Preliminary Monthly Report

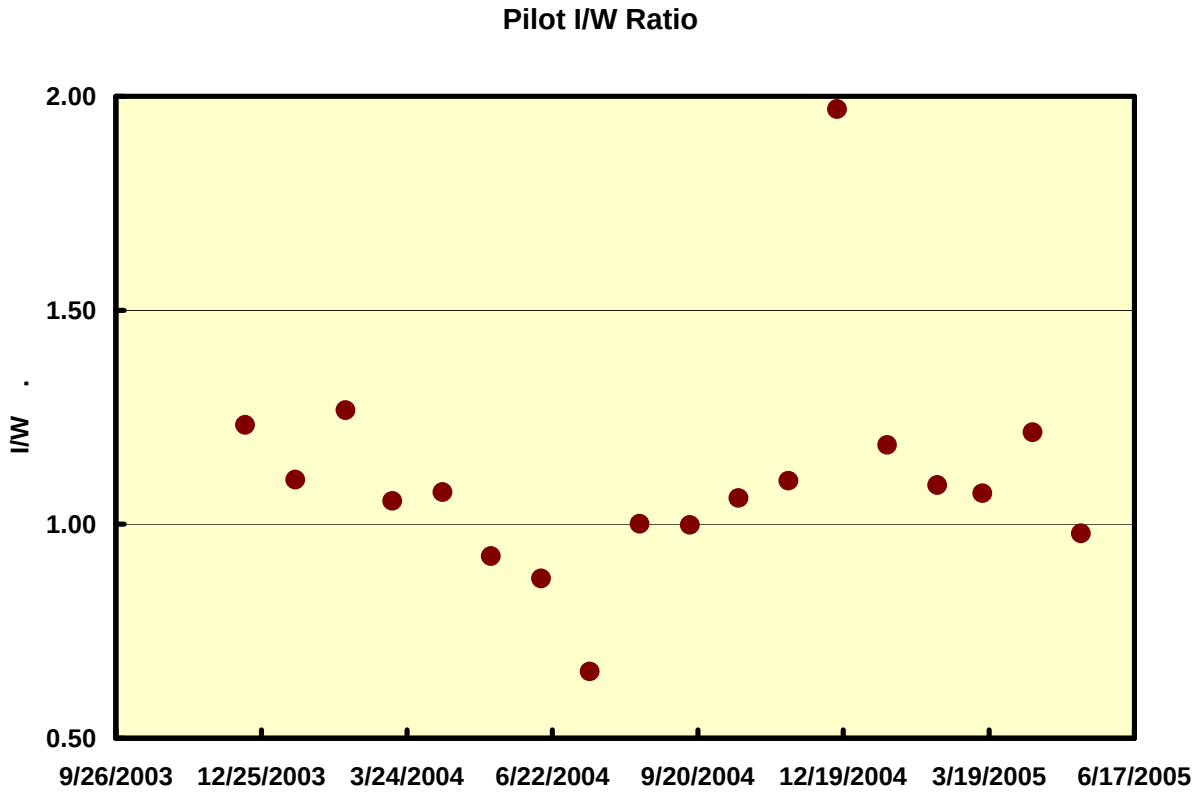
May 2005

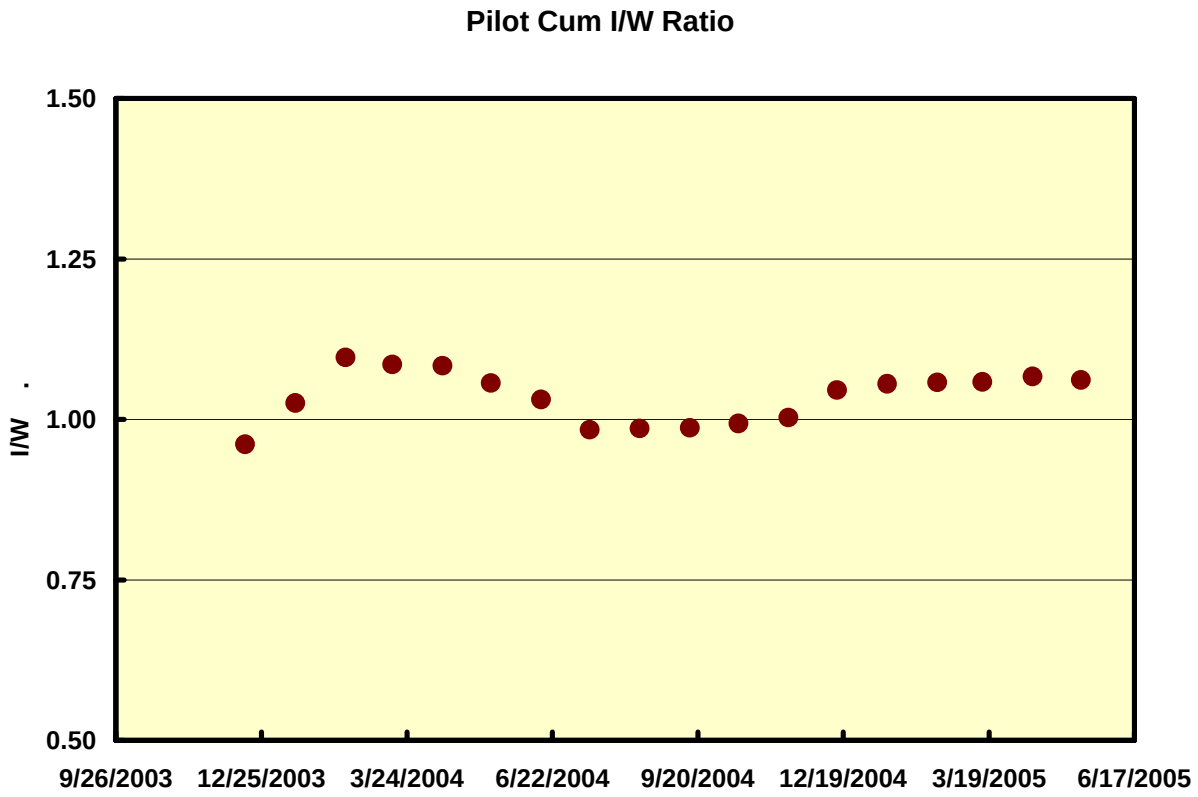
Oil production was 3.8 BOPD in May 2005. Production for the first 13 days of June has averaged 3.3 BOPD.

