

Preliminary Monthly Report

September 2004

Injection and total liquid production decreased slightly for the pilot wells (see attached graphs). Oil production in September averaged 2.2 BOPD compared to 2.5BOPD for August. Production for the first 19 days of October has averaged 3.1BOPD. Gas production, predominantly from CO₂ 12, continued during the month but decreased slightly. Gas production for the first 10 days of September has averaged 9.9mcfpd compared to 9.1mcfpd for the month of September and 12.1mcfpd for August.

Vent losses are down to under 5% and are averaging 16% since the start of the project.

Reported pressures continue to increase on CO₂ 16 and Carter 5 but may have stabilized in Carter 2 from its previous decline.

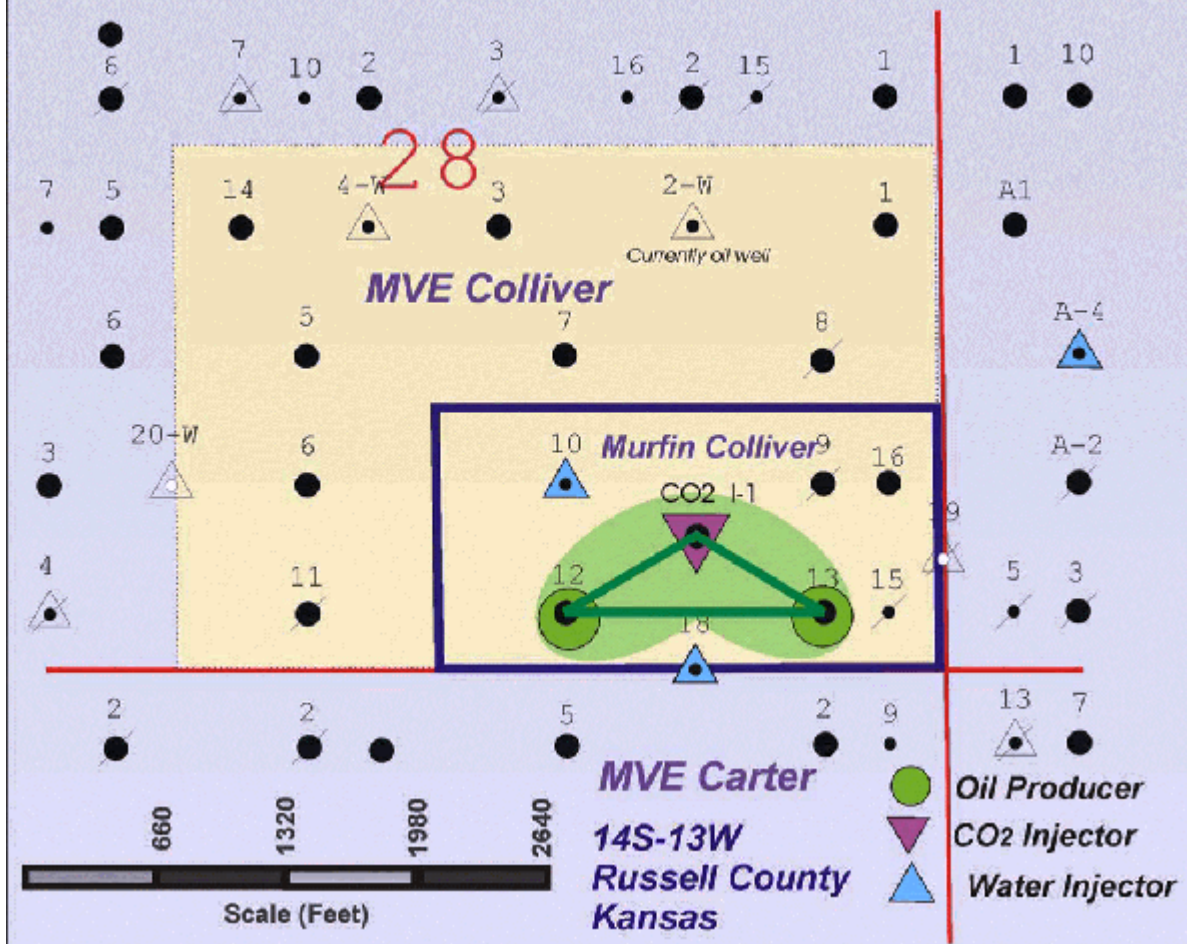
MMP bubble size, extrapolated monitor pressures, and estimated average pressure in the PPV area continue to decrease. We must get the injection and production in the pilot area in better balance. Just restricting the production is not sufficient. This results in increased losses to the higher permeability north due to the limited CO₂ injection confinement to the north and northeast.

