4	2.8	2.4	1.2	0.5	0.6	1.1	0.5	0.4
	% of Injection		15.1%	16.5%	30.9%	38.8%	15.3%	8.4%	4.9%	1.7%	2.0%	3.6%	1.5%	1.5%
Wells														
Production														
CO2 12	Oil	bbl	2.5	1.2	2.3	1.6	2.5	1.8	2.0	2.5	1.4	1.3	0.7	1.2
	Wtr	bbl	133.6	134.6	145.1	136.0	138.5	123.9	124.6	147.7	146.1	118.4	83.4	97.1
	Gas	mcf	0.0	0.0	1.1	7.0	9.5	11.6	9.0	10.9	9.8	11.6	9.2	5.7
CO2 13	Oil	bbl	0.3	0.7	0.4	0.9	0.1	0.7	0.2	0.5	0.8	0.3	2.7	3.1
	Wtr	bbl	55.2	55.8	51.0	50.3	50.2	55.7	45.5	46.6	51.0	11.9	56.4	52.3
	Gas	mcf	0.0	0.0	0.0	0.0	0.5	0.4	0.2	0.2	0.3	0.1	4.0	10.6
Injection														
CO2 10	Wtr	bbl	252.5	353.3	353.6	349.0	333.1	329.9	336.0	326.0	381.2	359.1	350.1	334.8
CO2 18	Wtr	bbl	22.2	20.0	13.0	19.0	20.4	21.2	38.2	20.6	38.7	7.3	19.8	22.8
CO2 I-1	Wtr	bbl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

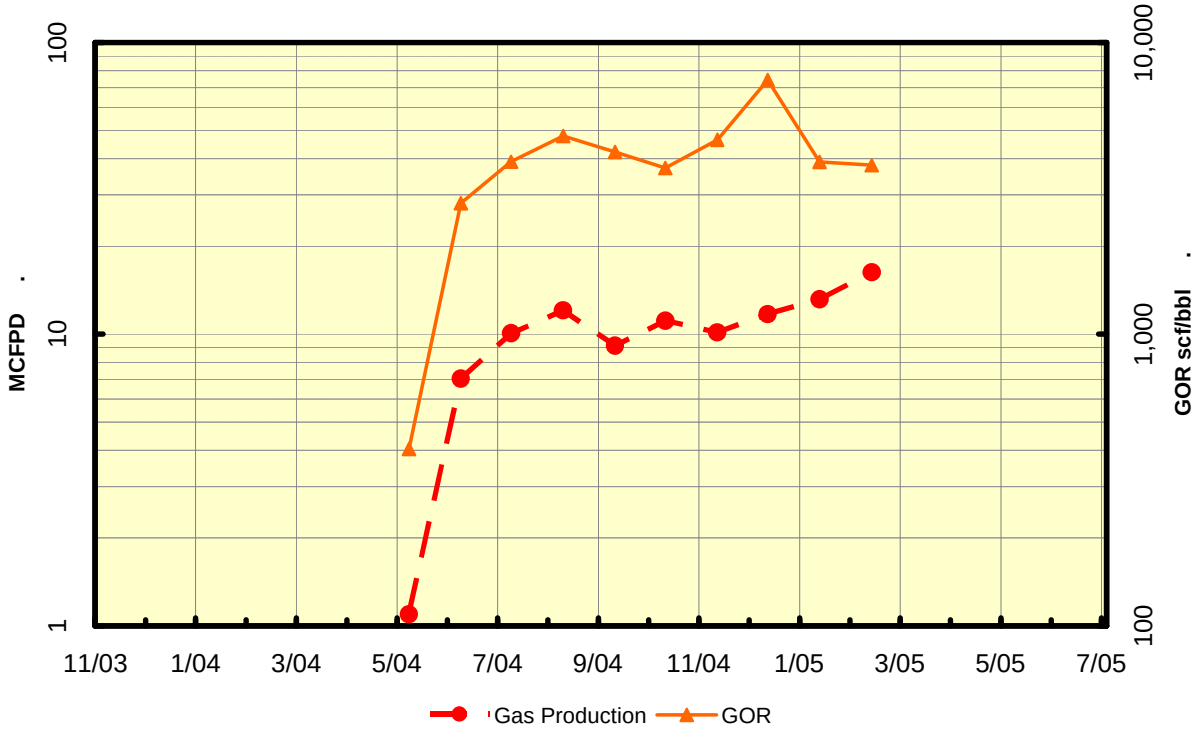
LKC Pilot Injection



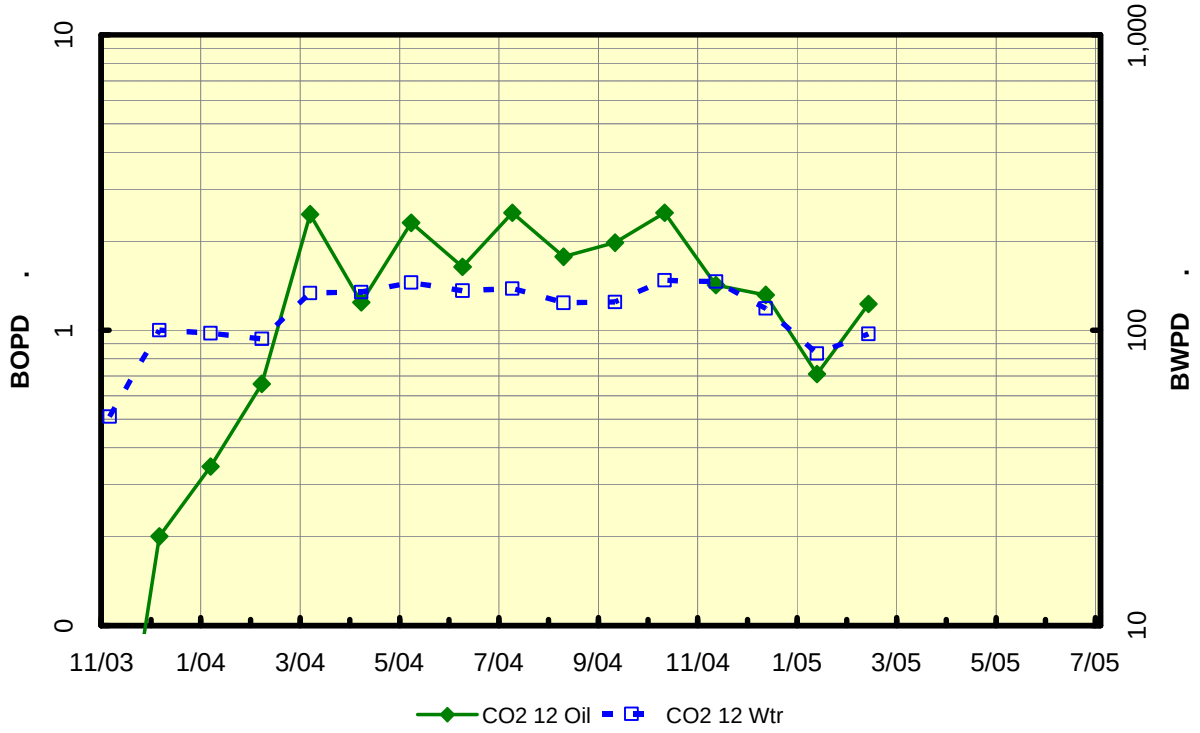
LKC Pilot Production



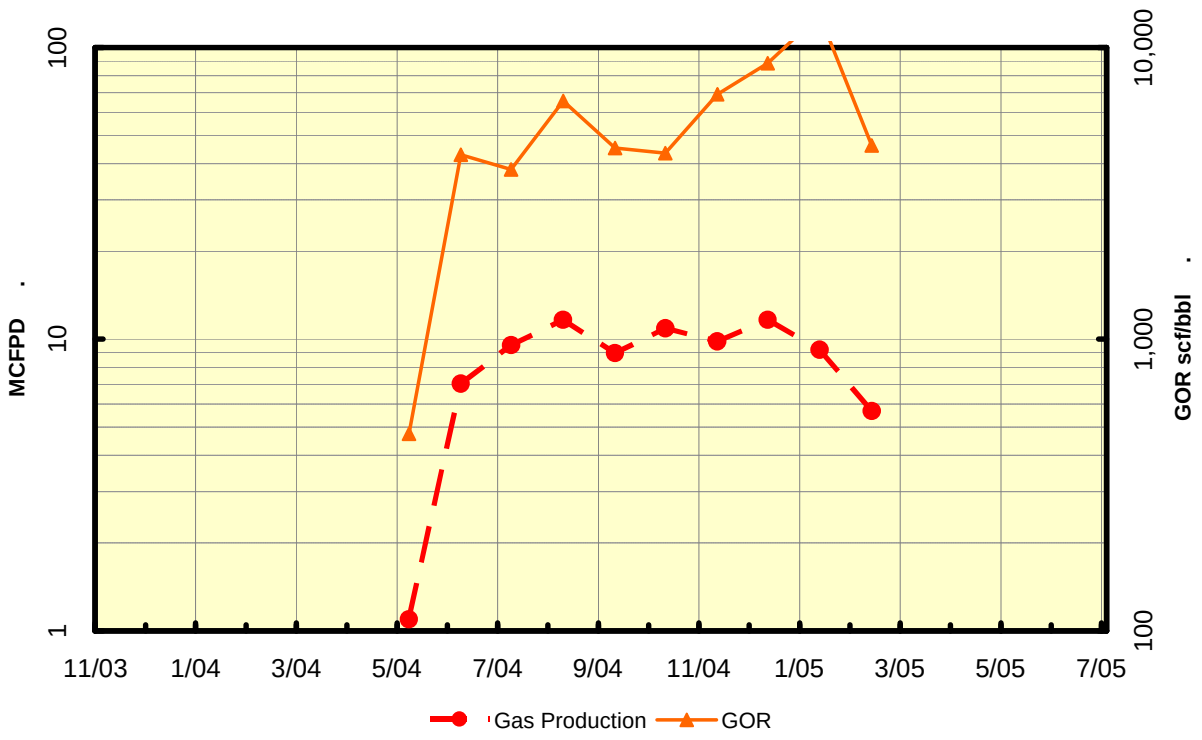
LKC Pilot Production



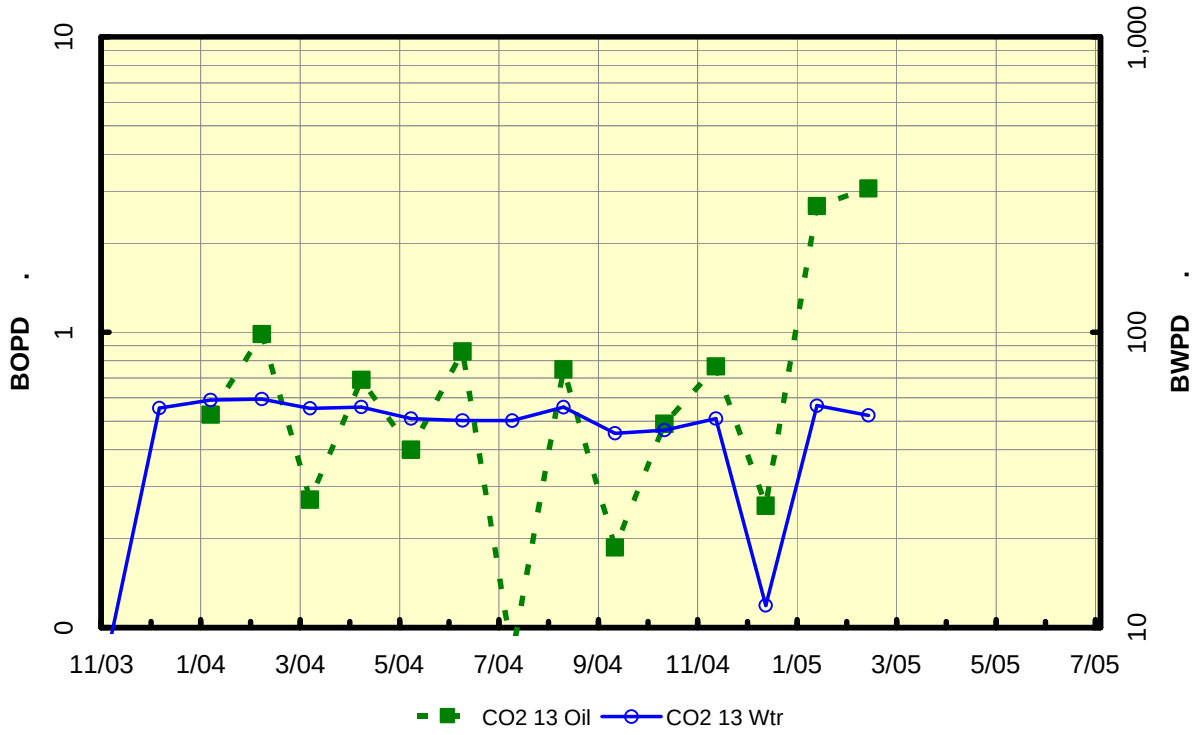
LKC CO2 12 Production