Cumulative injection withdrawal is around 1.06 indicating 35-40% of the CO_2 is being lost out of the pilot area.

CO_2 13 appears now to be responding to CO_2 I-1 injection after the initial response to the Huff and Puff stimulation. CO_2 13's slow response is the primary reason the pilot poor response compared to what was expected prior to stating the pilot. There would appear to be additional reservoir partial barriers between CO_2 12 and CO_2 I-1 than originally projected along with increase losses to the north.

CO_2 12 is in moderate agreement with original projection from the 6 layer model. However, it also is slightly less than expected and appears to be tailing off from the forecast (see production plots).



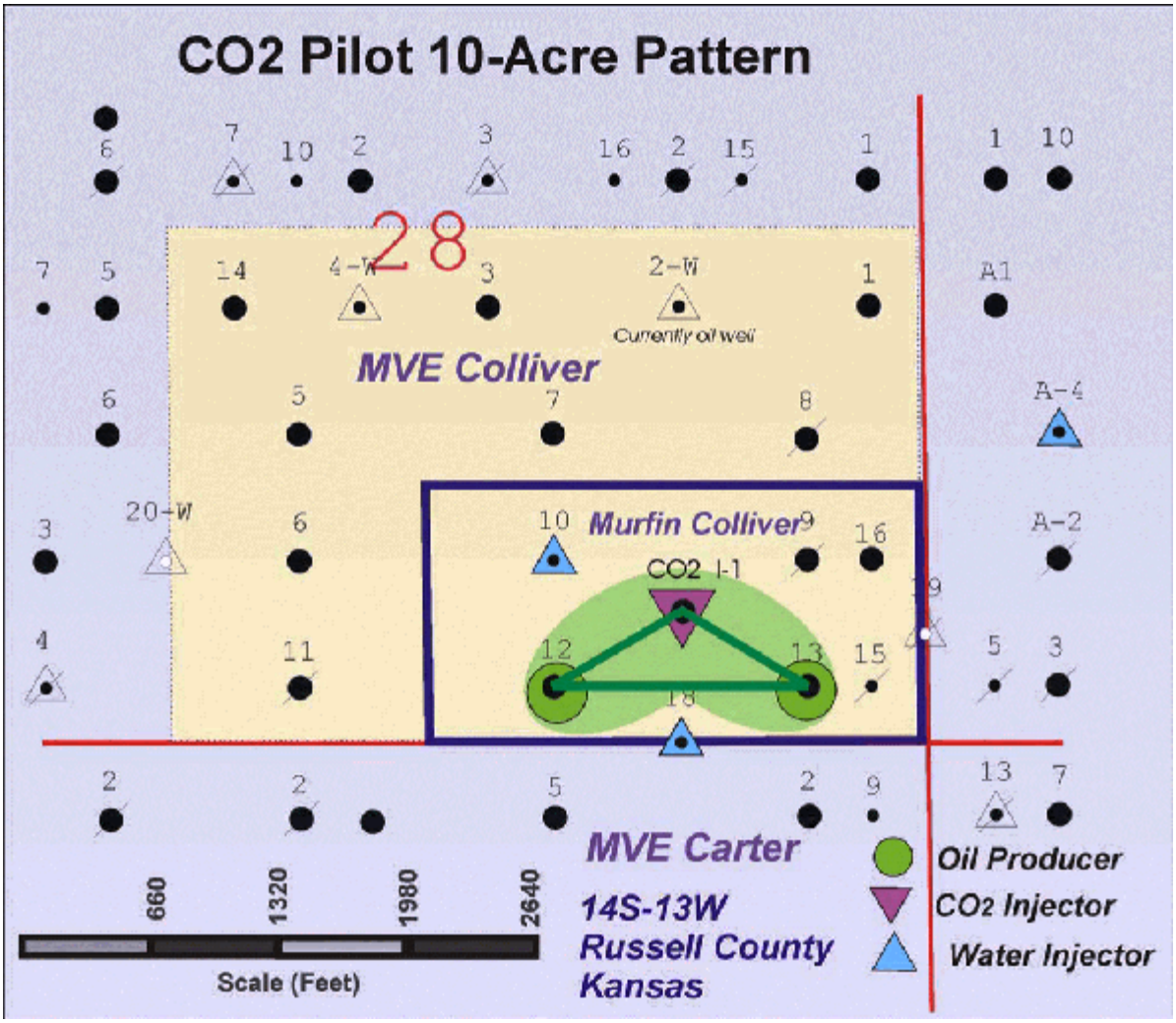


Estimated pressure at the CO_2 12 monitoring point appears to have increased around 300psi since September. This is primarily a result of the under production of CO_2 12 because of the bad pump and over injection in CO_2 13 during this time, conditions which appear to have been corrected in March.

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

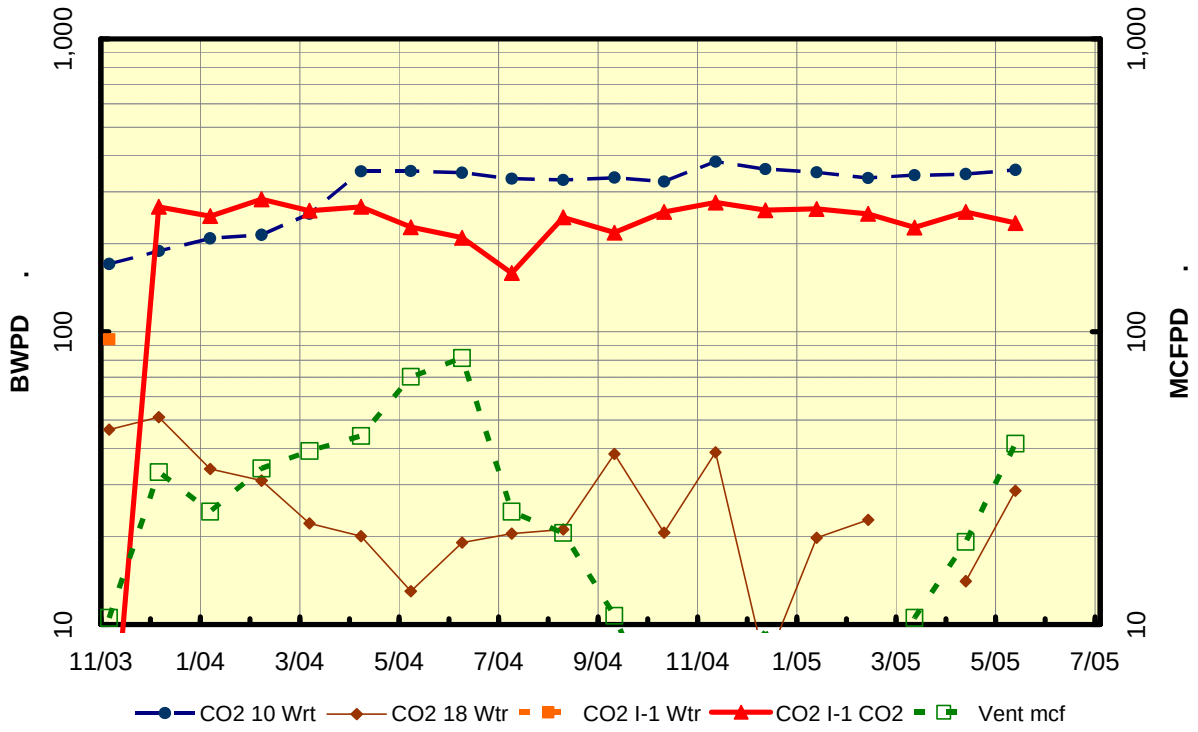
Field		June 2004	July 2004	Aug 2004	Sept 2004	Oct 2004	Nov 2004	Dec 2004	Jan 2005	Feb 2005	March 2005	April 2005	May 2005	Cum	
I/W With 30% North Losses		0.87	0.66	1.00	1.00	1.06	1.10	1.97	1.19	1.09	1.07	1.21	0.98		
PPV Inj CO2 I-1	%	16.0%	17.5%	19.8%	21.7%	24.1%	26.6%	29.0%	31.4%	33.5%	35.6%	37.9%	40.1%		
Production															
Oil	bbl	75.0	80.0	78.1	65.0	92.7	65.6	48.9	104.9	120.3	117.0	114.0	124.0	1,393.8	bbl
Wtr	bbl	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	4,926.0	4,631.0	5,341.0	94.96	Mbbl
Gas	mcf	211.0	312.0	374.0	274.0	344.5	304.0	363.4	408.3	456.6	471.0	515.0	623.0	4,690.6	mcf
Injection															
Wtr	bbl	11,042	10,958	10,882	11,228	10,745	12,596	11,357	11,466	10,012	10,618	10,775	11,945	196.09	Mbbl
CO2	mcf	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	7,035.0	7,701.0	7,281.0	134.27	mmcf
	Mlb	732.632	573.728	888.124	763.224	928.371	967.049	939.930	950.303	824.837	820.695	898.390	849.393	15.66	MMlb
CO2 Delivered															
	mcf	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	7,211.9	8,354.3	8,657.8	150.39	mmcf
	Mlb	1,044.9	663.9	942.6	812.6	915.2	1,018.9	982.9	946.9	840.8	836.4	968.8	1,004.0	17.44	MMlb
	Tons	522.5	331.9	471.3	406.3	457.6	509.5	491.4	473.4	420.4	418.2	484.4	502.0	8,720	Tons
Tank Vent															
	mcf	2,437.1	753.2	637.5	321.8	134.2	165.1	293.1	122.3	106.0	326.8	575.5	1,285.6	12.77	mmcf
	Mlb	282.63	87.35	73.93	37.31	15.56	19.14	34.00	14.18	12.30	37.89	66.75	149.09	1.73	MMlb
% of Injection		38.8%	15.3%	8.4%	4.9%	1.7%	2.0%	3.6%	1.5%	1.5%	4.6%	7.5%	17.7%	9.5%	
Wells															
Production															
CO2 12 Oil	bbl	49.2	77.5	55.0	59.4	77.6	42.6	40.9	22.0	34.4	97.0	94.0	76.0	947.5	bbl
Wtr	bbl	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	3,642.0	3,741.0	3,825.0	68.15	Mbbl
Gas	mcf	211.0	296.0	361.0	268.9	337.4	295.0	361.0	285.2	158.8	292.0	369.0	403.0	3,672.2	mcf
CO2 13 Oil	bbl	25.8	2.5	23.2	5.6	15.2	23.0	8.0	82.9	85.9	20.0	20.0	48.0	446.3	bbl
Wtr	bbl	1,509	1,556	1,727	1,366	1,444	1,530	368	1,747	1,465	1,277	1,160	1,516	27.16	Mbbl
Gas	mcf	0	16	13	5	7	9	2	123	298	183	146	220	1,022.4	mcf
Injection															
CO2 10 Wtr	bbl	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	10,618.0	10,353.0	11,056.0	179.05	Mbbl
CO2 18 Wtr	bbl	571	633	656	1,147	639	1,161	225	614	638	0	422	889	14.22	Mbbl
CO2 I-1 Wtr	bbl	0	0	0	0	0	0	0	0	0	0	0	0	2.83	Mbbl