CO₂ utilization plot continues to indicate that the CO₂ displacement process is becoming less efficient potentially as a result of the under injections. Other possibilities for the reduced efficiency are metering errors in the production or depositional issues.

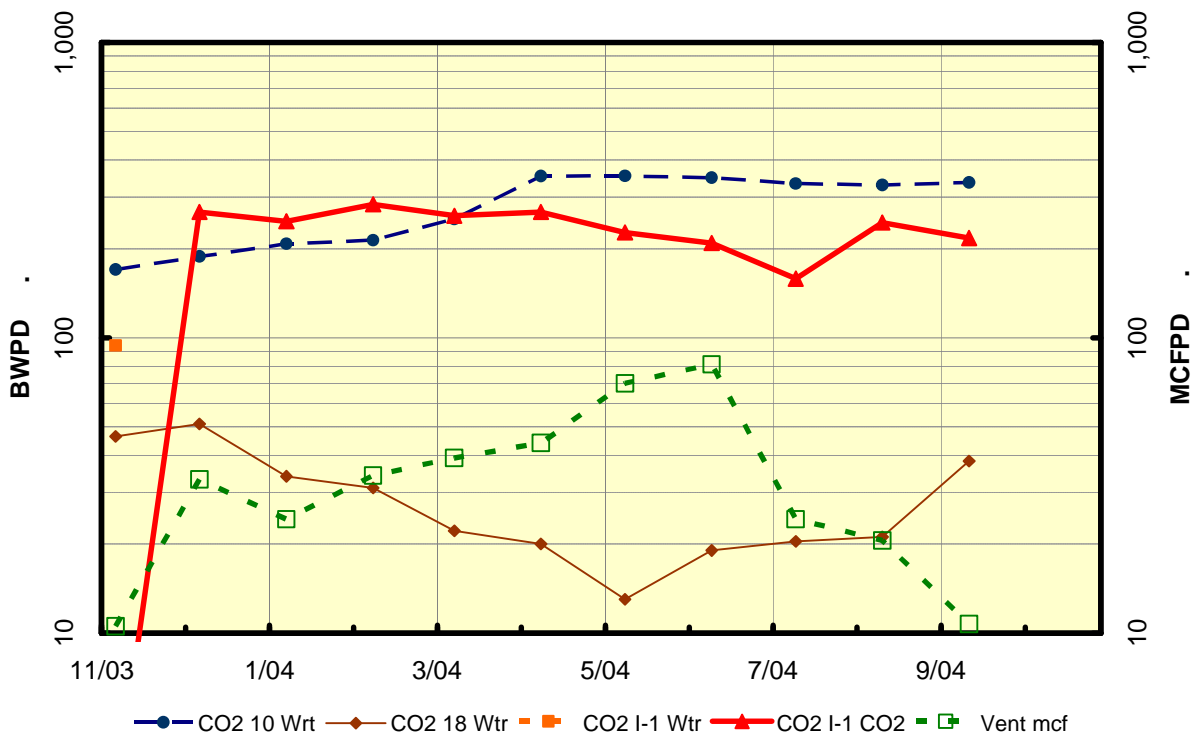
Attached:

- Pilot Map
- Monthly report
- Injection graphs
- Production graphs
- CO₂ Utilization
- LKC Pressure Map
- LKC Pilot monitoring pressure graph
- LKC Pilot monitoring wells pressures graph

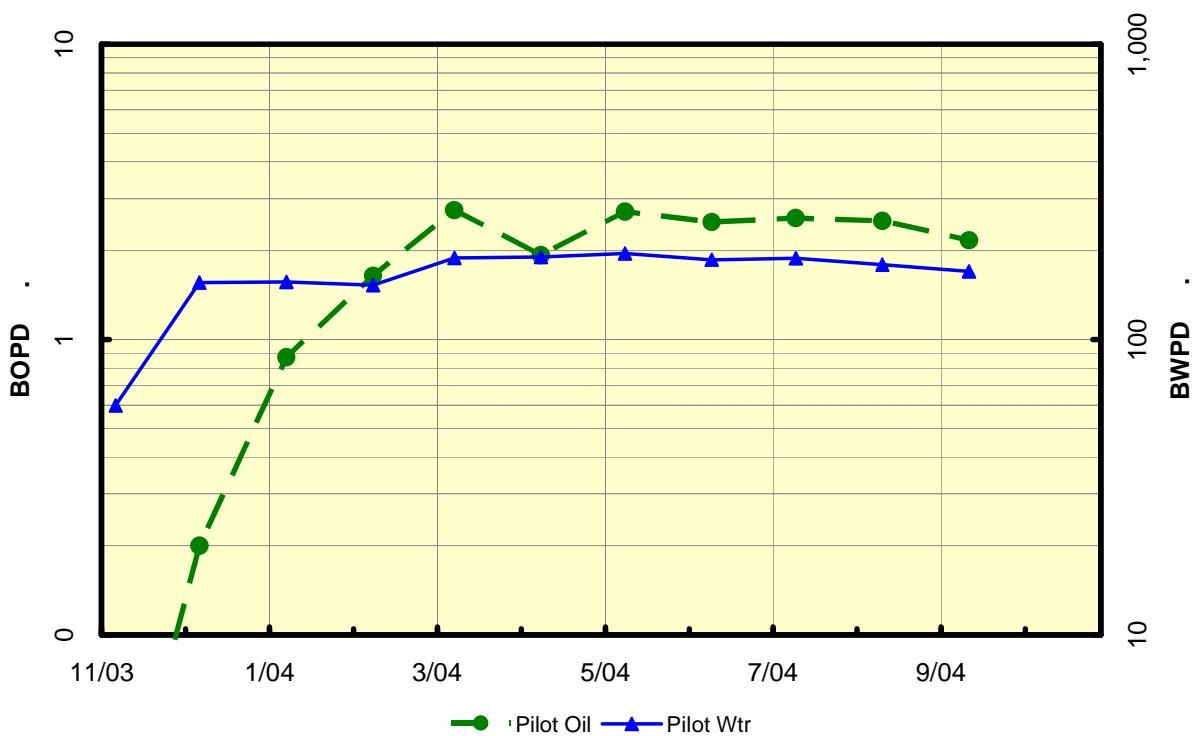
CO2 Pilot 10-Acre Pattern



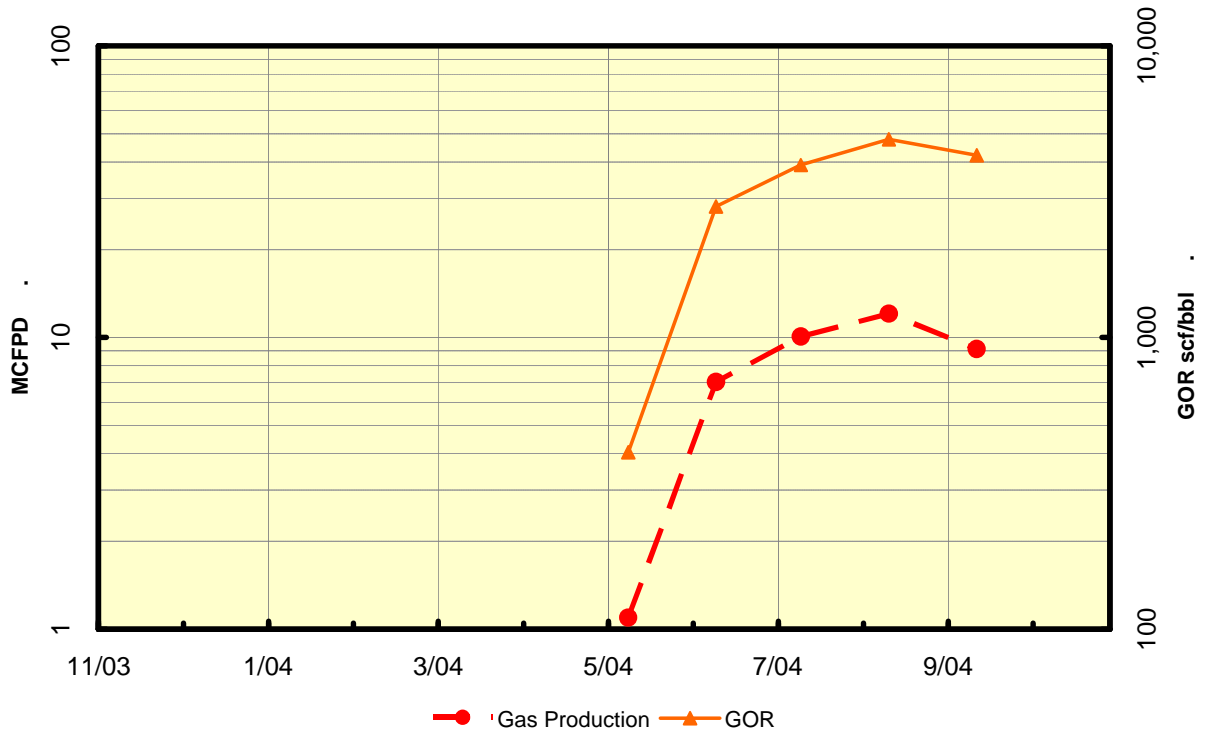
LKC Pilot Injection



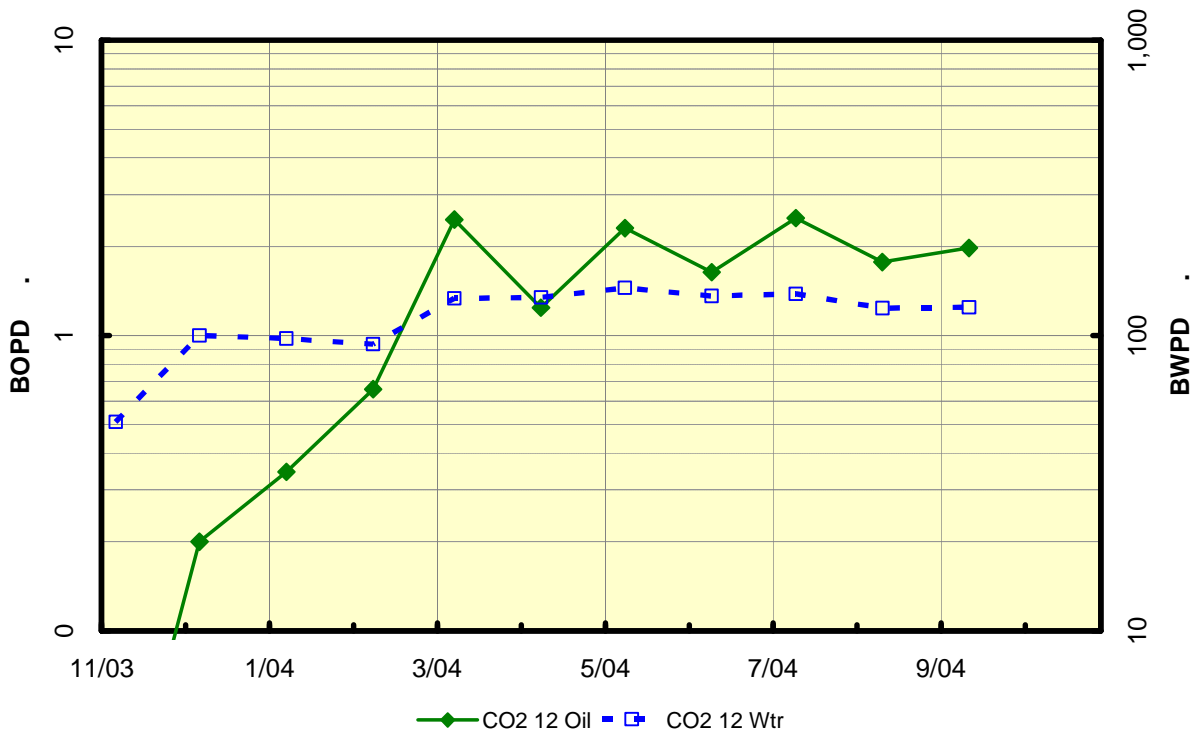
LKC Pilot Production



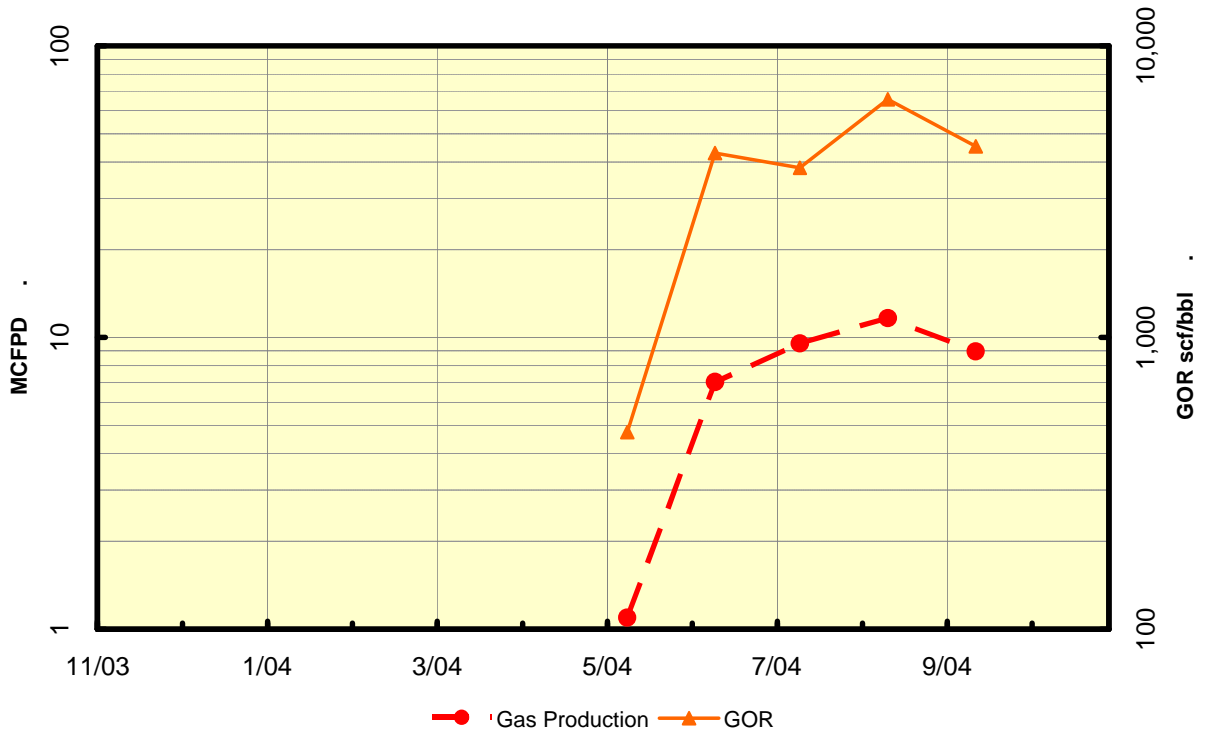
LKC Pilot Production



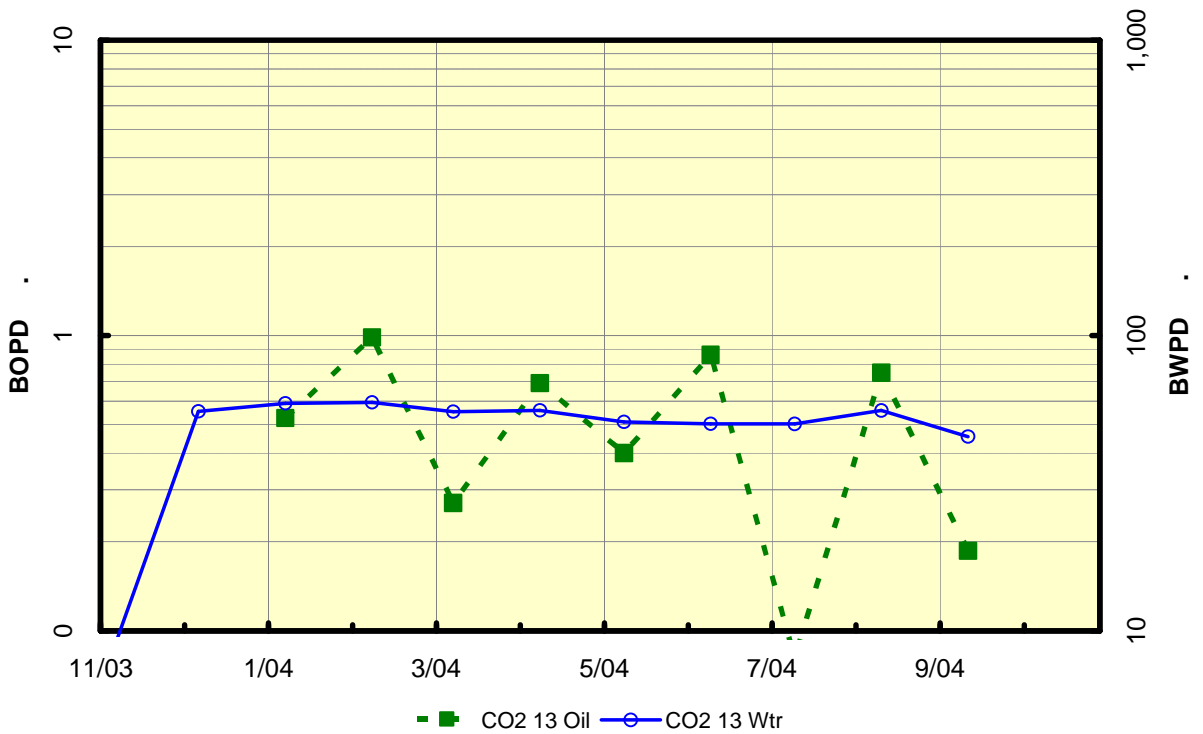
LKC CO2 12 Production



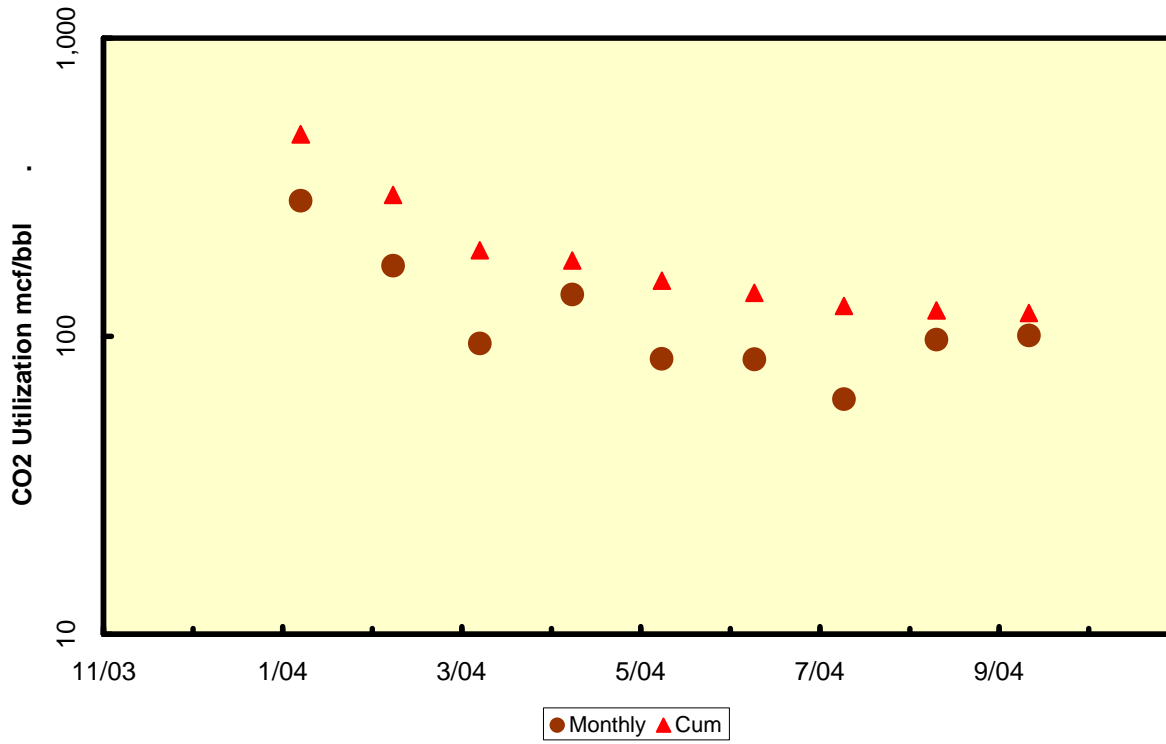
LKC CO2 12 Gas Production



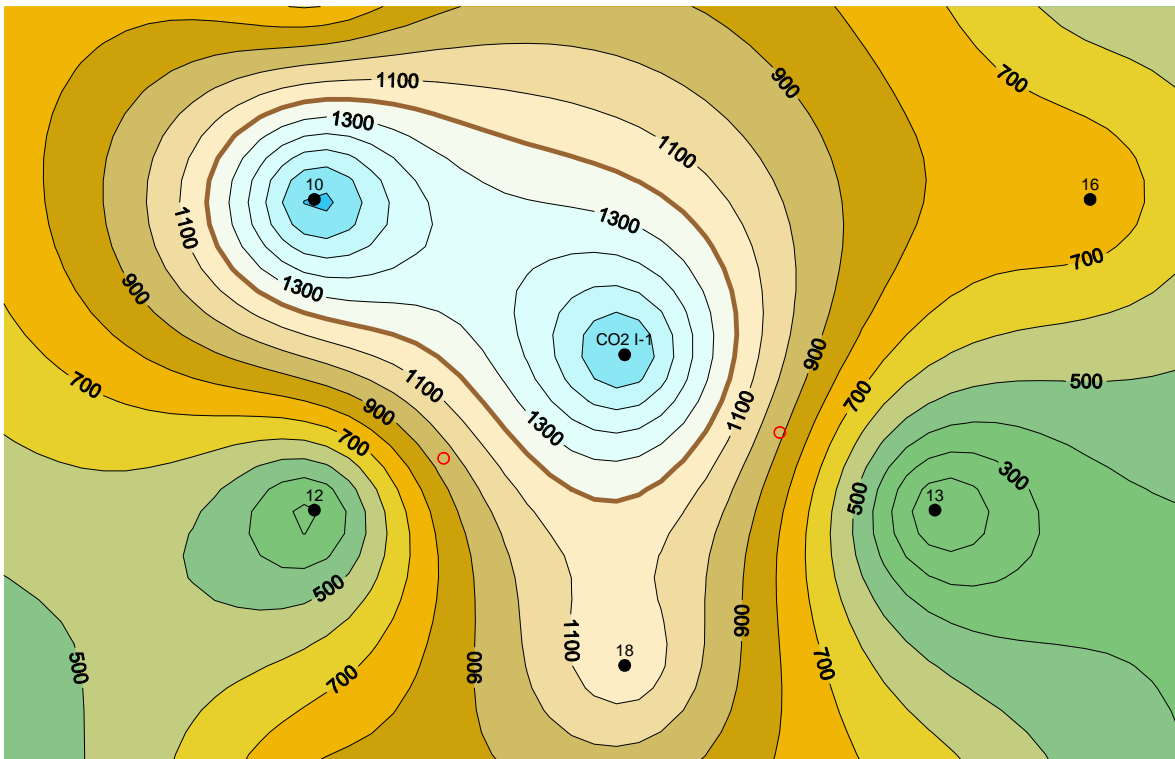
LKC CO2 13 Production