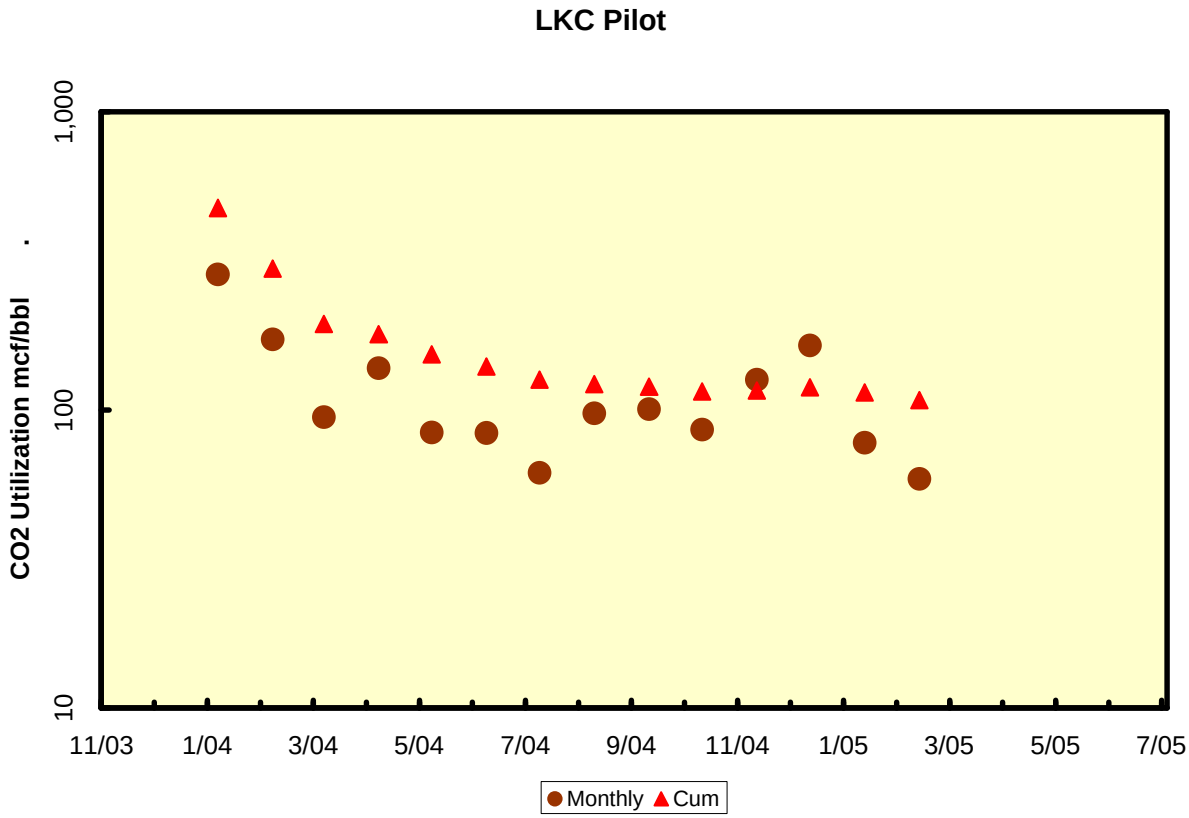


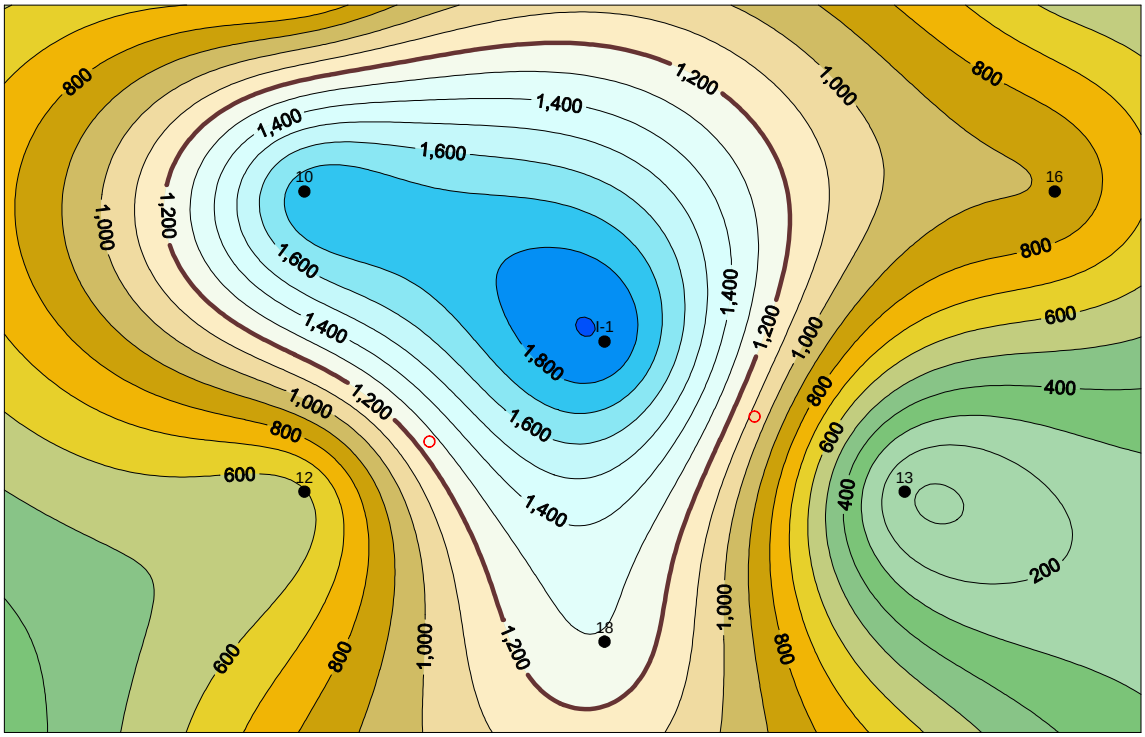
LKC CO2 12 Gas Production



LKC CO2 13 Production