Vent During Loading

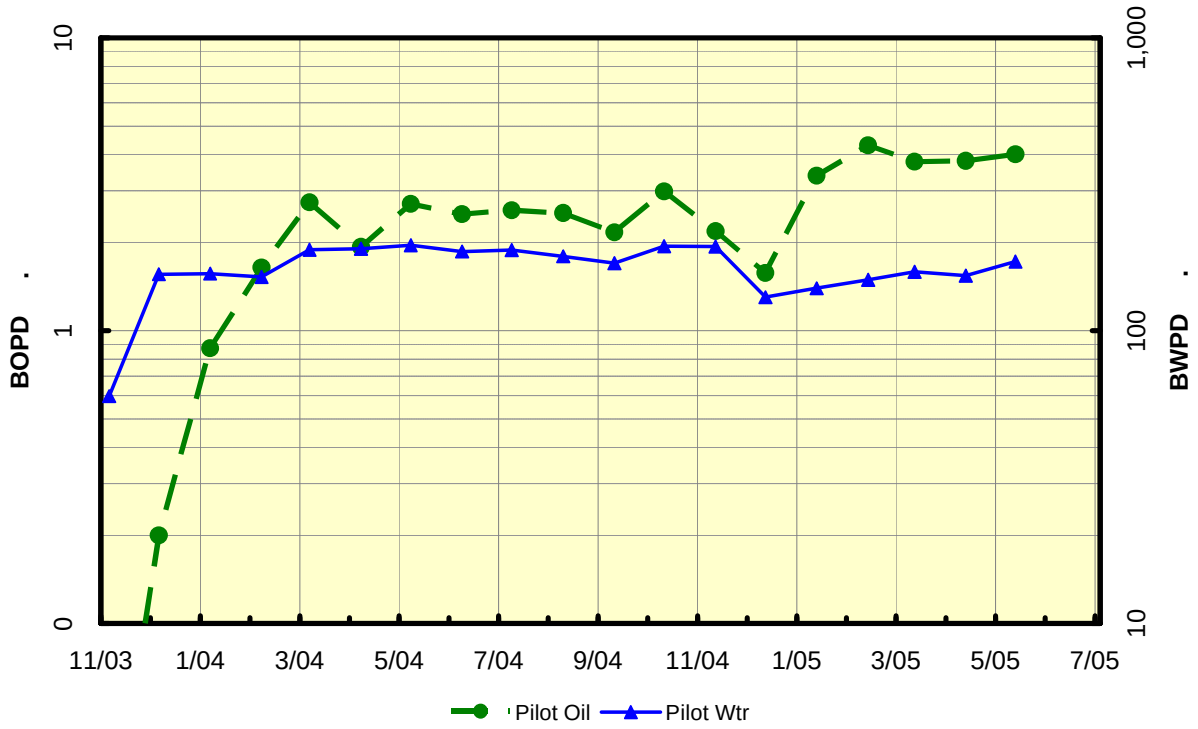
LKC Pilot
Daily Values

			June 2004	July 2004	Aug 2004	Sept 2004	Oct 2004	Nov 2004	Dec 2004	Jan 2005	Feb 2005	March 2005	April 2005	May 2005
Field														
Production														
	Oil	bbl	2.5	2.6	2.5	2.2	3.0	2.2	1.6	3.4	4.3	3.8	3.8	4.0
	Wtr	bbl	186.3	188.7	179.6	170.1	194.3	193.8	130.3	139.8	149.4	158.9	154.4	172.3
	Gas	mcf	7.0	10.1	12.1	9.1	11.1	10.1	11.7	13.2	16.3	15.2	17.2	20.1
Injection														
	Wtr	bbl	368.1	353.5	351.0	374.3	346.6	419.9	366.4	369.9	357.6	342.5	359.2	385.3
	CO2	mcf	209.3	158.6	245.6	218.1	256.7	276.3	259.9	262.8	252.5	226.9	256.7	234.9
		Mlb	24.4	18.5	28.6	25.4	29.9	32.2	30.3	30.7	29.5	26.5	29.9	27.4
CO2 Delivered														
		mcf	300.3	184.7	262.2	233.6	254.6	292.9	273.4	263.4	258.9	232.6	278.5	279.3
		Mlb	34.8	21.4	30.4	27.1	29.5	34.0	31.7	30.5	30.0	27.0	32.3	32.4
Tank Vent														
		mcf	81.2	24.3	20.6	10.7	4.3	5.5	9.5	3.9	3.8	10.5	19.2	41.5
		Mlb	9.4	2.8	2.4	1.2	0.5	0.6	1.1	0.5	0.4	1.2	2.2	4.8
	% of Injection		38.8%	15.3%	8.4%	4.9%	1.7%	2.0%	3.6%	1.5%	1.5%	4.6%	7.5%	17.7%
Wells														
Production														
CO2 12	Oil	bbl	1.6	2.5	1.8	2.0	2.5	1.4	1.3	0.7	1.2	3.1	3.1	2.5
	Wtr	bbl	136.0	138.5	123.9	124.6	147.7	146.1	118.4	83.4	97.1	117.5	124.7	123.4
	Gas	mcf	7.0	9.5	11.6	9.0	10.9	9.8	11.6	9.2	5.7	9.4	12.3	13.0
CO2 13	Oil	bbl	0.9	0.1	0.7	0.2	0.5	0.8	0.3	2.7	3.1	0.6	0.7	1.5
	Wtr	bbl	50.3	50.2	55.7	45.5	46.6	51.0	11.9	56.4	52.3	41.2	38.7	48.9
	Gas	mcf	0.0	0.5	0.4	0.2	0.2	0.3	0.1	4.0	10.6	5.9	4.9	7.1
Injection														
CO2 10	Wtr	bbl	349.0	333.1	329.9	336.0	326.0	381.2	359.1	350.1	334.8	342.5	345.1	356.6
CO2 18	Wtr	bbl	19.0	20.4	21.2	38.2	20.6	38.7	7.3	19.8	22.8	0.0	14.1	28.7
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

