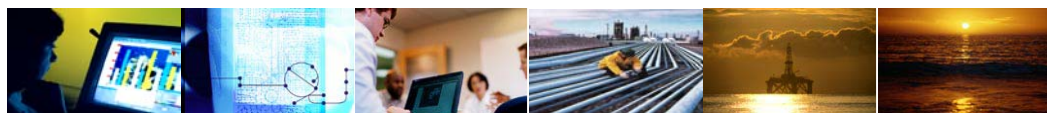


**A Bi-Annual Publication
1st Half 2005**

better reservoir decisions



Don't forget to mark your calendar with upcoming events:

- **AMGE 2nd International Congress of Geosciences in Petroleum Industry: Merida, Yucatan, Mexico, 4-7 September**
- **SPE Annual Technical Conference and Exhibition: Dallas, 9-12 October**
- **SEG Annual Meeting: Houston, 6-9 November**

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Knowledge Reservoir and Net Brains to Pursue Joint Projects in Mexico

Knowledge Reservoir and Net Brains have signed an agreement to work together in pursuing projects in Mexico in the areas of subsurface asset consulting, production solutions, and knowledge management products and services.

The approach will build on the international success that has been registered by Knowledge Reservoir in deploying the above solutions. It will also complement the ongoing efforts in the region by Net Brains specialists.

David Andrews, President of Net Brains said, "We are very pleased to be joining forces with Knowledge Reservoir in Mexico. We have a long and successful history in the Exploration and Production regions and look forward to enhancing our current offering with the time proven experience of Knowledge Reservoir."

Dr. Ivor Ellul, CEO of Knowledge Reservoir said, "The experience accumulated in Mexico by our partners at Net Brains together with the relationships that have been built will be invaluable to us in extending our offering in the region. We are confident that there are many areas in which we can help the industry and look forward to the opportunity to deploy the various elements of our project work flow expertise."

"We are very pleased to be joining forces with Knowledge Reservoir in Mexico."

Knowledge Reservoir at the AAPG Convention in Calgary

The recent 2005 AAPG Convention in Calgary was a great success. AAPG reported the largest attendance since 1986 with over 7,600 participants. Knowledge Reservoir's President, Robert Archer, noted that "this was a great opportunity to interact with a vibrant geological society, which was particularly well represented by the Canadian companies." Archer expressed that "this exposure has given Knowledge Reservoir an excellent opportunity to begin developing new relationships with key Canadian E&P contacts."

Knowledge Reservoir's convention team had the opportunity to discuss the company's services with many current and prospect clients.



Knowledge Reservoir Team at AAPG Convention
Left to Right: Robert Archer (President), Kent Horstmann (VP Business Development), Lee Shelton (U.S. Sales Manager), Dr. Gerald Kuecher (Project Manager)

Knowledge Reservoir Completes Project in Papua New Guinea

Knowledge Reservoir has completed a one year assignment in Papua New Guinea with the Department of Petroleum and Energy of the Government of Papua New Guinea. The assignment comprised training in Gas Processing and Gas Transportation as well as assistance in the development of Regulations and Standards for the Upstream, Midstream and Downstream areas of oil and gas production and distribution.

The company fielded a multi-disciplinary team headed by Dr. Ivor Ellul who kicked the project off in June of last year. Since then, experts in each of the above areas have visited Port Moresby dedicating

time to formal training as well as providing consulting in areas relevant to the projects currently in progress in the country. In particular, work focused on the Gas to Queensland project wherein gas will be shipped in future from Papua New Guinea to Australia. Additionally, assistance was provided in developing a Gas Master Plan for the country meant to address the future infrastructural needs of the growing population.

A number of engineers and geoscientists at the Department of Petroleum and Energy were certified during this process providing them with a solid foundation for dealing with the processing and transportation activities in the next few years.



Dr. Ivor Ellul (2nd from left) with engineering team in Papua New Guinea



Operations in the UK Office

Knowledge Reservoir's UK operation is making great progress and to date we have worked on projects in the UKCS, Western Siberia, Algeria, the Gulf, Egypt, Pakistan, India and Malaysia. One of KR UK's largest ongoing contracts is the Mangala EOR study that is being performed for Cairn Energy India. The Mangala discovery in the North West Indian state of Rajasthan has an estimated oil in place of one billion barrels and we are evaluating a number of EOR methods to maximize the recovery.

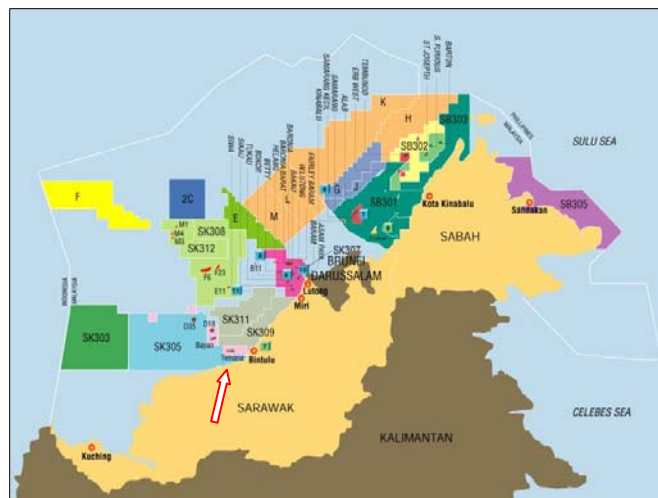
Our UK business started in late 2003 with an office in Aberdeen, the oil centre for the UKCS, and according to Peter Rutledge, KR UK Managing Director, it's time to start thinking about expanding, "thanks to the growth we have experienced in the last 12 months, we will shortly be opening a second office in London."