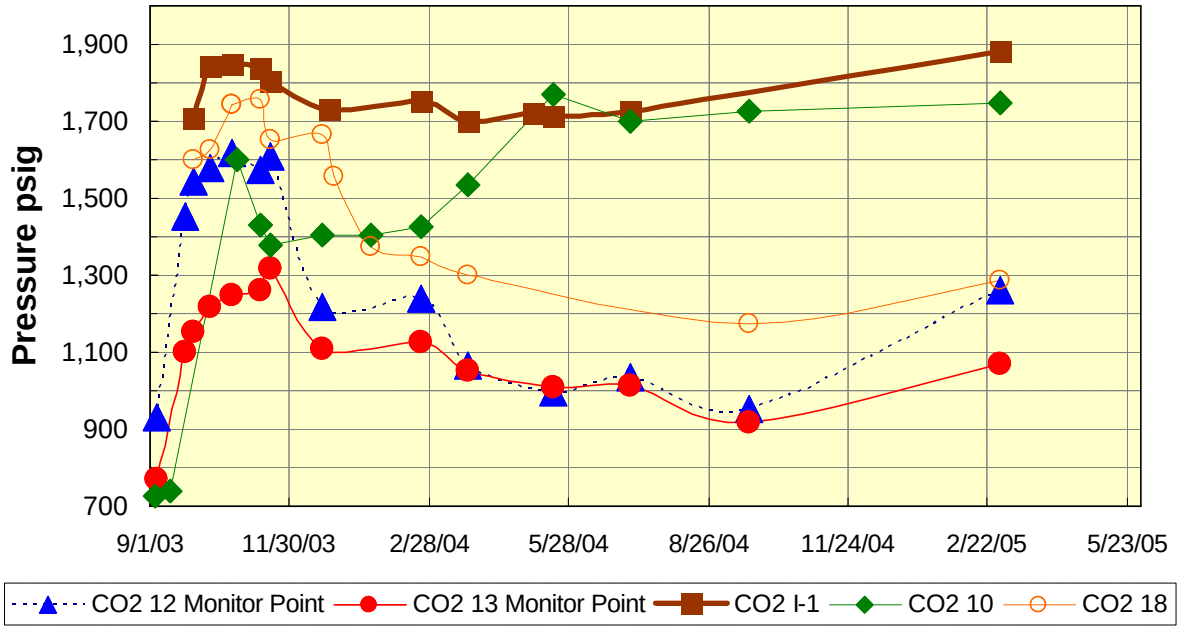






LKC-C Pressure 3-2-05

LKC Pilot Monitor Pressures



LKC Pilot Monitor Wells