

State of Minnesota
Office of the Legislative Auditor
Centennial Building, Room 140
658 Cedar Street
St. Paul MN 55155

FROM: Charlotte Neigh, Co-Chair, Citizens Against the Mesaba Project (CAMP)

25886 Spruce Drive Bovey MN 55709

(218) 245-1844

Not a public employee

1. What occurred:

Excelsior Energy has misused money provided by Iron Range Resources and Rehabilitation (IRR) in two unsecured loans totalling \$9.5 million by:

- (A) Spending it on lobbying expenses;
- (B) Having millions of dollars of the IRR reimbursed invoices also reimbursed 50% by federal Department of Energy;
- (C) Claiming reimbursement for inappropriate and undocumented expenses including travel, meals and cell phones; and
- (D) Misclassifying employees as independent contractors and consultants.

2. Who was involved:

Excelsior Energy's Co-Presidents and Co-CEOs, Thomas Micheletti and Julie Jorgensen, and various Vice Presidents.

IRR Commissioner Sandy Layman, Energy Director Mike Larson, Loan Officer David Hart and various staffers.

3. When occurred:

Approximately \$6.7 million disbursed by IRR to Excelsior Energy between April 2002 and June 2006. Excelsior reported lobbyist expenditures of \$640,000 from 2003 - 2006. Specific questionable invoices from a law/lobbying firm were paid in 2002 and 2004. Other (redacted) invoices from 2002 to 2006 totalling more than \$1 million paid to law firms in Minnesota and Washington D.C. may be for governmental affairs work rather than legal services.

Approximately \$6 million was disbursed by DOE in June 2006, reimbursing invoices between Dec. 2004 and March 2006.

4. Law, rule or standard violated:

- I. Two loan agreements with IRR and one with DOE prohibit using funds for lobbying. Grant money provided by the Renewable Development Fund administered by Xcel Energy may not be used for lobbying, according to the Fund's Administrator. (Attached: p. 6 of \$1.5 M agreement; p. 6 of \$8 M agreement; Cover Sheet & p.8 of DOE agreement)
- II. IRR loan agreements do not contemplate having same invoices reimbursed by DOE.

Excelsior Energy failed to make its first interest payment as scheduled in April 2007. The IRR Board is considering officially extending this due date to December 2009, without considering that some of the invoices reimbursed with IRR funds were also reimbursed by DOE funds and IRR funds were otherwise misused. (Attached: 7/23/07 letter from Commissioner to Excelsior)

- III. IRR acknowledges responsibility to evaluate whether expenditures qualify for reimbursement but did not do so until October 2007, after a lobbying violation was publicly revealed in a letter to the editor. IRR allowed some remarkably questionable items to pass unquestioned. CAMP requested but IRR did not provide: instructions given to Excelsior, including format and content for invoices and backup documentation; and guidelines for what sorts of expenditures are reimbursable.

- IV. Labor and employment laws relating to workers compensation, unemployment compensation, payroll taxes, and withholding employee's taxes.

5. Evidence to support allegations - Enclosed: Background & Chronology; Lobbying Summary with 11 attachments; Duplicate Invoices Summary with 2 attachments; Questionable Expenditure Summary with 8 attachments; Misclassifying Employees Summary with 3 attachments.
6. I have not reported this allegation to another government office.

I look forward to hearing from you within two weeks regarding what additional action the OLA will take.

Thank you for your attention to this matter.

January 9, 2008

Charlotte Neigh, Co-Chair
CAMP

BACKGROUND AND FINANCING OF EXCELSIOR ENERGY'S MESABA ENERGY PROJECT

Citizens Against the Mesaba Project (CAMP) is a nonprofit, grassroots organization formed after Excelsior Energy announced in 2005 that it was moving its preferred site for a coal-gasification power plant, the Mesaba Energy Project, from a brownfield near Hoyt Lakes to a forested area of recreational lakes near the Scenic Highway in Itasca County. One of CAMP's primary concerns has been the extent of public money and lack of private money funding the Project. This concern was compounded by the discovery that eight of the nine top executive positions at Excelsior were held by people who had previously held positions at NRG Energy, Inc., the NSP subsidiary that went bankrupt and nearly took NSP with it.

Available information shows that Excelsior has been operating on publicly financed debt: \$9.5 million in unsecured loans from the IRR; and about \$22 million of an interest-free, unsecured loan from the federal Department of Energy. It also has received three payments of a grant of \$2 million/year from the state of Minnesota's Renewable Development Fund. (Entitlement to the RDF funds is contested by Minnesota Power and may be negated by the court of appeals). The Principals have refused to say how much private equity has been invested but a review of the financial statements obtained from the IRR suggests that the only equity is \$60,000 paid for stock by the two Principals, Tom Micheletti and Julie Jorgensen. It also appears that at times they have loaned money to the company and then paid themselves back with interest.

On 11/29/07, pursuant to a Minnesota Government Data Practices Act request, CAMP inspected and copied documents at the Iron Range Resources and Rehabilitation office. Analysis of those documents revealed: Excelsior did not present audited financial statements prior to 8/31/04; IRR funds may have been used by Excelsior to pay for lobbying expenses, which is expressly prohibited by the terms of the loan agreements; claims for reimbursement were made by Excelsior and honored by the IRR even though some were questionable on their face and many lacked documentation; and "consulting agreements" with several people who had been announced as Vice Presidents and members of the leadership team, who appeared to be employees.

Comparing the IRR documents with invoices received from the DOE under a FOIA request reveals that Excelsior submitted many of the same invoices to both agencies in support of its reimbursement requests. For the time period of 12/1/04 to 3/31/06, Excelsior claimed more than \$5 million in reimbursements from the IRR and more than \$6 million in reimbursements from the DOE. Although the DOE invoices were disorganized and heavily redacted, a sampling of invoice numbers and dates revealed that many of the same invoices for various vendors were submitted to both agencies.

IRR files also reveal that Excelsior Energy failed to make its first interest payment on schedule in April 2007. In June 2007, while this interest payment was overdue, Excelsior requested and received a payout of the final \$2.75 million remaining in the loan fund. In a 7/23/07 letter Commissioner Layman unilaterally granted an extension until 12/31/07. On 12/31/07 the Commissioner unilaterally granted an extension until 12/31/08.

CHRONOLOGICAL SUMMARY

- 8/17/01 Excelsior Energy incorporated by Thomas Micheletti (100 shares); he and his wife, Julie Jorgensen (200 shares) are the only shareholders and directors; only equity is \$60,000 for the stock.
- 12/11/01 IRR Board approves \$1.5 million unsecured loan (convertible debenture); it required \$4.9 million matching funds, but was amended in 6/04 to require no matching cash.
- 4/02 \$1.5 million loan agreement finalized and first \$250,000 disbursed. ,
- 6/03 Special Session of Legislature: Mesaba Energy Project declared eligible for \$2 million/year for five years from Renewable Development Fund (\$2 million has been paid in 2005, 2006 and 2007).
- 5/12/04 Excelsior's CPA issues a "compilation" of financial information in lieu of audited financial statements because "management has elected to omit substantially all of the disclosures . . . required by generally accepted accounting principles".
- 6/15/04 Excelsior applies to DOE for \$150 million.
- 6/30/04 IRR Board approves second unsecured loan for \$8 million (convertible debenture) and amends first loan agreement to eliminate matching cash requirement.
- 8/31/04 First audited financial statements are presented to IRR.
- 10/04 DOE announces award of \$36 million (\$22 million for development phase) in cost sharing funds to EE; agreement is not finalized until May 2006.
- 12/04 \$8 million IRR loan agreement finalized; last money drawn from first loan and first money drawn from second loan.
- 6/06 15th draw by EE against \$8 million (total drawn: \$1.5 million on first loan plus \$5,250,975.04 on second loan);

First DOE funds received (\$6,071,729 requested)
- 3/07 Excelsior requests extension from 4/23/07 to 12/09 for first interest payment to IRR.
- 6/07 Excelsior requests and receives payment of last \$2.75 million remaining in loan fund.
- 7/23/07 Commissioner unilaterally grants extension on interest payment to 12/31/07.
- 12/31/07 Commissioner unilaterally grants extension on interest payment to 12/31/08.

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Available information shows that Excelsior has been operating on publicly financed debt: \$9.5 million in unsecured loans from the IRR; and about \$22 million of an interest-free, unsecured loan from the federal Department of Energy. It also has received three payments of a grant of \$2 million/year from the state of Minnesota's Renewable Development Fund. (Entitlement to the RDF funds is contested by Minnesota Power and may be negated by the court of appeals). The Principals have refused to say how much private equity has been invested but a review of the financial statements obtained from the IRR suggests that the only equity is \$60,000 paid for stock by the two Principals, Tom Micheletti and Julie Jorgensen. It also appears that at times they have loaned money to the company and then paid themselves back with interest.

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Comparing the IRR documents with invoices received from the DOE under a FOIA request reveals that Excelsior submitted many of the same invoices to both agencies in support of its reimbursement requests. For the time period of 12/1/04 to 3/31/06, Excelsior claimed more than \$5 million in reimbursements from the IRR and more than \$6 million in reimbursements from the DOE. Although the DOE invoices were disorganized and heavily redacted, a sampling of invoice numbers and dates revealed that many of the same invoices for various vendors were submitted to both agencies.

IRR files also reveal that Excelsior Energy failed to make its first interest payment on schedule in April 2007. In a 7/23/07 letter Commissioner Layman unilaterally granted an extension until 12/31/07. The documents also reveal that Excelsior is interested in obtaining more funding from the DOE and the IRR. Excelsior should not be granted any further benefits at the expense of the public before these issues are reviewed and resolved.

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- 12/04 \$8 million IRR loan agreement finalized; last money drawn from first loan and first money drawn from second loan.
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First DOE funds received (\$6,071,729 requested)
- 3/07 Excelsior requests extension from 4/23/07 to 12/09 for first interest payment to IRR.

**STATE OF MINNESOTA
OFFICE OF THE COMMISSIONER OF
IRON RANGE RESOURCES AND REHABILITATION**

**EXCELSIOR ENERGY, INC.
CONVERTIBLE DEBENTURE AGREEMENT**

THIS AGREEMENT is made by and between the State of Minnesota acting by and through its **Office of the Commissioner of Iron Range Resources and Rehabilitation**, with offices at 1006 Highway 53 South, P.O. Box 441, Eveleth, Minnesota 55734-0441 (Telephone Number: (218) 744-7400; FAX Number: (218) 744-7402) ("State") and **Excelsior Energy, Inc.**, a Minnesota business corporation ("Company"), with its principal offices at 519 Ferndale Road North, Wayzata, Minnesota 55391, (Telephone Number: (952) 473-9506; FAX Number: (952) 473-2012); and shall become effective upon the date on which this Agreement is executed by the last State official whose signature is required below.

