

1209996

SEC 1972 Potential persons who are to respond to the collection of information contained in this (6-02) form are not required to respond unless the form displays a currently valid OMB control number.

ATTENTION
Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption state exemption unless such exemption is predicated on the filing of a federal notice.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Table with OMB APPROVAL, OMB Number: 3235-0076, Expires: May 31, 2005, Estimated average burden hours per response... 1



02067031

FORM D

NOTICE OF SALE OF SECURITIES
PURSUANT TO REGULATION D,
SECTION 4(6), AND/OR
UNIFORM LIMITED OFFERING EXEMPTION



Table with SEC USE ONLY, Prefix, Serial, DATE RECEIVED

PROCESSED

DEC 13 2002

Name of Offering ([] check if this is an amendment and name has changed, and indicate THOMSON FINANCIAL

Captive Energy, INC common stock

Filing Under (Check box(es) that apply): [X] Rule 504 [] Rule 505 [] Rule 506 [] Section 4(6) [] ULOE

Type of Filing: [X] New Filing [] Amendment

A. BASIC IDENTIFICATION DATA

1. Enter the information requested about the issuer

Name of Issuer ([] check if this is an amendment and name has changed, and indicate change.)

Captive Energy Inc

Address of Executive Offices (Number and Street, City, State, