	NON TO COM	MPLETE BLOCKS					UMBER	PAGE 1	3
2. CONTRACT	NO.	3. AWARD/EFFECTIVE	4. ORDER NUME	BER	5. SOLIC	CITATION	NUMBER	6. SOLIC	ITATION ISSUE
DE-AP91-0	4WR01109	6/4/04						DATE	
		a. NAME			b. TELER	PHONE N	UMBER (No collect	8. OFFER	R DUE DATE/
	LICITATION ION CALL:				calls)				L TIME
9. ISSUED BY		2005		110. THIS ACQUISE	TON IS		11. DELIVERY FOR	12. DISC	OUNT TERMS
5. 1000ED B1		CODE		XUNRESTRICT			FOB DESTINATION	I.E. BIOG	ootti termo
S. Depart	ment of Ene	rav		SET ASIDE:		FOR	UNLESS BLOCK IS MARKED		
POSR-CUW				SMALL BUSINESS			SEE SCHEDULE		
7 N. Popl	ar, Suite 1		HUBZONE SMALL			Net 30			
sper WY 82601				BUSINESS			13a. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)		
				□ 8(A)			13b. RATING		70 (10 0111 700)
				NAICS:					
				SIZE STANDARD	:		14. METHOD OF SOLIC	CITATION	
AF DELIVED TO				4.0 1.01101107505) m/		X RFQ IFB		RFP
15. DELIVER TO e Block 9	3	CODE	L	16. ADMINISTERE				CODE	
				GGC Brook 3					
17a. CONTRAC		FACILI	TV	18a, PAYMENT W	LL BE MA	ADE BY		CODE	T
OFFEROR	0002	CODE		U.S. Depart	ment	of Er		0002	L
rdisys				Oak Ridge (
-	North, Suit	e 525			_		Services Center	2	
	ds TX 77380			P.O. Box 49	37				
	281-364-69			Oak Ridge T	N 378	31			
	CK IF REMITTANCE	IS DIFFERENT AND PUT SI	UCH ADDRESS IN			O ADDRI	ESS SHOWN IN BLOCK	18a UNLE	SS BLOCK BELOW
OFFE	R			IS CHECKED	SE	E ADDE	MUM		
	R	20. SCHEDULE OF SUPPLIES	S/SERVICES	1 2	SEI	22. UNIT	23. UNIT PRICE	T	24. AMOUNT
19. ITEM NO.		schedule of supplies		QUA	1. NTITY	22.	23.	00	24. AMOUNT \$140,000.0
19. ITEM NO.	Drill 4 la Scope of W	schedule of supplies ateral @ 2 Shanna Work	on Wells, IA	QUA	1. NTITY	22. UNIT EA	23. UNIT PRICE \$70,000.		\$140,000.0
19. ITEM NO.	Drill 4 la Scope of W	schedule of supplies	on Wells, IA	QUA	1. NTITY	22. UNIT	23. UNIT PRICE		\$140,000.0
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19. ITEM NO.	Drill 4 la Scope of W	schedule of supplies ateral @ 2 Shanna Work	on Wells, IA	QUA	1. NTITY	22. UNIT EA	23. UNIT PRICE \$70,000.		\$140,000.0
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19. ITEM NO. 001	Drill 4 la Scope of W Mobilizati	SCHEDULE OF SUPPLIES Atteral @ 2 Shanne Nork On/Demobilization	on Wells, IA	QUA	1. NTITY	22. UNIT EA	23. UNIT PRICE \$70,000.	00	\$140,000.0 \$17,500.0
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19. ITEM NO. 001 002 25. ACCOUNTI	Drill 4 la Scope of W Mobilizati (Use Reve NG AND APPROPRI	SCHEDULE OF SUPPLIES Atteral @ 2 Shanne Nork on/Demobilization ease and/or Attach Addition IATION DATA	on Wells, IA on and Sheets as Necess	QUA	1. NITTY 2 1	EA EA EA	23. UNIT PRICE \$70,000. \$17,500.	MOUNT (F	\$140,000.0 \$17,500.0 \$17,500.0
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AUTHORIZED FOR LOCAL REPRODUCTION PREVIOUS EDITION IS NOT USABLE

STANDARD FORM 1449 (REV. 4/2002) Prescribed by GSA - FAR (48 CFR) 53.212

RECEIVED JUN 28 2004



March 01, 2004

Mr. Cecil Foote Department of Energy 907 N Poplar, Ste 150 Casper, WY 82601

Re: <u>LETTER OF INTENT</u> - RADIAL DRILLING OPTIMIZATION SERVICES Shannon Sandstone

Dear Cecil:

This letter is to confirm your intent to contract with Verdisys, Inc. to provide radial drilling optimization for the following work scope in your field development penetrating the Shannon Sandstone.

Work Scope: Two wells to be determined by the DoE within pilot project commencing in three to six weeks. Verdisys will jet four laterals up to 300' in length per depth interval in two horizons (8 laterals per well) to a measured depth not to exceed 6,000'.

Verdisys to provide:

- Verdisys Lateral Drilling Unit with crew
- Verdisys lateral drilling equipment
- Fuel and consumables for Verdisys unit

DoE to provide:

- Pulling unit
- Wireline/logging unit
- Tubing string set at depth
- Lubricator (if required)
- Jetting fluid plus specialty additives

Rate schedule:

Per-Well Rate	- \$35,000 (4 laterals @ 1 horizon) - \$2,500 per each additional lateral - \$1,000 per hour standby (>2 hrs/occur.)
 Mobilization/demobilization 	- \$17,500 (roundtrip)
 Field Engineer (if requested) 	- \$800 / day plus expenses (at cost)
 3rd party equipment/services p. 	rovided at cost plus 15%

A master service contract is attached for your consideration. We look forward to a mutually successful project that will lead to a continued business relationship between our companies. Should you have any questions, please do not hesitate to contact us.

Sincerely

David Adams

President and COO

Attachment

Accepted By:

Date: 4/14/1