RECITALS

WHEREAS, the State is empowered to use the monies appropriated to the Commissioner of Iron Range Resources and Rehabilitation of the State of Minnesota ("Commissioner") under Minnesota Statutes Section 298.22 to participate with private sources in providing financing for various projects within or for the benefit of the Taconite Tax Relief Area (the "TTRA") defined in Minnesota Statutes Section 273.134, and

WHEREAS, Company has made Application to the State for a Loan of \$1,500,000 for the purpose of providing a portion of the funds necessary to evaluate potential sites for an electrical power generation plant in the TTRA and for environmental analysis, engineering, preliminary transmission feasibility analysis and certain legal, personnel and office expenses directly related to locating and constructing the power plant in the TTRA (the Project); and

WHEREAS, the principal of the Loan is convertible by the State into shares of Common Stock of Company at a conversion price equal to 80% of the Average Price paid for Common Stock from the Closing Date through the Project Closing Date; and

WHEREAS, the use of the proceeds from the Loan will be as set forth in the Development Budget and will not be used for lobbying expenses; and

WHEREAS, the Company has requested such debt funding to be in the form of a Convertible Debenture, as hereinafter defined, and the Commissioner has determined that it would be in the best interests of the State to provide such funding; and

**STATE OF MINNESOTA
OFFICE OF THE COMMISSIONER OF
IRON RANGE RESOURCES AND REHABILITATION**

**EXCELSIOR ENERGY INC.
\$8,000,000 CONVERTIBLE DEBENTURE
AGREEMENT**

THIS AGREEMENT is made by and between the State of Minnesota acting by and through its **Office of the Commissioner of Iron Range Resources and Rehabilitation**, with offices at 4261 Highway 53 South, P.O. Box 441, Eveleth, Minnesota 55734-0441 (Telephone Number: (218) 744-7400; FAX Number: (218) 744-7402) ("**State**") and **Excelsior Energy Inc.**, a Minnesota business corporation ("**Company**"), with its principal offices at 11100 Wayzata Boulevard, Suite 305, Minnetonka, Minnesota 55305 (Telephone Number: (952) 847-2360; FAX Number: (952) 847-2373; and shall become effective upon the date on which this Agreement is executed by the last State official whose signature is required below.

RECITALS

WHEREAS, the State is empowered to use the monies appropriated to the Commissioner of Iron Range Resources and Rehabilitation of the State of Minnesota ("**Commissioner**") under Minnesota Statutes Section 298.22 to participate with private sources in providing financing for various projects within or for the benefit of the Taconite Assistance Area (the "**TAA**") defined in Minnesota Statutes Section 273.1341, and

WHEREAS, Company has made Application to the State for a Loan of \$8,000,000 for the purpose of providing a portion of the funds necessary to develop and license an integrated gasification combined cycle ("**IGCC**") electrical power generation plant and transmission facilities in the TAA as more fully described herein; and

WHEREAS, the principal of the Loan is convertible by the State into shares of Common Stock of Company at a conversion price equal to 80% of the Average Price paid for Common Stock from the Closing Date through the Project Closing Date; and

WHEREAS, the use of the proceeds from the Loan will be as set forth herein and will not be used for lobbying expenses; and

(405)

NOTICE OF FINANCIAL ASSISTANCE AWARD

Under the authority of Public Law 95-91 DOE Organization Act, as amended by PL 102-486 Energy Policy Act

1. PROJECT TITLE MESABA ENERGY PROJECT - UNIT 1		2. INSTRUMENT TYPE <input type="checkbox"/> GRANT <input checked="" type="checkbox"/> COOPERATIVE AGREEMENT	
3. RECIPIENT (Name, address, zip code) MEP-I LLC 11100 Wayzata Boulevard, Suite 305 Minnetonka, Minnesota 55305		4. INSTRUMENT NO. DE-FC26-06NT42385	5. AMENDMENT NO. AD00
		6. BUDGET PERIOD FROM: 6/1/06 THRU: 4/28/08	7. PROJECT PERIOD FROM: 6/1/06 THRU: 2/28/13
8. RECIPIENT PROJECT DIRECTOR (Name, phone and E-mail) Jim Milkovich jimimilkovich@excelsiorenery.com 952/847-2371 FAX: 2373		10. TYPE OF AWARD <input checked="" type="checkbox"/> NEW <input type="checkbox"/> CONTINUATION <input type="checkbox"/> RENEWAL <input type="checkbox"/> REVISION <input type="checkbox"/> INCREMENTAL FUNDING	
9. RECIPIENT BUSINESS OFFICER (Name, phone and E-mail) Renee J. Sass reneesass@excelsiorenery.com 952/847-2363 FAX: 2373			
11. DOE PROJECT OFFICER (Name, address, phone and E-mail) National Energy Technology Laboratory ATTN: Jason T. Lewis jason.lewis@netl.doe.gov 3610 Collins Ferry Road, P. O. Box 880 Morgantown, WV 26507-0880 304/285-4724 FAX: 4403 or 4469		12. ADMINISTERED FOR DOE BY (Name, address, phone and E-mail) National Energy Technology Laboratory ATTN: William R. Mundorf william.mundorf@netl.doe.gov 626 Cochran Mill Road, P. O. Box 10940 Pittsburgh, PA 15236-0940 412/386-4483 FAX: 6137	
13. RECIPIENT TYPE <input type="checkbox"/> STATE GOV'T <input type="checkbox"/> INDIAN TRIBAL GOV'T <input type="checkbox"/> HOSPITAL <input checked="" type="checkbox"/> FOR PROFIT ORGANIZATION <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> LOCAL GOV'T <input type="checkbox"/> INSTITUTION OF HIGHER EDUCATION <input type="checkbox"/> OTHER NONPROFIT ORGANIZATION <input checked="" type="checkbox"/> C <input type="checkbox"/> P <input type="checkbox"/> SP <input type="checkbox"/> OTHER (Specify) _____			
14. ACCOUNTING AND APPROPRIATIONS DATA: 150 2005 31 220322 61000000 25500 1610353		15. EMPLOYER I.D. NUMBER a. TIN: 41-2019511 b. DUNS: 14-626-2915	
16. BUDGET AND FUNDING INFORMATION			
a. CURRENT BUDGET PERIOD INFORMATION		b. CUMULATIVE DOE OBLIGATIONS	
(1) DOE Funds Obligated This Action	\$	(1) This Budget Period	\$
(2) DOE Funds Authorized for Carry Over	\$	[Total of lines a.(1) and a.(3)]	
(3) DOE Funds Previously Obligated in this Budget Period	\$	(2) Prior Budget Periods	\$
(4) DOE Share of Total Approved Budget	\$	(3) Project Period to Date	\$
(5) Recipient Share of Total Approved Budget	\$	[Total of lines b.(1) and b.(2)]	
(6) Total Approved Budget	\$		
17. TOTAL ESTIMATED COST OF PROJECT, INCLUDING DOE FUNDS TO FFRDC: \$ 2,155,680,783 (This is the current estimated cost of the project. It is not a promise to award nor an authorization to expend funds in this amount.)			
18. AWARD AGREEMENT TERMS AND CONDITIONS This award/agreement consists of this form plus the following: a. Special terms and conditions. b. Applicable program regulations (specify) _____ (Date) _____ c. DOE Assistance Regulations, 10 CFR Part 600 at http://efcr.oeoaccess.gov or, if the award is a grant to a Federal Demonstration Partnership (FDP) Institution, the FDP Terms & Conditions and the DOE FDP Agency Specific Requirements at http://www.nsf.gov/awards/managing/fed_dem_par.jsp . d. Application/proposal dated 6/14/04 with changes as agreed to by DOE and the Recipient. e. National Policy Assurance to be incorporated as Award Terms at http://grants.or.doe.gov .			
19. REMARKS This cooperative agreement is subject to the general terms and conditions contained herein.			
20. EVIDENCE OF RECIPIENT ACCEPTANCE Julie Dorgensen May 23 2006 (Signature of Authorized Recipient Official) (Date) Julie Dorgensen (Name) Co-President and CEO (Title)		21. AWARDED BY Raymond D. Johnson 5/19/06 (Signature) (Date) Raymond D. Johnson (Name) Contracting Officer (Title)	

2.18 Paperwork Reduction – Cooperative Agreements (SEPT 2002)

The award is subject to the requirements of the Paperwork Reduction Act of 1980 as implemented by the Office of Management and Budget rules, "Controlling Paperwork Burdens on the Public," published at 5 CFR 1320.

The Recipient shall submit any proposed sponsored information collection to the person identified on the DOE F 4600.1 (Award Face Page, Block 12). The proposal shall be submitted at least 120 days prior to the intended date of information collection. DOE will seek the requisite approval from the Office of Management and Budget (OMB) and will promptly notify the Recipient of the disposition of the request.

2.19 Public Access to Information (APR 2000)

The Freedom of Information Act, as amended, and the DOE implementing regulations (10 CFR 1004) require DOE to release certain documents and records regarding awards to any person who provides a written request. The intended use of the information will not be a criterion for release.

2.20 Compliance with Buy American Act (OCT 2004)

In accepting this award, the Recipient agrees to comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a-10c, popularly known as the "Buy American Act"). The Recipient should review the provisions of the Act to ensure that expenditures made under this award are in accordance with it.

2.21 Notice Regarding the Purchase of American-Made Equipment and Products – Sense of Congress (OCT 2004)

It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available under this award should be American-made.

2.22 Lobbying Restrictions (OCT 2004)

By accepting funds under this award, Recipient agrees that none of the funds obligated on the award shall be made available for any activity or the publication or distribution of literature that in any way tends to promote public support or opposition to any legislative proposal on which Congressional action is not complete. This restriction is in addition to those prescribed elsewhere in statute and regulation.

2.23 Notice Regarding Unallowable Costs and Lobbying Activities (NOV 1998)

Recipients of financial assistance are cautioned to carefully review the allowable cost and other provisions applicable to expenditures under their particular award instruments. If financial assistance funds are spent for purposes or in amounts inconsistent with the allowable cost or any other provisions governing expenditures in an award instrument, the government may pursue a number of remedies against the Recipient, including in appropriate circumstances, recovery of such funds, termination of the award, suspension or debarment of the Recipient from future awards, and criminal prosecution for false statements.

Particular care should be taken by the Recipient to comply with the provisions prohibiting the expenditure of funds for lobbying and related activities. Financial assistance awards may be used to describe and promote the understanding of scientific and technical aspects of specific energy technologies, but not to encourage or support political activities such as the collection and dissemination of information related to potential, planned or pending legislation.

2.24 Reporting (NOV 1998)

Failure to comply with the reporting requirements contained in this award will be considered a material noncompliance with the terms of the award. Noncompliance may result in a withholding of future payments, suspension or termination of the current award, and withholding of future awards. A willful failure to perform, a

2.12 Acknowledgment of Federal Funding (NOV 1998)

When issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing this project, the Recipient shall clearly state (1) the percentage of the total cost of the project which will be financed with Federal money, and (2) the dollar amount of Federal funds for the project.