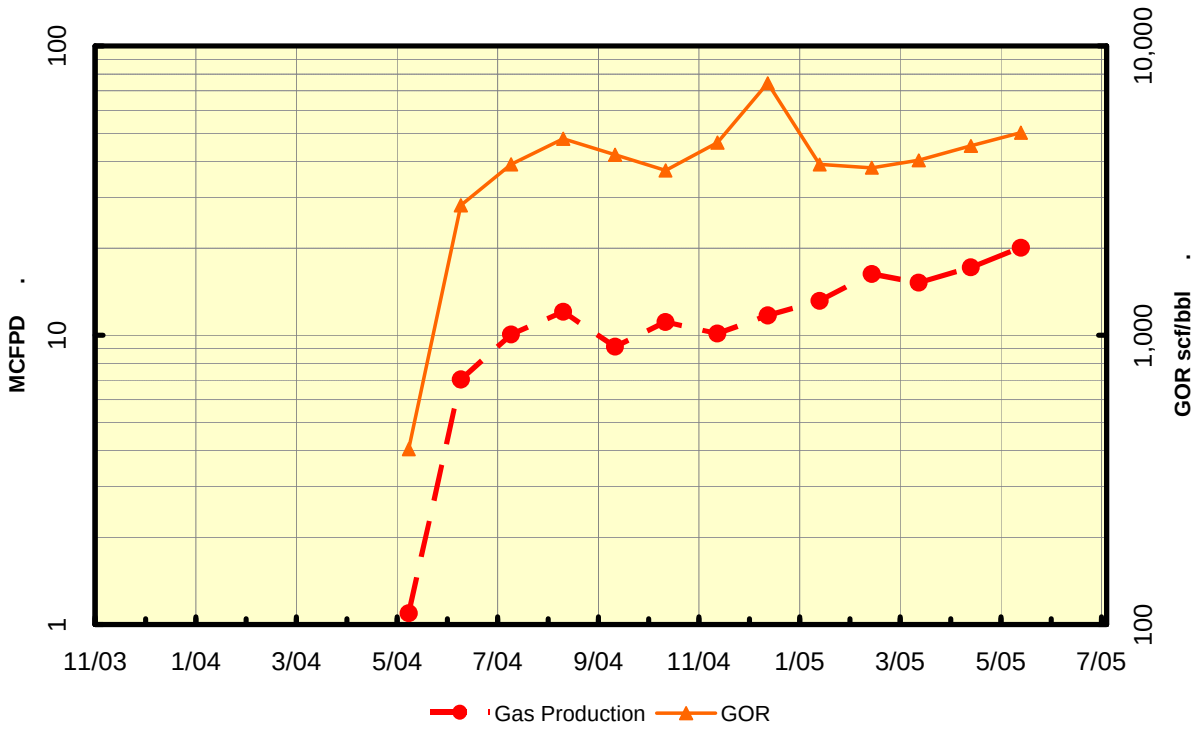
LKC Pilot Injection



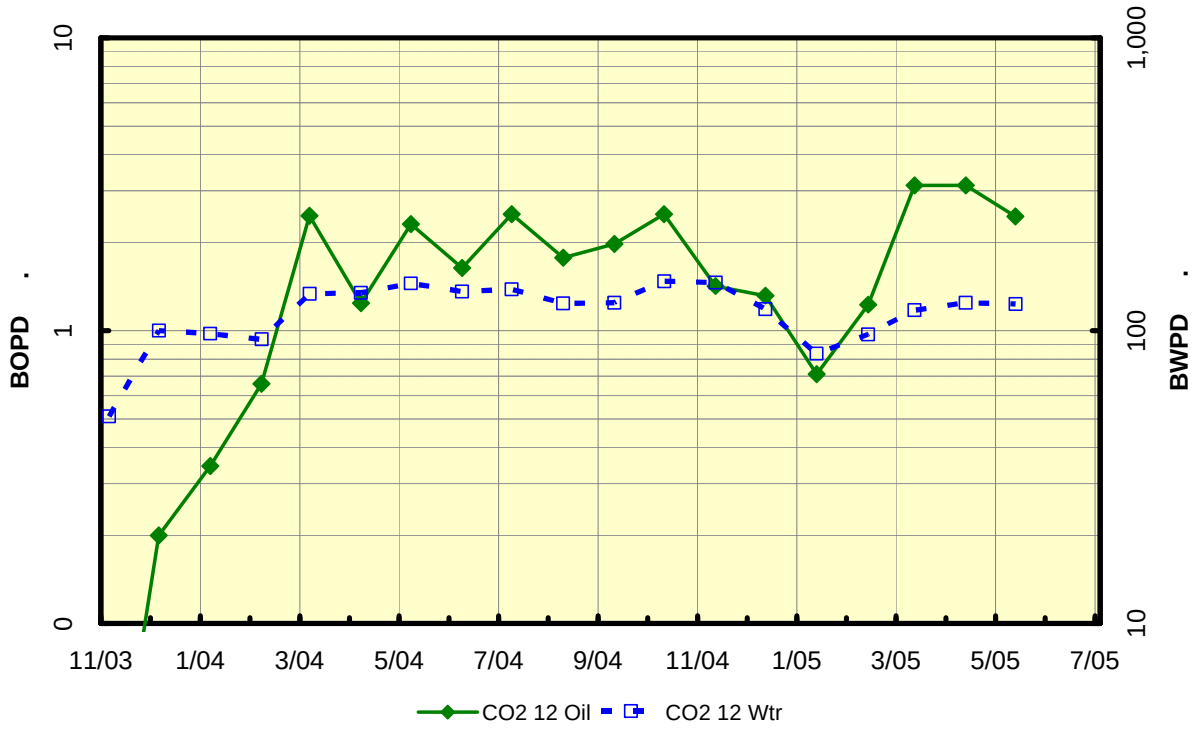
LKC Pilot Production



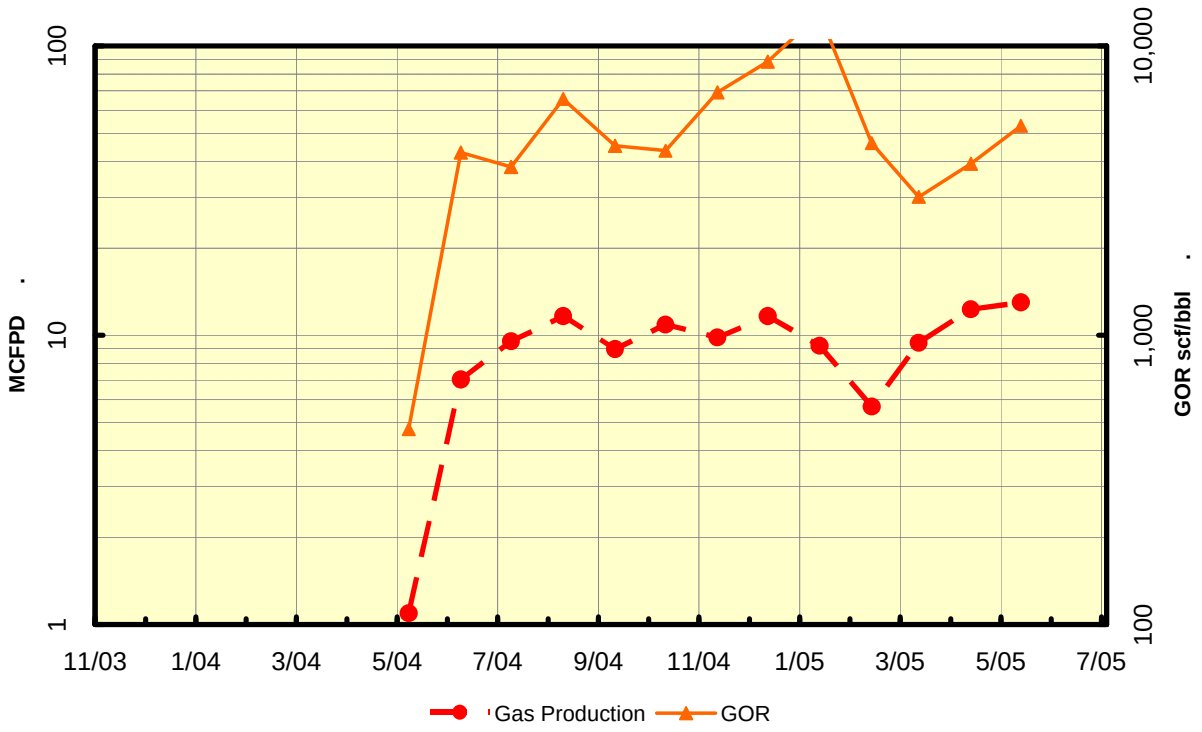