"Thanks to the growth we have experienced in the last 12 months, we will shortly be opening a second office in London."

Work Continues in Kuala Lumpur on Petronas Project

In September of 2004, Knowledge Reservoir, in partnership with Uzma Engineering, kicked off a Full Field Review (FFR) of the Temana field for Petronas Carigali. A multi-disciplinary team of engineers and geoscientists has been working on the project since that time in accordance with a workflow developed in conjunction with the client.

The Temana field is located immediately off the coast of Sarawak and comprises one of the many hydrocarbon producing assets of the State of Malaysia.



Temana Field



2005 Temana Team

Scandpower Petroleum Technology & Knowledge Reservoir to Pursue Software-Based History-Matching Market

Knowledge Reservoir and Scandpower Petroleum Technology (SPT) have signed an agreement to jointly pursue the software-based reservoir simulation history-matching market.

The technical workflow will revolve around the use of the MEPO[®] software product released last year by SPT. The product enables accurate decision-making and cost effective operations through uncertainty assessment, history-matching and reservoir forecasting of reservoir models.

Dag Terje Rian, President of SPT said, "We are very pleased to be partnering with Knowledge Reservoir

in our push into the Americas marketplace. We have achieved a very good response with the MEPO product in Europe, and our goal is to make MEPO a market leading software application within uncertainty quantification and history matching in North and South America.

Dr. Ivor Ellul, CEO of Knowledge Reservoir said, "We feel that the technology incorporated in the MEPO product will provide immediate added value to our consulting workflow. Our aim is to maintain our track record of providing the highest quality consulting services to our clients. The ability to bring new technology to bear clearly falls within this scope."

Knowledge Reservoir Awarded EOR Study of Cairn Energy's 1 Billion Barrel Oilfield in Rajasthan, India

Cairn Energy India Pty Limited has awarded Knowledge Reservoir (UK) Limited the contract for an EOR Study of its Mangala and Aishwariya Fields in Rajasthan, following Knowledge Reservoir's successful completion of an IOR screening study. An independent report on the Mangala discovery in the Thar Desert of the North West Indian state has estimated oil in place at one billion barrels. This report estimated the Proved oil in place to be 905 million barrels and the Proved plus Probable oil in place to be 1,005 million barrels. This new study will be the foundation for the full field development of this large asset.

Cairn commenced its multi-well drilling programme on Block RJ-ON-90/1 in 2002 and in early 2004 achieved a number of major oil discoveries, among them the Mangala and Aishwariya Fields. Cairn currently has several drilling rigs operating in Rajasthan and is conducting fast-track exploration, appraisal and development activities in parallel across the block.

Dr. Ivor Ellul, CEO of Knowledge Reservoir said "We are delighted to have been selected by Cairn Energy for this key project in Rajasthan. The project will be executed by our expert team of IOR / EOR engineering and geoscience specialists, and we look forward to it being another in our track record of delivering successful projects an area of major importance for the sustainability of the industry."

New Knowledge Reservoir Houston Faces in 2005

Dr. Gerald Kuecher, January, Project Manager

Jose "Cheo" Alvarez, January, Petroleum Engineer

Dr. Jack Zheng, January, Flow Assurance Engineer

Julietta Johnson, January, Project Coordinator

Mindy Williams, February, Consultant Recruiter

Kent Horstmann, April, VP Business Development

Bob Shoup, April, Chief Geoscientist

Lee Shelton, June, U.S. Sales Manager

"We feel that the technology incorporated in the MEPO product will provide immediate added value to our consulting workflow."

"We are delighted to have been selected by Cairn Energy for this key project in Rajasthan."



From left to right: Lee Shelton, Kent Horstmann, Bob Shoup, and an unknown AAPG attendee



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SPE Annual Technical Conference and Exhibition

Please visit us at booth #509

better decisions at any depth

Knowledge Reservoir is the consulting firm that energy companies turn to for clear answers when the financial and technological risks are greatest. For deepwater and other complex projects, Knowledge Reservoir provides energy companies with the expertise and experience to integrate disciplines and turn information into quick, appropriate action. We also offer the experienced resources to independently verify interpretation, support decision-making and supplement scarce resources.

Some of Knowledge Reservoir's services include:

- **Integrated reservoir evaluations**
- **Reservoir simulation & modeling**
- **Geological/geophysical interpretation**
- **Petrophysical analysis**
- **Performance optimization**
- **Petroleum engineering solutions**

If we can ever help provide technical assistance to your organization, please don't hesitate to contact us.

2005 Calendar of Events

Jan. 25 - 27	NAPE, Houston
Jan. 31	SPE - Reservoir Simulation Symposium, Houston, The Woodlands
March 23 - 24	SPE GCS - Digital Energy 2005, Houston, Westin Galleria
May 3 - 6	OTC 2005, Houston, Reliant Center
June 19 - 22	AAPG Annual Meeting, Calgary
Aug. 15 - 16	SPE Delta Div - Deepwater Conference, New Orleans
Sept. 4 - 7	AMGE 2nd International Congress of Geosciences in Petroleum Industry, Merida, Yucatan, Mexico
Sept. 20 - 22	Flow Assurance 2005, Galveston, Moody Gardens
Oct. 9 - 12	SPE Annual Meeting, Dallas, Convention Center (Booth #509)
Oct. 26 - 28	PSIG Annual Meeting 2005, New Orleans
Nov. 6 - 9	SEG Annual Meeting 2005, Houston