2.13 Property Management and Disposition (SEPT 2002)

Title to all real property, equipment and supplies (excluding Government-furnished property) acquired by or on behalf of the Recipient in connection with performance of the Project shall vest upon acquisition in the Recipient. The Recipient shall make such property available for use in the Project. During the period of the Cooperative Agreement, the Recipient may, with the DOE Contracting Officer's prior approval, encumber its title to or dispose of such property. Should said property be sold or Recipient receive financial benefit from the property disposition, the Recipient shall share the financial benefit with the DOE in the same share ratio as the total project cost sharing. After completion of the demonstration period the Recipient retains unconditional title and has no further obligation to DOE with respect to the property.

The cost of disposal of the Demonstration Facility is an allowable cost only if proposed and included in the cost estimate for Demonstration/Operations.

The use, management, and disposition of all government-furnished property shall be governed by 10 CFR 600.320 thru 600.324.

2.14 Real Property - (JAN 1999)

Real property is not authorized for purchase during Budget Period 1.

2.15 Federally Owned Property (Government-Furnished) - None (JAN 1999)

It is not anticipated that any Government-furnished property will be provided under this award.

2.16 Key Personnel (APR 2002)

Recipient personnel considered to be essential and key to the work being performed hereunder are specified below:

NAME	TITLE	TELEPHONE
Jim Milkovich	VP, Technical Services & Fuel Recipient	952/847-2371
Tom Lynch	Chief Engineer - Gasification ConocoPhillips	812/535-6053

The personnel specified in this clause are considered to be essential to the project. Before removing or replacing any key personnel, the Recipient shall notify the Contracting Officer reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the project. No key personnel may be substituted without the Contracting Officer's approval. Such approval shall be obtained in advance of the substitution, except that the Contracting Officer may ratify a substitution which, because of exigent circumstances, was made before the Recipient could request and/or obtain the Contracting Officer's approval.

2.17 Project Site and Access (MAR 2002)

The project shall be performed principally at a site located on the Taconite Tax Relief Area as defined by Minnesota Law. At the request of the DOE Contracting Officer or the COR, the Recipient shall provide Government officials and interested members of the public as determined by DOE with access to the project site(s) to observe project operations at reasonable times and with reasonable limitations on the numbers of people during each visit.

[Handwritten signature]
[Handwritten signature]

July 23, 2007

Mr. Tom Micheletti
Excelsior Energy Inc.
Crescent Ridge Corporate Center
11100 Wayzata Boulevard, Suite 305
Minnetonka, MN 55305

IRON RANGE
Resources
Advancing regional growth.



Re: Your letter of March 5, 2007

Dear Mr. Micheletti:

In response to your request to amend the April 2002 Convertible Debenture Agreement between Excelsior Energy Inc. and Iron Range Resources (the "April 2002 Agreement") so that the repayment terms conform with the repayment terms of the December 2004 Convertible Debenture Agreement between Excelsior and Iron Range Resources (the "December 2004 Agreement"), and in response to our various subsequent discussions, Iron Range Resources proposes the following disposition of your request:

- 1) IRR agrees to extend the initial date for payment of accrued interest under Section 3.3 of the April 2002 Agreement until December 31, 2007, and to enter into discussions with Excelsior prior to sending any notice of an Event of Default following such date under the April 2002 Agreement.
- 2) If Excelsior (i) obtains agreement from a third-party to fund at least \$100 million of the Project's required equity pursuant to an equity subscription or similar agreement containing customary terms and conditions; (ii) obtains the approval of the Minnesota Public Utilities Commission for at least 450 MW of its currently pending power purchase agreement (PPA) request; or (iii) signs a PPA with a party or parties for at least 100 MW; then IRR hereby agrees that upon the occurrence of any such cases, Section 3.3 of each of the April 2002 Agreement and the December 2004 Agreement shall be amended to require that all accrued interest and principal outstanding under the April 2002 Agreement and the December 2004 Agreement shall be payable in one lump sum on the earlier of, the date the Project achieves financial close or December 31, 2009.

If you are in agreement with the above, please sign two copies in the space provided below and return one copy to us.

Sincerely,

Sandy Layman
Commissioner

Accepted and agreed to this 27th day of July 2007.

By: Thomas A. Micheletti

Its: Co. President & CEO



An Equal Opportunity Employer

Iron Range Resources
4261 Highway 53 South
P.O. Box 441
Eveleth, MN 55734-0441
(218) 744-7400

www.IronRangeResources.org

**CORRESPONDENCE BETWEEN CAMP & OFFICE OF LEGISLATIVE AUDITOR
(OLA)**

1/9/08 MAILED ALLEGATION FORM & ATTACHMENTS:

p.6 from both IRR contracts re: lobbying; Cooperative Agreement with DOE & p.8 re: lobbying; Background & Chronology; Lobbying Summary with 11 attachments; Duplicate Invoices Summary with 2 attachments; Questionable Expenditure Summary with 8 attachments; Misclassifying Employee Summary with 3 attachments; IRR 7/23/07 letter countersigned by Tom Micheletti, extending first interest payment to 12/31/07.

2/12/08 e-mail from Brad White, Audit Manager:

Audit of IRR planned for spring; Encourage CAMP to discuss with IRR officials.

2/14/08 memo to Brad White:

Why it would be futile for CAMP to deal directly with IRR management.

3/14/08 e-mail from Brad White, Audit Manager:

OLA plans to examine IRR's actions and management of the Excelsior Energy loan. Audit to take place this spring/summer with report probably in August. Requesting copies of DOE reimbursement requests; Stating difficult to prove Lockridge performed lobbyist services; Forwarding independent contractor concerns to DOR; DOLI; and DEED.

3/19/08 e-mail to Brad White, Audit Manager:

Advising 450 pages of DOE documents being mailed and pointing out some noted duplications with IRR invoices; Suggesting how to conclude Lockridge payments for lobbying & not properly funded; Clarifying misunderstanding re: previous statement re: inappropriate lobbying expenditure acted on by IRR.

3/24/08 e-mail from Brad White, Audit Manager:

Referrals to DOLI, DEED & DOR were to commissioners with request to inform OLA of results; not public data.

State of Minnesota
Office of the Legislative Auditor
Centennial Building, Room 140
658 Cedar Street
St. Paul MN 55155

FROM: Charlotte Neigh, Co-Chair, Citizens Against the Mesaba Project (CAMP)

25886 Spruce Drive Bovey MN 55709

(218) 245-1844

Not a public employee

1. What occurred:

Excelsior Energy has misused money provided by Iron Range Resources and Rehabilitation (IRR) in two unsecured loans totalling \$9.5 million by:

- (A) Spending it on lobbying expenses;
- (B) Having millions of dollars of the IRR reimbursed invoices also reimbursed 50% by federal Department of Energy;
- (C) Claiming reimbursement for inappropriate and undocumented expenses including travel, meals and cell phones; and
- (D) Misclassifying employees as independent contractors and consultants.

2. Who was involved:

Excelsior Energy's Co-Presidents and Co-CEOs, Thomas Micheletti and Julie Jorgensen, and various Vice Presidents.

IRR Commissioner Sandy Layman, Energy Director Mike Larson, Loan Officer David Hart and various staffers.

3. When occurred:

Approximately \$6.7 million disbursed by IRR to Excelsior Energy between April 2002 and June 2006. Excelsior reported lobbyist expenditures of \$640,000 from 2003 - 2006. Specific questionable invoices from a law/lobbying firm were paid in 2002 and 2004. Other (redacted) invoices from 2002 to 2006 totalling more than \$1 million paid to law firms in Minnesota and Washington D.C. may be for governmental affairs work rather than legal services.

Approximately \$6 million was disbursed by DOE in June 2006, reimbursing invoices between Dec. 2004 and March 2006.

4. Law, rule or standard violated:

I. Two loan agreements with IRR and one with DOE prohibit using funds for lobbying. Grant money provided by the Renewable Development Fund administered by Xcel Energy may not be used for lobbying, according to the Fund's Administrator. (Attached: p. 6 of \$1.5 M agreement; p. 6 of \$8 M agreement; Cover Sheet & p.8 of DOE agreement)

II. IRR loan agreements do not contemplate having same invoices reimbursed by DOE.

Excelsior Energy failed to make its first interest payment as scheduled in April 2007. The IRR Board is considering officially extending this due date to December 2009, without considering that some of the invoices reimbursed with IRR funds were also reimbursed by DOE funds and IRR funds were otherwise misused. (Attached: 7/23/07 letter from Commissioner to Excelsior)

III. IRR acknowledges responsibility to evaluate whether expenditures qualify for reimbursement but did not do so until October 2007, after a lobbying violation was publicly revealed in a letter to the editor. IRR allowed some remarkably questionable items to pass unquestioned. CAMP requested but IRR did not provide: instructions given to Excelsior, including format and content for invoices and backup documentation; and guidelines for what sorts of expenditures are reimbursable.

IV. Labor and employment laws relating to workers compensation, unemployment compensation, payroll taxes, and withholding employee's taxes.

5. Evidence to support allegations - Enclosed: Background & Chronology; Lobbying Summary with 11 attachments; Duplicate Invoices Summary with 2 attachments; Questionable Expenditure Summary with 8 attachments; Misclassifying Employees Summary with 3 attachments.

6. I have not reported this allegation to another government office.

I look forward to hearing from you within two weeks regarding what additional action the OLA will take.

Thank you for your attention to this matter.

January 9, 2008

Charlotte Neigh, Co-Chair
CAMP

From: Charlotte Neigh <neighcan@northlc.com>
Subject: **Re: (Fwd) IRR funding/Excelsior Energy**
Date: February 13, 2008 8:40:22 AM CST
To: Brad.White@state.mn.us

On Feb 12, 2008, at 4:38 PM, Brad White wrote:

Ms. Neigh

This message is in response to information you submitted concerning Iron Range Resources loan funds paid the Excelsior Energy, Inc. Specifically, you questioned Excelsior Energy's use of public loan funds for lobbying expenses, duplicate reimbursements filed with the federal government, undocumented claims and reimbursements, and misclassification of employees as independent contractors. We are planning an audit of Iron Range Resources this spring and will consider your concerns when we examine their oversight role over economic development loans and grant projects.

In order to determine any misuse of public funds, the information you provided needs to be brought to the attention and discussed with management of Iron Range Resources. It was unclear from the documentation submitted whether you had discussed these matters with officials of Iron Range Resources. If not, we encourage that you do this.

Thank you for bringing these matters to our attention. If you have further questions or followup documentation, please contact me at (651) 296-1444 or brad.white@state.mn.us .

Thank you, Brad

Brad White, CPA, CISA, CFE
Audit Manager
Office of the Legislative Auditor

CAMP c/o Charlotte Neigh

25886 Spruce Drive • Bovey, Minnesota 55709 • Tel/Fax (218) 245-1844

TO: Brad White, Audit Manager
Office of the Legislative Auditor

February 14, 2008
By E-mail

RE: IRR Funding/Excelsior Energy

This is in response to your 2/12/08 e-mail. You suggested that CAMP should discuss the information that we provided to the OLA with management of Iron Range Resources. We have no reason to expect that IRR management would be interested in such a discussion, or in taking meaningful action. Our experience with IRR has been:

- In response to our request for documentation of IRR's policy, procedures and standards for screening and approving reimbursement requests, and what requests were denied, we received an assertion that: "An agency loan officer first reviews and assesses the invoices submitted for eligibility in accordance with the loan documents." We responded to this by again requesting to see "whatever instructions were given to Excelsior Energy, including: the required format and content for invoices and backup documentation; and what sorts of expenditures are reimbursable." None of this was provided. As the information submitted to the OLA shows, it appears that no requests were found ineligible prior to October 2007, after questions were raised publicly.
- The data requested on 10/3/07 were not made available until 11/7/07; this delay was partly attributable to discussions between IRR and Excelsior Energy regarding which documents should be treated as public. IRR requested that Excelsior provide legal authority for the information that it wanted IRR to withhold from CAMP. (These communications were not made available until January '08.) IRR had consulted Excelsior a year earlier and redacted documents provided to a Grand Rapids newspaper reporter. When he objected to the redactions, IRR removed some of the redactions over the objection of Excelsior. Nevertheless, similar redactions were made in documents provided to CAMP. Furthermore, after analyzing the documents obtained on 11/29/07, we discovered that not all of the undisputedly public documents had been made available.
- On 12/16/07 we challenged redactions in some of the documents, cited provisions of the Minnesota Government Data Practices Act that support our position, and requested that the IRR cite the statutory section on which denial of access was based, as required by the MGDPA. IRR Deputy Commissioner Brian Hiti responded on 12/27/07, saying that IRR "will seek an opinion from the Commissioner of . . . Administration regarding the public/non-public status of the information you request. We will notify you as soon as we receive an opinion . . .". On 1/1/08 we asked when this opinion could be expected but did not get an answer. We later learned that the request to Administration was not sent until 1/8/08. To date we have not had a response and the redactions remain.

- On 12/28/07 we requested documents identified as missing from those provided for inspection, and also requested any new data created or received after 11/29/07. Deputy Commissioner Hiti's response claimed that some of these documents did not exist and/or that they were provided to us on 11/29/07. We then sent documentation of their existence and, on 1/9/08, IRR notified us that more than 500 pages of documents had been missed through an oversight and would be sent to us. The information in these additional documents was not included in our initial filing with the OLA. Significantly, it included the June '07 disbursement of the final \$2.75 million remaining in the loan fund, at a time when Excelsior was technically in default for failing to make its first interest payment on 4/23/07, and no extension had been granted.
- The additional information received from IRR in January included a 12/31/07 letter from Commissioner Layman to Excelsior, granting a further extension of the deadline for its first interest payment. This action was taken unilaterally by the Commissioner, despite a previous assurance to Rep. Tom Anzelc that it would have to be approved by the IRR Board. Rep. Anzelc's district includes the proposed site for the Mesaba power plant. At a Board meeting in December he inquired about the interest payment that was due on 4/23/07 under the terms of the loan agreement and he was told that it needed to be addressed and would be voted on by the Board. Rep. Anzelc indicated that he would oppose the extension when the vote came up at a public Board meeting. Apparently in an effort to avoid this public discussion, the extension was granted unilaterally by the Commisisoner without Board action.

Given CAMP's experience with IRR, it should be clear that any attempt to deal directly with its management would be futile. Furthermore, CAMP does not have the resources to pursue this matter. It is a grassroots organization of volunteers without paid staff. It is supported by small donations and cannot afford to hire attorneys and accountants. Bringing the investigation to this point has required a considerable effort and we are relying on the OLA to carry it forward.

The OLA has the ability that CAMP does not have to pursue this matter. Its website shows that is has jurisdiction to do investigations ("Special Reviews") of alleged misuse of state money or resources. The concerns raised about the misuse of \$9.5 million of IRR funds fall within the OLA's purpose of strengthening accountability and promoting good management in government. If, in order to determine any misuse of public funds, you need to share with IRR the information that CAMP has provided, you have CAMP's permission to do so. Please let us know what you decide to do.

Thank you for your assistance. Additional documentation will be provided by fax upon request.

Charlotte Neigh, Co-Chair
Citizens Against the Mesaba Project

From: Charlotte Neigh <neighcan@northic.com>
Subject: Re: IRR funding/Excelsior Energy
Date: March 19, 2008 11:42:52 AM CDT
To: Brad.White@state.mn.us
Cc: Cecile.Ferkul@state.mn.us, Sonya.Johnson@state.mn.us, James.Nobles@state.mn.us

Mr. White:

This is in response to your e-mail of March 14, 2008.

CAMP is gratified to know that your office will be looking into IRR's management of the Excelsior Energy loans and that you will send us a copy of the audit report.

RE: DOE Reimbursement Request

I sorted through the documents received from the DOE in response to the FOIA request and had about 450 pages photocopied. There were many more pages that were not copied. They included backup documentation for hours worked by vendors' employees, backup documentation for vendors' expense reports, and numerous pages that originally showed details of work done by attorneys but the pages were totally redacted.

It appears that Excelsior submitted nearly all of the invoices it received between 12/1/04 and 3/31/06. Excelsior was permitted to reach that far back in its first reimbursement request in May 2006. The cursory survey that I did before I first wrote to you found duplications of IRR reimbursement requests for: law firms Leonard, Street and Deinard, Faegre & Benson, and Latham & Watkins (Wash D.C.); and consulting engineers Browsers Consulting, and Sherner Power Consulting. I recognize most of the other vendors from the IRR invoices.

I will mail these documents to you. In addition to the invoices, they include: DOE's 2-page letter dated 9/27/06 in response to the FOIA request, stating why they would not release more information; Cooperative Agreement executed in May 2006, together with the 62-page contract (page 43 is missing); and the May 2006 request for reimbursement in the amount of \$6,071,729.

RE: Lockridge Services

The circumstantial evidence that I provided suggests that the payments to Lockridge were for lobbying services. If your office finds that Excelsior's audited financial statements for 2006 (in IRR files) show that only \$60,000 of private investment had been made up to that time, the only source of money for payments to Lockridge would have been public funds that may not legally be spent for lobbying. Even if Lockridge was paid with funds loaned to the Corporation by the Principals, if the loan was repaid using public funds, the effect is the same.

The change in accounting for how the first \$500,000 was spent is suspicious. We found no evidence in IRR files that this or any other reimbursement request had been rejected (except maybe for Simon Delivers), or that IRR had requested that reimbursement requests be revised.

You have misunderstood the statement that I made about IRR's awareness of lobbying expenditures. That did not relate to Lockridge. CAMP has not raised the Lockridge issue with IRR or anyone else. The event that caused IRR to internally question procedures and request some refunds from Excelsior was a letter to the editor published in the 9/23/07 Grand Rapids Herald Review, stating:

"So here we have an unproven, for-profit company that has been promised or already given millions of dollars from local, state and federal sources, our tax dollars! How have they been spending our hard earned tax dollars? One example comes from Excelsior Energy's Senior Vice President Tom Osteraas. In his Sept. 2005 Disbursement Request Expense Report to the IRR he claimed \$155.93 for 385 miles of travel to Tower for "Tom Bakk Event" on Aug. 3rd, 2005. Also claimed was \$108.41 for "Hotel at Tom Bakk Event" at the lodge at Giants Ridge on Aug. 4, 2005. It's interesting that both of these charges are designated as "NON DOE/Unallowable Costs" and classified as "Public Relations." Both the IRR and DOE contracts prohibit using funds for lobbying. Evidently Sandy Layman, the IRR Commissioner, is willing to approve payment on these questionable claims anyway."

RE: Department of Revenue, DOLI, and DEED

Please advise of how we can follow up with these agencies regarding their inquiries into the status of Excelsior's independent contractors/employees. Are their findings made public? Will they notify me? Can you tell me who to contact there?

Thank you for your attention to this matter. Please let me know if I can be of further assistance.

Charlotte Neigh, Co-Chair
Citizens Against the Mesaba Project
25886 Spruce Drive
Bovey MN 55709
(218) 245-1844

On Mar 14, 2008, at 5:47 PM, Brad White wrote:

Ms. Neigh

We reviewed your concerns and plan to examine Iron Range Resources (IRR) actions and management of the Excelsior Energy loan. That audit will take place this spring/summer and we will send you a copy of the audit report when publically released (probably in August).

Certain of your concerns require further evidence to substantiate non-compliance or evidence of wrongdoing. Specifically: 1) it would be helpful if you could send us a copy of the federal Dept of Energy reimbursement requests you obtained that revealed duplication with IRR reimbursements (even if heavily redacted). A request to the federal government will take some time to obtain those records. 2) it is hard to prove that Lockridge performed lobbyist services for Excelsior. (although the inclusion of those payments in IRR reimbursement, and then removal in the final accounting is suspicious) Possibly IRR informed Excelsior that these would not be acceptable and had them removed in the final accounting; or, it is possible that Excelsior used private resources to fund these costs and not IRR funding. I would be helpful to pinpoint when IRR was made aware of this (reference was made to a local media article/letter).

We will forward your concerns regarding the Excelsior Energy executives that appear to independent contractors to the Departments of Revenue (income tax), Labor and Industry (workers' compensation), and Employment and Economic Development (unemployment insurance). Those departments have legal experts and the resources to investigate these types of matters.

Thank your for alerting us to your concerns. We will contact you if we need any follow-up documentation.

Brad White, CPA, CISA, CFE
Audit Manager (651) 296-1444
Office of the Legislative Auditor

Copies to: Cecile.Ferkul@state.mn.us,
Sonya.Johnson@state.mn.us,
James.Nobles@state.mn.us
From: Charlotte Neigh <neighcan@northlc.com>
Subject: Re: IRR funding/Excelsior Energy
Date sent: Fri, 14 Mar 2008 15:35:43 -0500
To: Brad.White@state.mn.us

Mr White:

On 2/14/08 I responded to your e-mail of 2/12 and requested that you let us know what you decided to do.

A month has gone by and I've heard nothing further from your office.

I'm attaching another copy of my 2/14/08 letter in the hope of getting a response.

Charlotte Neigh, Co-Chair
Citizens Against the Mesaba Project
25886 Spruce Drive
Bovey MN 55709
(218) 245-1844

From: Charlotte Neigh <neighcan@northlc.com>
Subject: Re: IRR funding/Excelsior Energy
Date: March 25, 2008 9:30:51 AM CDT
To: Brad.White@state.mn.us
Cc: Cecile.Ferkul@state.mn.us, Sonya.Johnson@state.mn.us

Brad:

Do the other departments (DOR, DOLI, DEED) publish the results of their investigations or reports of charged violations? I can't find any such things on their websites. If violations are found will they be included in your audit report? Is the situation such that the public never knows about such violations unless criminal charges are filed?

Do the other departments know that CAMP and I raised these concerns? Will we be identified to Excelsior Energy if investigations are conducted?

Charlotte Neigh, Co-Chair
Citizens Against the Mesaba Project

On Mar 24, 2008, at 12:52 PM, Brad White wrote:

Ms. Neigh

Thank you for the follow-up clarification and documentation you sent.