LKC Pilot Production



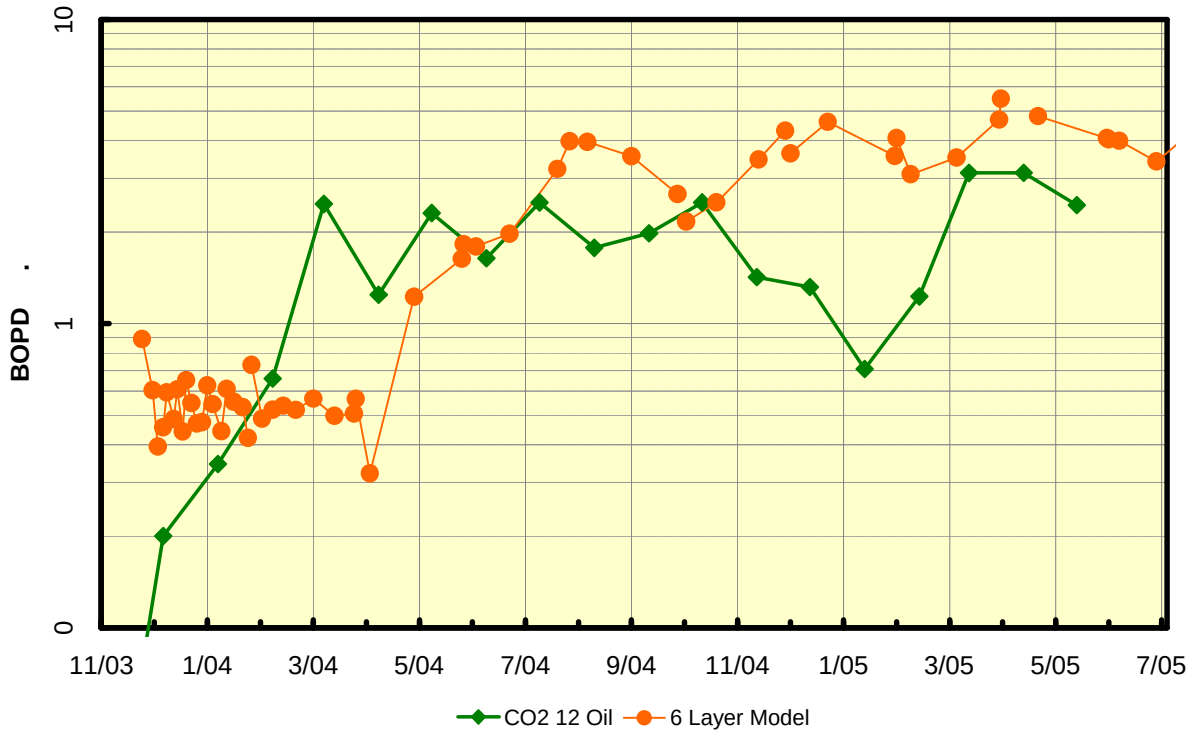
LKC CO2 12 Production



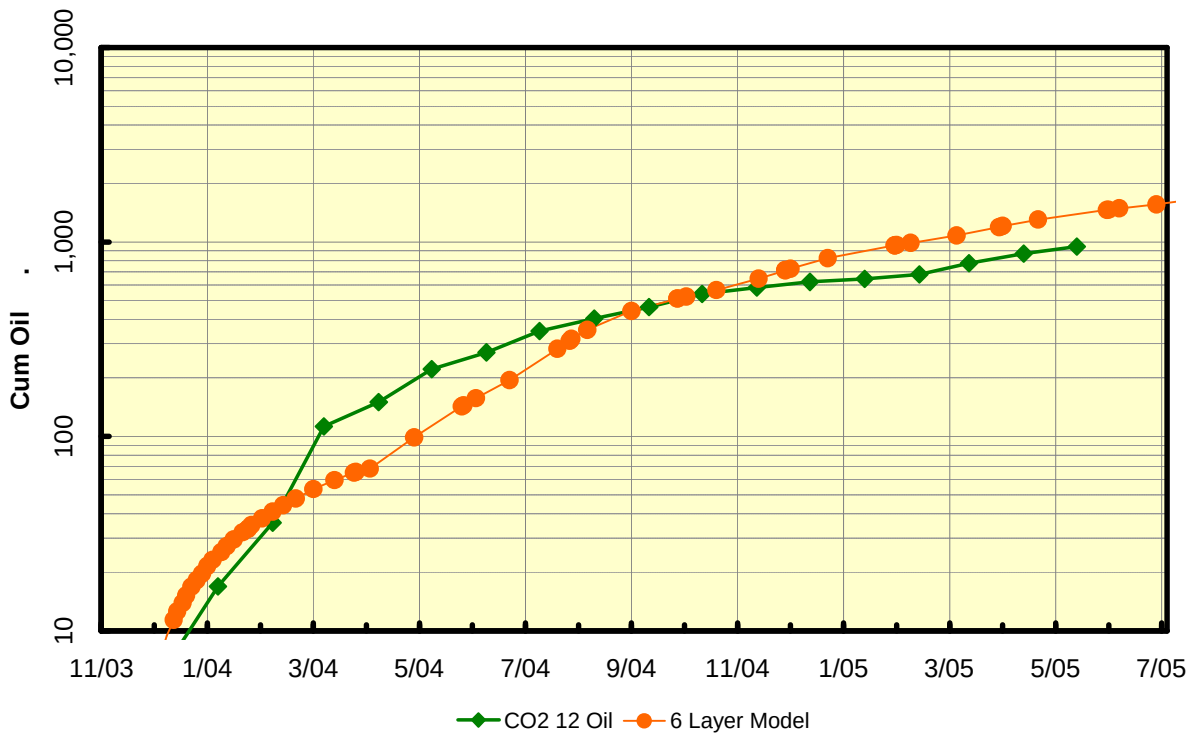
LKC CO2 12 Gas Production