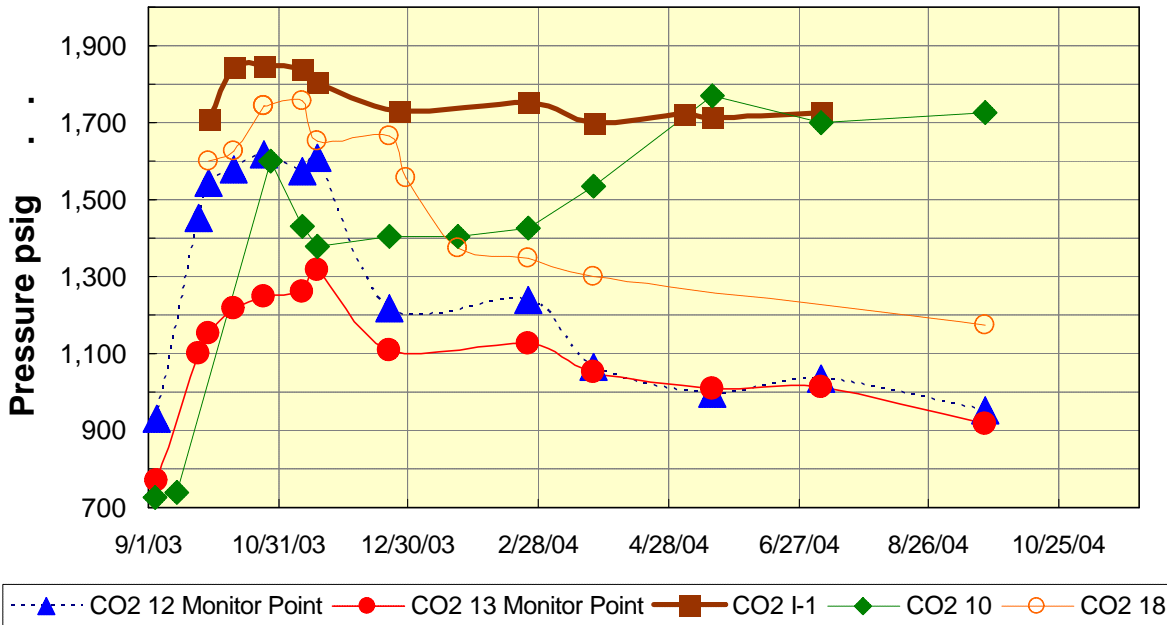
LKC Pilot



LKC Pilot Pressure 9-21-04



LKC Pilot Monitor Pressures



LKC Pilot Monitor Wells