Regarding the referral to the Department of Revenue, DOLI, and DEED, we forwarded your concerns to each Commissioner and requested they assess the need and extent to investigate this issue. We instructed them to contact our office with their results; however, that work will be considered 'not public' data under the Government Data Practices Act and may not be shared.

The OLA audit work of IRR is also considered 'not public' data but only up to the point the audit is finalized and report is publically released. At that point we can share the audit results with you.

Thanks, Brad

Brad White, CPA, CISA, CFE
Audit Manager (651) 296-1444
Office of the Legislative Auditor

Copies to: Cecile.Ferkul@state.mn.us,
Sonya.Johnson@state.mn.us,
James.Nobles@state.mn.us

From: Charlotte Neigh <neighcan@northlc.com>
Subject: Re: IRR funding/Excelsior Energy
Date sent: Wed, 19 Mar 2008 11:49:20 -0500
To: Brad.White@state.mn.us

Mr. White:

This is in response to your e-mail of March 14, 2008.

UNDOCUMENTED AND QUESTIONABLE EXPENSES

It should be noted that the Principals were prohibited from paying themselves salaries under both IRR loan agreements. The earliest detailed information available from the IRR files is Excelsior's 7/1/04 Request for Disbursement in the amount of \$384,791.33, which was paid in full, apparently with no questions asked. The transmittal letter and the summary are attached.

Redactions

One problem with all of the disbursement requests is that the invoices and summaries conceal as "Privileged or Confidential Information Redacted" the services and the amounts for numerous consultants and law firms. Excelsior claims a right to do this under its Confidentiality Agreement with IRR but IRR conceded in December 2006, when these redactions were challenged by a newspaper reporter, that the data should be treated as public. Nevertheless, the documents provided to CAMP in November '07 were similarly redacted.

Claimed Expenses 7/1/04

It should be noted that the expense reports for Excelsior's employees and consultants are detailed and supported by documentation, in contrast to those submitted by the Principals. Attached is an Expense Report for "Tom Micheletti/Julie Jorgensen" totalling \$56,946.36 (No dates are legible; the report is for "2003 Expenses", but it wasn't presented until July 2004.) No supporting documentation was found. Questionable items include:

- Claims for each of the Principals for 50 miles per week, \$4 daily parking, and \$10 daily lunch; (apparently this is for commuting from their home to the office 7 days a week, although the numbers don't add up and they change from time to time).
- In addition to the daily lunches, claims are made for "business lunch" and "business dinner".
- Claims for "home business phones" and "business cell phones" and "business email".
- Claims for "lunch with lobbyists". These were not questioned by the IRR until October 2007 when another reimbursement related to lobbying was revealed in a letter to the editor; the IRR Loan Officer subsequently reviewed some invoices and requested some repayment from Excelsior.

The 8/12/04 disbursement request included a \$31,648.96 expense report for Tom Micheletti and Julie Jorgensen (attached). The letter requests \$186,494.52; the summary totals \$180,702.52 but cannot be verified because of redactions; the amount paid appears to have been \$180,652.52.

This expense report (attached) covers Jan-June '04 and Jun 26-Aug 2. It is not supported by any documentation for: office supplies, business lunches, travel meals, hotels, air fares, and a \$438.70 "Blue Point - business dinner". Other noteworthy claims: 12 trips to Iron Range, neatly rounded up to 600 miles totalling \$2700; and \$500 for AT&T Wireless.

Another questionable practice is the submission of Julie Jorgensen's American Express bills (1/17/05 and 2/16/05 attached), with code numbers added but without additional documentation. It should also be noted that the 2/3/05 charge for Simon Delivers is marked "No IRR", but charges for Simon Delivers can be found in other disbursement requests.

Such undocumented and questionable expense claims occur throughout disbursement requests paid by IRR.

**EXCELSIOR ENERGY INC.
294 GROVE LANE EAST
SUITE 260
WAYZATA, MN 55391
952.404.4103**

July 1, 2004

Mr. Dave Hart
Iron Range Resources
VIA FACSIMILE

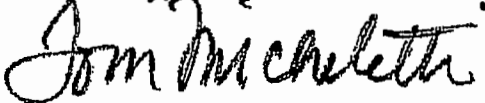
Dear Dave,

Excelsior Energy hereby requests a loan disbursement, ~~from the~~ \$1 million of funds remaining under the original Convertible Debenture Agreement, in the amount of \$384,791.33. Attached are invoices and other information required to support this disbursement. As Co-President and CEO of the Company, I certify that these are eligible for reimbursement under the Agreement.

As we discussed, the expenses submitted in this request are time critical. We are in the process of organizing the documentation to support an additional disbursement for significant additional expenses incurred to date (or to be incurred shortly) that are eligible for reimbursement under the Agreement. We expect to forward those expenses shortly.

Thank-you for your assistance with this request. We very much appreciate the role that the team at Iron Range Resources has played in the project's successes to date.

Sincerely,



Tom Micheletti

Vendor	Description	Amount
Belcher Corporation	IGCC Study	\$ 24,84682
ConocoPhillips	Preliminary Process Design Package	\$ 114,00000
S E H Engineering	Site Study	\$ 11,04828
Shomer Power Consultants	Privileged or Confidential Information Redacted	Privileged or Confidential Information Redacted
Browers Consulting	Privileged or Confidential Information Redacted	Privileged or Confidential Information Redacted
Ceteris, Inc.	Consulting Services - 2/04 - 6/04	\$ 34,54242
HDR Engineering	Engineering Services	\$ 40873
Latham & Watkins	Privileged or Confidential Information Redacted	Privileged or Confidential Information Redacted
Dale Fraeborg	Accounting Services	\$ 84500
DNR	Copies	\$ 1880
Nico Klaves, Chris Weasman, Justin Moeller, Dan Olson	Payroll for Research Interns	\$ 10,13588
OG Partners	Office Rental - 1/04 - 6/04	\$ 15,21470
Applied Graphics	Office Supplies	\$ 8884
Spectrum Technologies	Office Equipment	\$ 30895
Tom Micholell/Julia Jorgensen	Expense Report - Through 2003	\$ 55,94638
Mike Wadley	Expense Report	\$ 79831
Bob Evans	Expense Report	\$ 37004
Justin Moeller	Expense Report	\$ 17021
TOTAL \$		384,79133

[illegible]

180m Michelotti / Jahre 1898

DESCRIPTION

ARMOLAIT

See attached details for
uninterrupted wallpaper for 200.5

TOTAL

52, 940.36

EXCELSIOR ENERGY, INC.
2003 EXPENSES

purpose	Airfare	Lodging	Meals	Car Rental/ Gas/Club	Parking	Mileage	Rent	Office Supplies	Office Expense	Conf/Mtg	Sub- scriptions	Monies/ Entertain
cellular Technology Council Meeting			110.12									
cellular Technology Council Meeting				80.00								
cellular Technology Council Meeting		944.81										
cellular Technology Council Meeting		769.86										
cellular Technology Council Meeting		20.00										
cellular Technology Council Meeting			450.00									
1/week; 80 miles each @ 38.5 cents per mile; 4.00 parking each; \$10.00 lunch each			150.00		60.00	273.75						
other business phone									120.00			
business cell phone									53.88			
business lunch												68.53
business email									19.55			
lunch with lobbyist												39.78
business lunch												25.97
business email									21.55			
file supplies								137.70				
file supplies								125.58				
1/week; 80 miles each @ 38.5 cents per mile; 4.00 parking each; \$10.00 lunch each			120.00		40.00	219.00						
other business phone									120.00			
subscription											45.00	
	253.23											
business email									21.55			
business email									21.55			
file supplies								42.02				
10 + 480 miles @ 38.5/mile + meals			120.00	50.55		167.50						
10				20.00								
1/week; 80 miles each @ 38.5 cents per mile; 4.00 parking each; \$10.00 lunch each			120.00		40.00	219.00						
other business phone									120.00			
10 + 480 miles @ 38.5/mile + meals			120.00	11.50		167.50						

4/1/2004

EXCELSIOR ENERGY, INC.
2003 EXPENSES

Purpose	Airfare	Lodging	Meals	Car Rental/ Gas/Gas	Parking	Mileage	Rent	Office Supplies	Office Expenses	Conf/Min	Subscriptions	Meals/Entertain
business travel								21.95				
business travel								21.95				
office supplies								23.65				
lunch with lobbyist												33.75
business travel card fee									70.00			
office supplies								271.64				
W/week: 50 miles each @ 35.5 cents per mile; 4.00 parking each; \$10.00 lunch each			200.00		80.00	365.00						
W/week: 50 miles each @ 35.5 cents per mile; 4.00 parking each; \$10.00 lunch each			120.00		40.00	219.00						
long business phones									120.00			
subscriptions											48.00	
business travel									21.95			
mile J trip		375.12										
business travel									21.95			
office supplies								230.37				
photocopying									41.54			
photocopying									97.60			
computer supply									59.42			
tax + 400 miles @ 35.5 cents + meals			120.00	23.00		167.00						
W/week: 50 miles each @ 35.5 cents per mile; 4.00 parking each; \$10.00 lunch each			200.00		80.00	365.00						
W/week: 50 miles each @ 35.5 cents per mile; 4.00 parking each; \$10.00 lunch each			120.00		40.00	219.00						
long business phones									120.00			
subscriptions											48.00	
lunch with lobbyist												304.18
business travel									21.95			
business travel									21.95			
lunch with lobbyist												40.15
office supplies								277.23				

4/1/2004

**EXCELSIOR ENERGY, INC.
2003 EXPENSES**

Purpose	Airfare	Lodging	Meals	Car Rental/ Gas/Dep	Parking	Mileage	Rent	Office Supplies	Office Expense	Conf/Mtg	Sub- scriptions	Meals/ Entertain
business lunch												30.84
business lunch												38.58
business lunch												57.70
tax + 280 miles @ 38.5/mile + meals			80.00	55.42	120.45							
tabacco-lobbyist									51.50			
1/week: 50 miles each @38.5 cents per mile; 4.00 parking each; \$10.00 lunch each			200.00		80.00	385.00						
1/week: 50 miles each @38.5 cents per mile; 4.00 parking each; \$10.00 lunch each			120.00		48.00	218.00						
home business phones									120.00			
tax + 480 miles @ 38.5/mile + meals			120.00	11.50		767.80						
business email									21.95			
business dinner (Shirley)												152.34
business lunch												82.19
business email									21.95			
Installation Technology Council Klamath feeling	13.00											
Installation Technology Council Klamath feeling	377.60											
Installation Technology Council Klamath feeling	377.50											
								11.99				
Willa J. trip Emery Energy mtg	260.00											
tax + 480 miles @ 38.5/mile + meals			120.00	10.00		187.80						
subscription											40.00	
tax				20.00								
1/week: 50 miles each @38.5 cents per mile; 4.00 parking each; \$10.00 lunch each			200.00		80.00	385.00						
1/week: 50 miles each @38.5 cents per mile; 4.00 parking each; \$10.00 lunch each			120.00		48.00	218.00						
home business phones									120.00			