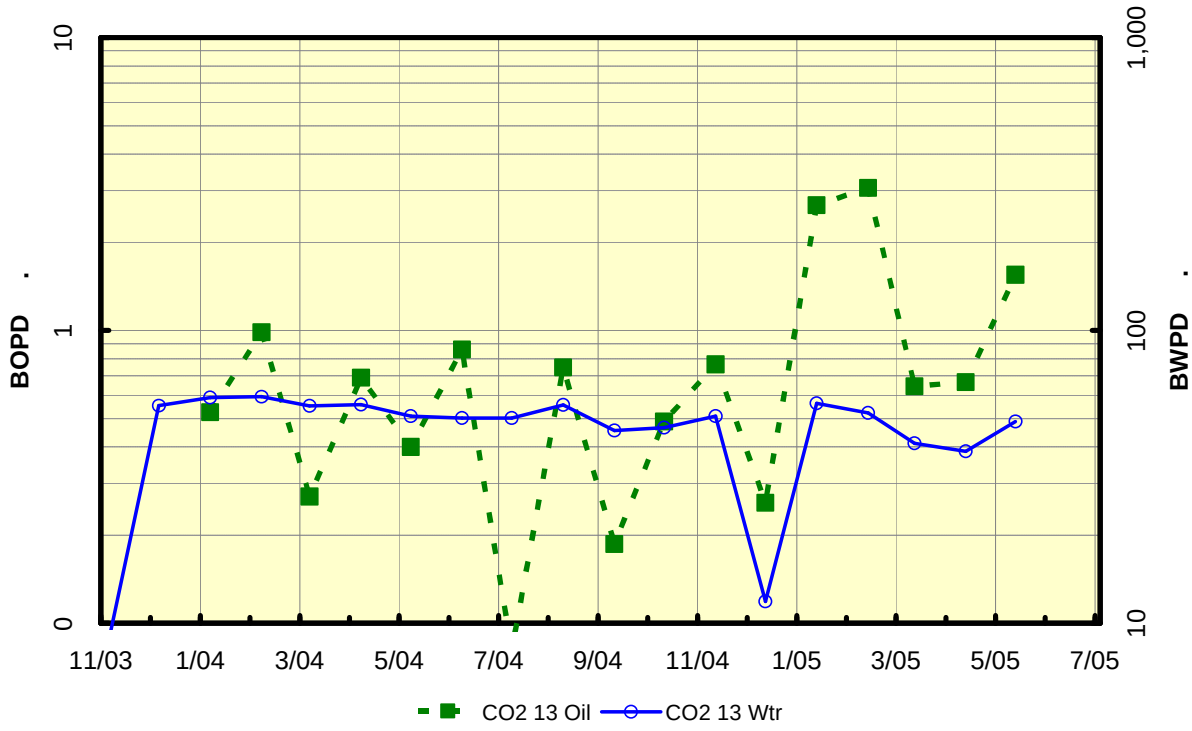
LKC CO2 12 Production

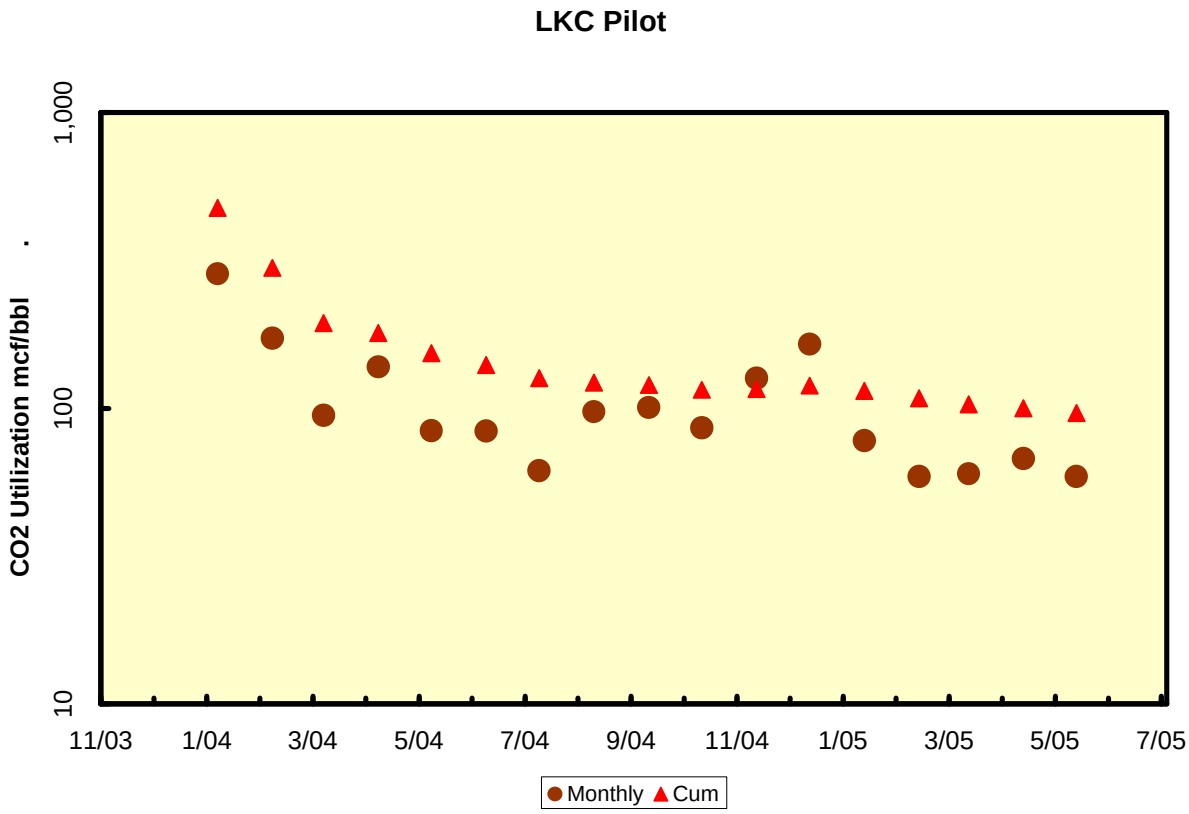


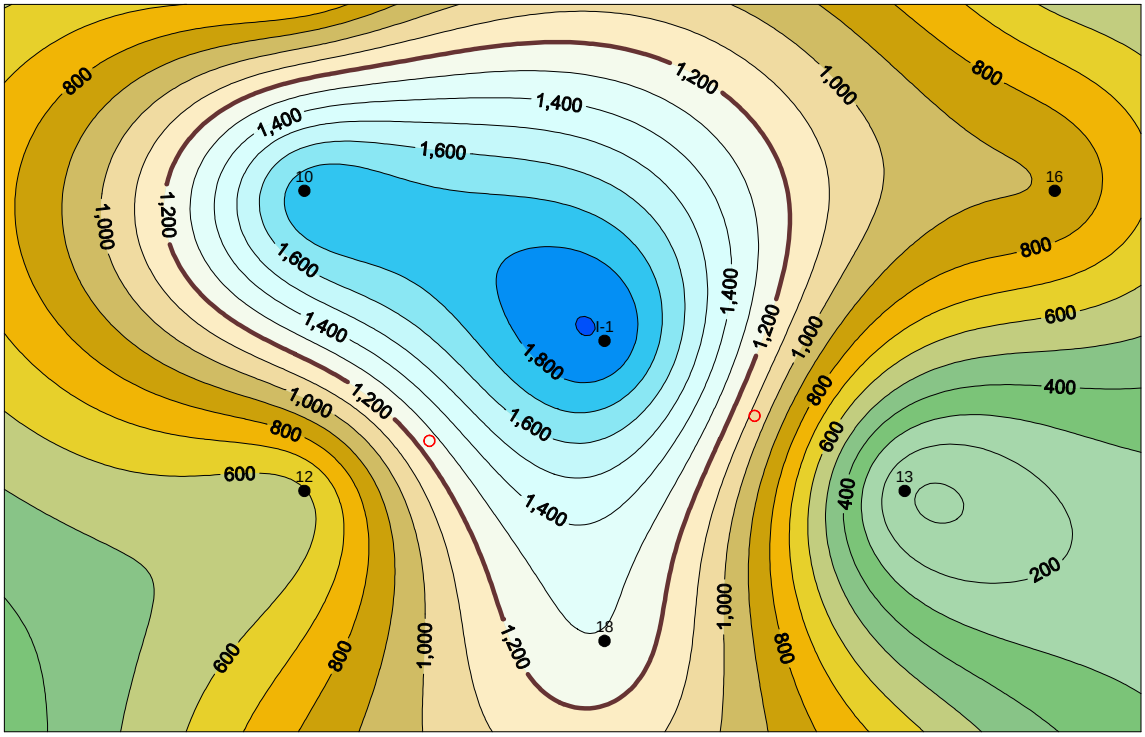