4/1/2004

**EXCELSIOR ENERGY, INC.
2003 EXPENSES**

Purpose	Airfare	Lodging	Meals	Car Rental/ Bus/Cab	Parking	Mileage	Rent	Office Supplies	Office Expense	Conf/Mtg	Sub- scriptions	Meals/ Entertain
business lunch												35.60
ITC Klawah mtg	20.00											
business email									21.95			
ITC Klawah mtg - Julie J	100.00											
ITC Klawah mtg	50.00											
business lunch with lobbyists												42.97
ITC Klawah mtg		223.05										
ITC Klawah mtg - mlaa exp.		1692.70	75.00	120.00								
ITC Klawah mtg	40.00											
ITC Klawah mtg												1692.70
ITC Klawah mtg												74.00
business email									21.95			
business lunch with lobbyists												29.10
business dinner												291.55
	580.00											
Subscription											45.00	
Julie J Phoenix	5.00											
Tom M Phoenix	5.00											
business supplies								33.00				
Phoenix Trip - Julie J & Tom M			73.33									
Phoenix Trip - Julie J & Tom M			39.33									
Phoenix Trip - Julie J & Tom M				150.70								
Phoenix Trip - Julie J & Tom M				22.00								
Phoenix Trip - Julie J & Tom M		187.50										
Phoenix Trip - Julie J & Tom M			88.33									
Phoenix Trip - Julie J & Tom M				19.50								
bi/week: 80 miles each @35.5 cents per mile; 14.00 parking each; \$10.00 lunch each			200.00		80.00	355.00						
bi/week: 50 miles each @35.5 cents per mile; 14.00 parking each; \$10.00 lunch each			120.00		40.00	210.00						
phone business phones									120.00			
Phoenix Trip - Julie J & Tom M					70.00							

4/1/2004

EXCELSIOR ENERGY, INC.
2003 EXPENSES

Purpose	Airfare	Lodging	Meals	Car Rental/ Gas/Cab	Parking	Mileage	Rent	Office Supplies	Office Expense	Conf/Mtg	Sub- scriptions	Meals/ Entertain
Heanik Trip - Julie J & Tom M			25.00									
Heanik Trip - Julie J & Tom M				44.54								
Heanik Trip - Julie J & Tom M				10.00								
Heanik Trip - Julie J & Tom M		727.69										
Jail Lake Trip			25.00									
business email									21.95			
J - Salt Lake Trip		348.00										
supplies								143.14				
Gas + 480 miles @ 38.5/mile + meals			120.00	15.00	167.00							
business email									21.95			
J - New York, Detroit, Washington	648.00											
M - New York, Detroit, Washington	648.00											
Gas + 480 miles @ 38.5/mile + meals (8 days/2 people)			720.00		167.00				118.67			
Subscription											48.00	
HE/USX Meeting		128.98										
J & TM trip to Detroit/NY/DC on July 13	1188.01				30							
Detroit/NY/DC Trip	388.70											
business lunch												88.58
1/week; 50 miles each @ 38.5 cents per mile; 4.00 parking each; \$10.00 lunch each			200.00		80.00	888.00						
1/week; 50 miles each @ 38.5 cents per mile; 4.00 parking each; \$10.00 lunch each			200.00		48.00	218.00						
home business phones									120.00			
J + two lobbyists - registration										300.00		
Office supplies								251.83				
Office supplies								108.18				
business email									21.95			
Gas + 480 miles @ 38.5 + meals (2 cars/2 people)			240.00	31.32	325.80							
25 JJ/25 TM/25 DC (\$10 x 4)		40.00	88.00									

4/1/2004

**EXCELSIOR ENERGY, INC.
2003 EXPENSES**

Purpose	Airfare	Lodging	Meals	Car Rental/Gas/Cab	Parking	Mileage	Rent	Office Supplies	Office Expense	Conf/Mtg	Subscriptions	Meals/Entertain
Jetrol/NY/DC Trip			79.28									
Jetrol/NY/DC Trip			150.87									
Jetrol/NY/DC Trip				72.66								
Jetrol/NY/DC Trip		1074.11										
from airport				50.00								
Tips		20.00										
Jetrol/NY/DC Trip												230.00
Jetrol/NY/DC Trip		119.72										
Jetrol/NY/DC Trip			133.10									
business email									21.25			
to airport				50.00								
Jetrol/NY/DC Trip + cab to/from airport			148.82	50.00								
Jetrol/NY/DC Trip		384.09										
Tips		20.00										
30/day				150.00								
Jetrol/NY/DC Trip		505.00										
Jetrol/NY/DC Trip			147.38									
Jetrol/NY/DC Trip + tips		20.00			125.00							
Jetrol/NY/DC Trip		888.33										
Phoenix Trip - Julie J & Tom M				189.41								
subscription											49.00	
business dinner												117.69
business dinner												88.07
long business phones									120.00			
												55.55
		331.5										
				31.54								
us + 460 miles @ 35.5/mile + meals			120.00	19.00		187.80						
				33.5								
			85.44									
												158.82
												114.42
												151.01

4/1/2004

**EXCELSIOR ENERGY, INC.
2003 EXPENSES**

Purpose	Airfare	Lodging	Meals	Car Rental/ Gas/Cab	Parking	Mileage	Rent	Office Supplies	Office Expense	ConWing	Sub- scriptions	Meals/ Entertain
												143.24
Union				352.84	40							
		183.44										
		2.78										
Ulla J Denver, Colorado Springs	391.5											
business lunch												37.53
M trip to Chicago, Indianapolis	284.00											
J trip to Chicago, Indianapolis	284.00											
home business phones									120.00			
J trip to Colorado Springs	598.60		60.00	60.00								
				24.00								
business lunch												21.47
business lunch												63.97
business email									21.55			
calendar								64.84				
								33.94				
business email									21.55			
									60.64			
business lunch												163.51
J trip to San Francisco	343.00											
M trip to San Francisco	343.00											
Office supplies								76.61				
				34.01								
business trip to Indiana		144.15										
RM trip to Indianapolis	20.00											
J trip to Indianapolis	20.00											
Indianapolis business trip				118.48								
			65.48		27							
		144.15										
business lunch												25.01
RM - Conference Registration										995.00		

4/1/2004

EXCELSIOR ENERGY, INC.
2003 EXPENSES

	Airfare	Lodging	Meals	Car Rental/ Gas/Cab	Parking	Mileage	Rent	Office Supplies	Office Expense	Conf/Mtg	Sub- scriptions	Meals/ Entertain
ference Registration										995.00		
olls business trip				12.12								
				39.8								
i dinner												374.42
> Tampa	322.00											
Tampa	322.00											
esting with Bechtel												49.72
0 miles @ 38.5/mile + meals			120.00	13.00		167.90						
lunch												35.36
alness phones									120.00			
				33.23								
			123.7									
				28								
0 miles @ 38.5/mile + meals			120.00	19.26		167.90						
supplies								128.39				
meeting- Privileged/Confidential												1009.8
meeting- Information Restricted												1009.8
les									23.40			
0 miles @ 38.5/mile + meals			120.00	19.00		167.90						
				7.5								
				18								
			49.04									
			43.67									
			293.2									
			73									
		1683.67										
0 miles @ 38.5/mile + meals			120.00	12.60		167.90						
				10.01								
				27								
				18								
			365.92									
i Tom, Julie, Bill and Bob from Shell												50.00
				15								

4/1/2004

**EXCELSIOR ENERGY, INC.
2003 EXPENSES**

Purpose	Airfare	Lodging	Meals	Car Rental/ Gas/Cab	Parking	Mileage	Rent	Office Supplies	Office Expense	Conf/Mtg	Sub- scriptions	Meals/ Entertain
Home business phones									120.00			
				30.7					627.09			
				397.71								
												270.55
		180.41										188.18
					60							
			68.88									
		187.28										
				35								68.25
Gas + 480 miles @ 38.8/mile + meals			120.00	22.00		167.60						
				6								
				23.28								
				31								
Gas + 480 miles @ 38.8/mile + meals			120.00	25.00		167.60						
				28.5								
Julie J	188											
Tom M	188											
Gas + 480 miles @ 38.8/mile + meals			120.00	20.00		167.60						
				18								184.62
Julie J	180											
		48.67										202.09
						35						
				88.14								
				0.04								
				12								
	180											
								31.54				
	1101.38											

4/1/2004

**EXCELSIOR ENERGY, INC.
2003 EXPENSES**

Purpose	Airfare	Lodging	Meals	Car Rental/ Gas/Cab	Parking	Mileage	Rent	Office Supplies	Office Expense	Conf/Mtg	Sub- scriptions	Media/ Entertain
Alto J	380											
				31.02								
				25								
					42							
				273.16								
												50.73
			11.17									
Alto J (Business travel)	250.5											
	10526.21	11507.17	7731.80	3945.55	2118.00	5325.45	0	2125.93	3161.2	2200.00	322.00	7245.5
	55545.35											

4/1/2004

EXCELSIOR ENERGY INC.

TOM MICHELETTI
CO-PRESIDENT AND CEO
MOBILE: 952.250.2252
tommicheletti@excelsiorenergy.com

August 12, 2004

Mr. Dave Hart
Iron Range Resources
VIA FAX

Dear Dave,

Excelsior Energy hereby requests a loan disbursement, from the funds remaining under the original Convertible Debenture Agreement, in the amount of \$186,494.52. Attached are invoices and other information required to support this disbursement. As Co-President and CEO of the Company, I certify that these are eligible for reimbursement under the Agreement.

Thank-you for your assistance with this request. We appreciate the support of Iron Range Resources.

Sincerely,



Tom Micheletti

8/12/04

1/31/04 89,371.12
 3/31 16,704.44
 5/31 11,704.93
 6/30 7,707.38

45,113.87

1,308.75
 2,940.
 5,854.25

Vendor	Description	Amount
Latham & Watkins	Privileged or Confidential Information Redacted	Privileged or Confidential Information Redacted
AT&T	Phone Charges	\$ 689.77
AT&T	Phone Charges	\$ 461.59
ADP Payroll	Payroll	\$ 14,812.18
OG Partners	Rent	\$ 5,388.26
Lynn Cullman	Accounting Services	\$ 278.76
Lynn Cullman	Accounting Services	\$ 278.76
ABA	Bar Association Dues	\$ 500.00
MN State Bar Association	Bar Association Dues	\$ 494.00
MSI	Media Services	\$ 18,088.39
SEH	Engineering	\$ 21,846.03
Tom Michelotti / Julie Jorgensen	Expenses	\$ 31,848.00
Chadbourne & Park	Privileged or Confidential Information Redacted	Privileged or Confidential Information Redacted
Browns Consulting	Privileged or Confidential Information Redacted	Privileged or Confidential Information Redacted
Shomer Power Consulting	Privileged or Confidential Information Redacted	Privileged or Confidential Information Redacted
Mike Wadley	Expenses	\$ 351.50
IBM	IT	\$ 1,993.89
MAPPCOR	Consulting Services	\$ 8,000.00
Frerberg & Frerberg	Accounting Services	\$ 985.00
GTC	Conference Fees	\$ 475.00
Ceteris, Inc.	Consulting Services	\$ 10,137.89
Baume Dusen & Co LLP	Accounting Services	\$ 7,600.00
McVitt-Monnatt Associates, Inc.	Consulting Services	\$ 3,706.00
TOTAL \$		180,702.62

does not compute

✓
 186,494.52
 in letter 2

EXPENSE REPORT			Jan - June '04 (p.1)
NAME	Julie Dorgensen		
DATE	DESCRIPTION	AMOUNT	
1/6/04	MSN Internet Service	21.95	
1/11/04	MSN Internet Service	21.95	
1/11/04	Best Buy - office supplies	42.59	
1/17/04	Mariott Des Moines - meeting with potential partner	248.12	
1/17/04	Mileage - to and from Des Moines = 400mi @ 37.5¢/mi.	150.00	
1/18/04	meals - Des Moines	16.00	
1/23/04	Best Buy - office supplies	298.16	
1/25/04	D'Amico - business lunch	23.72	
1/26/04	Best Buy - office supplies	96.83	
1/26/04	D'Amico - business lunch	17.26	
1/29/04	D'Amico - business lunch	50.67	
2/3/04	AT&T Business Services - phone	111.06	
2/3/04	ATA - airfare to Boston - Julie (Harvard 16cc conf.)	338.90	
2/6/04	MON Internet Service	21.95	
2/11/04	Charles Hotel - Boston (Harvard 16cc conf.)	235.29	
2/12/04	Charles Hotel - meal	24.68	
2/16/04	Cabs to and from hotel - airport (Boston)	40.00	
2/13/04	Best Buy - office supplies	596.57	
2/16/04	Blue Point - business dinner	438.70	
2/19/04	ATA Wireless Services - phone service	350.00	
2/22/04	Office Depot - office supplies	137.91	
2/22/04	Office Depot - office supplies	161.64	
3/2/04	Subsets on W.B. Business lunch	70.09	

Subt: 3512.84 ✓

EXPENSE REPORT Jan-June '04 (p.2)		
NAME	DESCRIPTION	AMOUNT
	Tom Muckewath - trips to Range - mileage	
1/13/04	Trip to Iron Range: mileage 9.375 x 600 mi.	225.00
2/16/04	"	225.00
3/16/04	"	225.00
3/3/04	"	225.00
4/2/04	"	225.00
4/14/04	"	225.00
5/11/04	"	225.00
5/29/04	"	225.00
6/8/04	"	225.00
6/16/04	"	225.00
6/22/04	"	225.00
7/2/04	"	225.00

Subt: 2700.00 ✓

EXPENSE REPORT

Jan - June '04 (p.3)

NAME	DATE	DESCRIPTION	AMOUNT
	3/2/04	1Bm - Laptop	
	3/3/04	Dayzlan Exleeth - hotel for Exclusion Archdel personnel Exleeth	2,318.92
			53.70
			58.15
			53.66
			48.96
			58.65
			206.38
	3/3/04	Dayzlan - meal for group	
	3/4/04	1Bm - computer accessories	52.12
	3/4/04	United - airfare to D.C. for DATE Wye River Conference	469.20
	3/4/04	Air Tran - airfare to Houston - Tim & Julie	1237.80
	3/5/04	Office Depot - office supplies	64.89
	3/5/04	Expedia Service Co. (air tickets)	5.00
	3/6/04	MSN online services	21.95
	3/6/04	Office Depot - office supplies	23.57
	3/6/04	Expedia - Sheraton Hotel Houston (Julie & Tim)	229.80
	3/9/04	D'Amico - business lunch	75.69
	3/10/04	Advantage Rent-a-Car - Houston (Julie & Tim)	10.63
	3/10/04	Advantage -	120.57
	3/11/04	MSF online services	21.95
	3/12/04	MSF airport - parking for Houston trip	42.00
	3/12/04	Expedia - Houston - meals (Julie & Tim)	39.64
	3/12/04	DoubleTree Houston - Julie & Tim lodging	301.43

Subt: 5514.66 ✓

Jan - June '04 (p. 4)

EXPENSE REPORT

NAME		
DATE	DESCRIPTION	AMOUNT
3/12/04	ATA Surcharge - Julie's Houston Fare	75.00
3/12/04	ATA Surcharge - Tom's Houston Fare	75.00
5/18/04	AT&T Wire less - phone service	500.00
3/31/04	D'Annunzio - business lunch	28.55
4/11/04	D'Annunzio - business lunch	64.72
4/13/04	Qgypte Depot - business supplies	118.81
4/16/04	MSN online. repairs	21.95
4/16/04	Summit - business lunch	60.69
4/10/04	Manitex Car Rental - Sterling VA	299.83
4/10/04	McAfee - computer service	37.25
4/11/04	MSN online services	21.95
4/12/04	MSN online services - increased storage	48.18
4/12/04	D'Annunzio - business lunch	51.76
4/13/04	McAfee - computer service	26.58
4/15/04	Airfare - NWA - Tom D.C.	1290.21
4/15/04	Airfare - NWA - Julie D.C.	1290.21
4/17/04	Chet Foley - lunch w/Conoco - Excalibur	112.99
4/21/04	Hotel George - D.C. Lodging (Julie & Tom)	314.87
4/22/04	Bistro Bix & meals D.C. (Julie & Tom)	68.28
4/22/04	Sea Catcher - dinner D.C. (Julie & Tom)	155.25
4/23/04	Bistro Bix - meals D.C. (Julie & Tom)	64.63
4/23/04	MSP Airport - parking for DC trip	28.00
4/21-23	D.C. Cab 5 #14, #16, #8, #10, #7, #8	71.00

Subtotal: 4825.34 ✓

Jan-June '04 (p.5)

subt: 556.30 ✓

Jan - June 04 (p6)

EXPENSE REPORT

NAME	DATE	DESCRIPTION	AMOUNT
Julie Storgensen			
	4/27/04	Dinner - business lunch	18.31
	5/3/04	NWA - airfare - Albuquerque - Tom (GTC Conference)	467.70
	5/3/04	NWA - airfare - Albuquerque - Julie (GTC Conf)	467.70
	5/6/04	AT&T wireless - phone service	1687.07
	5/6/04	DelCom - conferencing - conference call service	38.44
	5/12/04	DelCom - business lunch	19.31
	5/14/04	Airfare - United - Toronto trip Tom (IBK)	1383.46
	5/14/04	Delta - airfare - Wadley - Houston (Conoco)	335.91
	5/14/04	Delta - airfare - Ruzynski - Houston (Conoco)	335.91
	5/14/04	Airfare - United - Julie - Toronto (IBK) - Houston (Cono)	1535.76
	5/15/04	Expedra - hotel for Wadley - Houston	300.26
	5/15/04	Expedra - hotel for Ruzynski - Houston	226.28
	5/15/04	"	29.99
	5/15/04	"	5.00
	5/15/04	"	24.99
	5/15/04	RA B Listing Service	219.06
	5/17/04	meal - Santa Fe - Julie & Tom + guests (GTC)	96.02
	5/19/04	Amity Car Rental - Albuquerque (GTC Conf)	254.32
	5/17/04	The Blvd - meal - Santa Fe (GTC Conf)	107.35
	5/19/04	MSD airport - meal - Santa Fe trip (GTC)	29.71
	5/19/04	MSN online services	21.95
	5/19/04	MSD airport - parking for Santa Fe trip (GTC)	53.00
	5/22/04	Giant - Gas - Albuquerque	18.01

Subtotal: 6955.45 ✓

Jan - June '04 p.7

EXPENSE REPORT

NAME	DATE	DESCRIPTION	AMOUNT
	5/22/04	Albuquerque airport - meal - GTC Conference	63.61
	5/23/04	NWA - airfare lunching - Tm	75.00
	5/22/04	NWT - airfare lunching - Tulsa	75.00
	5/23/04	La Fonda Hotel - Santa Fe - GTC Conference	113.37
	5/23/04	"	711.26
	5/24/04	D'Amico - business lunch	110.47
	5/25/04	MSP - airport parking - Toronto trip (1BK)	30.00
	5/25/04	Toronto trip - meal - airport (1BK)	45.15
	5/25/04	Toronto trip - lunch (1BK)	24.00
	5/25/04	Cab fare. Toronto to - from airport - (1BK)	80.00
	5/27/04	Radisson - Hotel - Tulsa - Dinner (Conoco)	226.17
	6/2/04	D'Amico - business lunch	80.43
	6/7/04	Spectrum Technologies Speakerphone	305.95
	6/9/04	All Conference - conf call service	100.49
	6/11/04	MSN online services	21.95
	6/12/04	D'Amico - business lunch	59.86
	6/12/04	Office Depot - office supplies	74.27
	6/16/04	Chad's Food - Tulsa - Tulsa & Jon bus lunch	38.31
	6/22/04	ATT Wireless - phone service	266.23
	6/22/04	Park Inn Virginia - Jon business lodging	182.51
	6/24/04	MSN online services	59.95
	TOTAL 6/24/04		43.96
	6/25/04	Best Day - office supplies	451.57

TOTAL

Subtotal 3239.45 ✓

27,304.09

June 26 - 8/2 (p.1) EXPENSE REPORT

NAME	DATE	DESCRIPTION	AMOUNT
	8/1/04	Cosco - office supplies and provisions for Mission party	618.50
	8/2/04	Cosco - provisions for Mission party	460.83
	8/2/04	Land's provisions for Mission party	36.05
	7/31/04	airfare - to NY - Tom	762.29
	7/31/04	airfare - to NY - Julie	762.29
	7/28/04	NWA - airfare to DC for Julie	735.19
	7/30/04	Hay Adams - Hotel - DC - Julie (meals)	62.17
	7/30/04	Office Depot - Office Supplies	128.26
	7/9/04	All Conferencing - teleconference services	118.66
	7/11/04	MSN - online services	21.95
	7/12/04	Grandma's Diner - business lunch	37.85
	7/17/04	ATT wireless service	31.94
	7/22/04	Giannis - dinner w/ business investors (potential)	459.75
	7/23/04	Northwest - business lunch w/ team	75.91
	7/23/04	Northwest - "	33.25
	TOTAL		

\$4,344.92



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American Express** SM

**11,056
Membership Rewards®
Points Available**
at 11/30/04, when charges are due paid
full and all accounts are in good standing

Prepared For
JULIE ANN JORGENSEN

Account Number
[REDACTED]

Closing Date
01/17/05

Page 1 of 8

Previous Balance \$	Payment Activity \$	New Activity \$ <small>(inc. Adjustments and Finance Charges if any)</small>	Now Balance \$	Minimum Amount Due \$
7,111.27	7,111.27	16,448.02	16,448.02	129.00

Payment Due Date
02/06/05
Please refer to page 2
for important information
regarding your account

Credit Line Summary	Total Credit Line \$	Available Credit Line \$	Cash Advance Limit \$	Available Cash Limit \$
on 01/17/05	20,000.00	13,551.98	4,000.00	4,000.00