LKC CO2 12 Production



LKC CO2 13 Production

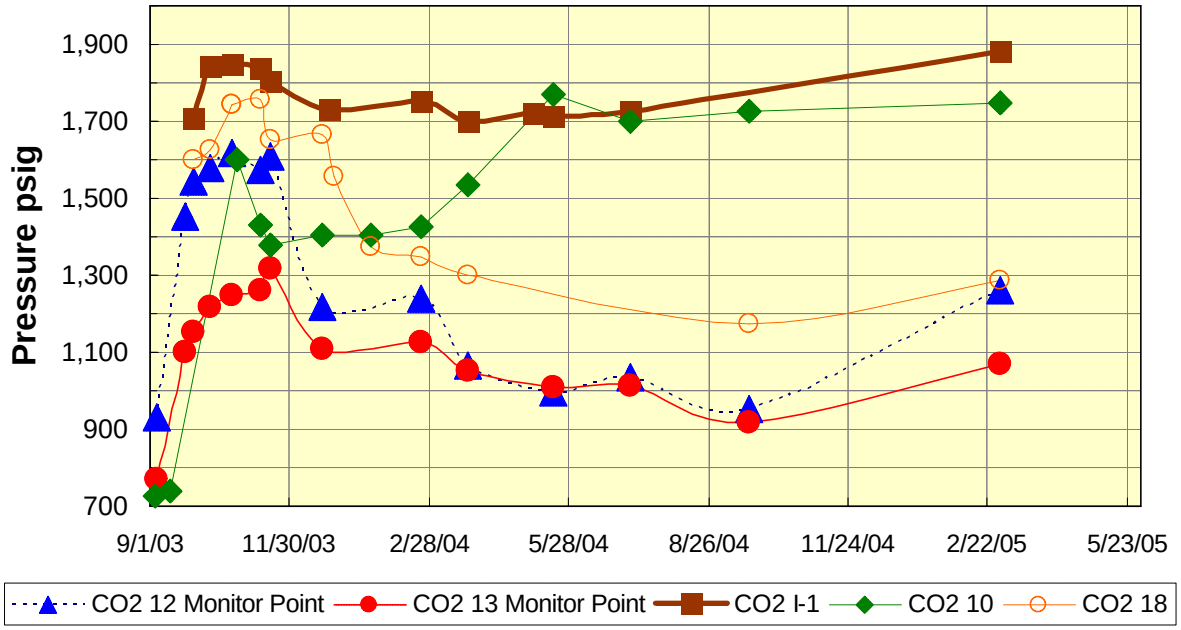






LKC-C Pressure 3-2-05

LKC Pilot Monitor Pressures



LKC Pilot Monitor Wells