Contact us at www.americanexpress.com or call Customer Service at 1-888-BLUE-741

Free Time Isn't Free If You Spend It Paying Bills

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Activity	Indicates posting date	Amount \$
01/01/05	Payment Received - Thank You	7,111.27
New Activity for JULIE ANN JORGENSEN		
<small>Card XXXX XXXXX [REDACTED]</small>		
12/16/04	OFFICEMAX, INC. 0701 BEACHWOOD OH OFFICE SUPPLIES 44122	378.75
12/17/04	OFFICEMAX, INC. 0705 INVER GROVE HEIGHT MN OFFICE SUPPLIES 55076	77.60
12/20/04	DAMICO & SONS EAST LWAYZATA MN EATING PLACE RESTAURANT FOOD-BEV TIP	176.72

Please fold on the perforation below, detach and return with your payment

Continued on Page 3

Prepared For
JULIE ANN JORGENSENAccount Number
XXXX-XXXXClosing Date
01/17/05

Page 3 of 8

New Activity continued

Amount \$

12/20/04	AT&T WIRELESS SERVICE 800 8887600 000000000000000015222 ROC No: 0000000034	5520	836.86
12/21/04	SPRINT PCS 208 MINNETONKA MN GOODS/SERVICES	5520	154.27
12/25/04	NORTHWEST AIRLINES ATLANTA GA NORTHWEST AIRLINES From: MINNEAPOLIS MN To: LONDON GATWICK UK CAGLIARI ITALY ROME DA VINCI ITAL AMSTERDAM NETHERLA Carrier: NW BA AZ KL Class: HK HK BK BK Ticket Number: 01211856516102 Passenger Name: MICHELETTI/THOMAS AN Document Type: PASSENGER TICKET Date of Departure: 05/06	5140	1,220.70
12/25/04	NORTHWEST AIRLINES ATLANTA GA NORTHWEST AIRLINES From: MINNEAPOLIS MN To: LONDON GATWICK UK CAGLIARI ITALY ROME DA VINCI ITAL AMSTERDAM NETHERLA Carrier: NW BA AZ KL Class: HK HK BK BK Ticket Number: 01211856516080 Passenger Name: JORGENSEN/JULIE ANN Document Type: PASSENGER TICKET Date of Departure: 05/06	5140	1,220.70
12/25/04	EXPEDIA SVC/DLVRY FE800 397-3342 WA NON-REFUNDABLE	5100	29.99
01/04/05	EUN OR FANCY 718-433-4900 NY PARTY GOODS ROC No: 0068531515	5510	70.95
01/04/05	OFFICEMAX, INC. 0705 INVER GROVE HEIGHT MN OFFICE SUPPLIES 55076	5510	29.95
01/05/05	OFFICEMAX, INC. 0701 BEACHWOOD OH OFFICE SUPPLIES 44122	5510	22.99
01/06/05	OFFICEMAX, INC. 0705 INVER GROVE HEIGHT MN OFFICE SUPPLIES 55076	5510	72.27
01/07/05	ALL CONFERENCEING, INC PISCATAWAY NJ BUSINESS SRVS, NEC	5520	248.44
01/08/05	THE BIG BUCK ROADHOUSE MINNETONKA MN EATING PLACE RESTAURANT FOOD BEV TIP	41.27 JJ PERSONAL - please deduct	41.27
01/10/05	SIMONDELIVERS.COM 1 7639714900 MN MISC FOOD STORES ROC No: 0000000000	5510	158.41
01/11/05	OFFICEMAX, INC. 0705 INVER GROVE HEIGHT MN OFFICE SUPPLIES 55076	5510	83.67
01/13/05	NORTHWEST AIRLINES MINNEAPOLIS MN NORTHWEST AIRLINES From: MINNEAPOLIS MN To: WASHINGTON NAT'L D MINNEAPOLIS MN Carrier: NW NW Class: R2 R2 Ticket Number: 01221120290004 Passenger Name: JORGENSEN/JU Date of Departure: 01/21	5140	1,318.40
01/13/05	SIMONDELIVERS.COM 1 7639714900 MN MISC FOOD STORES	5510	118.27
01/14/05	OFFICEMAX, INC. 0701 BEACHWOOD OH OFFICE SUPPLIES 44122	5510	92.15

04709 ROTEGACK 01399

Continued on reverse

Prepared For:
JULIE ANN JORGENSEN

Account Number
XXXX-XXXX

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New Activity continued

Amount \$

01/15/05 OFFICEMAX, INC. 0705INVER GROVE HEIGHTMN
OFFICE SUPPLIES 55076

5510

95.65

Total of New Activity

6,448.02

Finance Charges

Billing days this period: 32

Average Daily
Balance \$

Daily
Periodic Rate

Actual ANNUAL
PERCENTAGE
RATE

Nominal ANNUAL
PERCENTAGE
RATE

Periodic
FINANCE
CHARGE \$

Purchases

0.00

0.0252%

0.00%

9.22%

0.00

Cash Advances

0.00

0.0554%

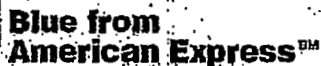
0.00%

20.22%

0.00

0.00

Certain of the periodic rates and APRs above may be variable. Those rates may vary based upon the prime rate identified in the Wall Street Journal, as described in your Cardmember Agreement as currently in effect.



Prepared For
JULIE ANN JORGENSEN

Account Number

Closing Date
02/16/05

Page 1 of 8

Previous Balance \$	Payment Ability \$	New Activity & Inc. Adjustments and Finance Charge (Only)	New Balance \$	Minimum Amount Due \$
6,448.02	6,448.02	+18,117.58	=18,117.58	362.00

Payment Due Date
03/08/05

Please refer to page 2
for important information
regarding your account.

Credit Line Summary	Total Credit Line \$	Available Credit Line \$	Cash Advance Limit \$	Available Cash Limit \$
on 02/16/05	20,000.00	1,882.42	4,000.00	1,882.42

Contact us at www.americanexpress.com or call Customer Service at 1-888-BLUE-741

2004 Year-End Summary - Ready to View Online!

Your 2004 Year-End Summary will be ready to view online no later than February 7th, and provides a 360-degree view of your entire Card spending for the year. With just one click, you can download your annual spending—right in time for tax season. New this year is the option to sort charges as "personal" or "business" for easier tax preparation and more efficient expense management.

No enrollment is required—simply access your Year-End Summary online at www.americanexpress.com/yes. Then log in with your Manage Your Card Account user ID and password.

Activity	Activity Posting Date	Amount \$
02/10/05 Payment Received - Thank You		6,448.02
New Activity for JULIE ANN JORGENSEN		
Card XXXX XXXX		
01/18/05 OFFICEMAX, INC. 0705INVER GROVE HEIGHT MN	5510	197.33
OFFICE SUPPLIES 55076		
01/18/05 OFFICEMAX, INC. 0701BEACHWOOD OH	5510	42.58
OFFICE SUPPLIES 44122		
01/18/05 IKEA BLOOMINGTON 9528768608 MN	1600	52.19
FURNITURE		
01/18/05 IKEA BLOOMINGTON 9528768608 MN	1600	1,849.91
FURNITURE		

Please fold on the perforation below, detach and return with your payment.

Payment Coupon

Account Number

Payment Due Date:
03/08/05

Continued on Page 3

Please enter account
number on all checks and
correspondence.

Total New Balance
\$18,117.58

To avoid additional
Finance Charges on
Purchases, pay New
Balance before Payment
Due Date.

Minimum Amount Due \$362.00

Check here if your address or telephone number has changed. Note changes on reverse side. This change will apply to all of your Card Accounts except any Corporate Card Accounts you may have.

JULIE ANN JORGENSEN
3057 EXCELSIORE ENERGY
11100 WAYZATA BLVD
MINNETONKA MN 55305-5517

Polishchuk, I. I. *Uchenye Zapiski Kazanskogo Universiteta. Seriya Fiziko-Matematicheskie Nauki*, 1997, vol. 40, no. 1, pp. 11-14.

\$
Amount enclosed

Mail Payment to:

AMERICAN EXPRESS
PO BOX 360002
FT LAUDERDALE FL 33336-0002

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

0000372357444931000 001813758000036200 14 H



Prepared For
JULIE ANN JORGENSEN

Account Number

XXXX-XXXX

Closing Date

02/16/05

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New Activity continued

			Foreign Spending	Amount \$
01/19/05	OFFICEMAX, INC. 0701 BEACHWOOD OFFICE SUPPLIES 44122	OH	5510	196.88
01/19/05	CHIN'S ASIA FRESH 104 FOOD/BEVERAGE FOOD/BEV. TIP	MN 26.36	5705	26.36
01/21/05	CONSULCONGRESS CAGLIARI REF# 71001590502600002000214 01/21/05		2411.66 European Union Euro	3,217.30
01/21/05	MSP AIRPORT PARKING SAINT PAUL PARKING FEES	MN	5130	30.00
01/22/05	OFFICEMAX, INC. 0705 INVER GROVE HEIGHT MN OFFICE SUPPLIES 55076		5510	153.31
01/26/05	OFFICEMAX, INC. 0705 INVER GROVE HEIGHT MN OFFICE SUPPLIES 55076		5510	178.87
01/28/05	NEWEGG COMPUTERS 8803901119 1-800-390-1119 ROC No. 0000000000	CA	5525	313.49
01/29/05	OFFICEMAX, INC. 0705 INVER GROVE HEIGHT MN OFFICE SUPPLIES 55076		5510	213.92
02/02/05	OFFICEMAX, INC. 0705 INVER GROVE HEIGHT MN OFFICE SUPPLIES 55076		5570	402.14
02/02/05	OFFICEMAX, INC. 0701 BEACHWOOD OFFICE SUPPLIES 44122	OH	5510	7.44
02/03/05	SIMONDELIVERS.COM 17639714900 GROCERIES	MN	5510 No 1RR	208.27
02/03/05	OFFICEMAX, INC. 0701 BEACHWOOD OFFICE SUPPLIES 44122	OH	5510	466.30
02/07/05	GODADDY.COM 480-505-8855 24/OTHER	AZ	1525	159.10
02/08/05	L COHEN GROUP 718-953-1050 OFFICE FURNITURE	NY	1600	4,722.10
02/08/05	CHIN'S ASIA FRESH 104 FOOD/BEVERAGE FOOD/BEV. TIP	MN 179.34	5705	179.34
02/08/05	ALL CONFERENCING INC PISCATAWAY BUSINESS SVCS. NEC	NJ	5520	292.19
02/09/05	OFFICEMAX, INC. 0705 INVER GROVE HEIGHT MN OFFICE SUPPLIES 55076		5510	83.01
02/15/05	HP DIRECT SMB 888-215-8871 1534617 55305 INV 37551176 REQ EXCELSIOR ENERGY ITM HP DESIGNJET 500 PRINTER 42 INCH TRK EGL 16427918 SHPHDL \$208.00 TOTL INCT 0013 ROC No. 1734085		1500	5,125.55
Total of New Activity				18,117.58

Continued on reverse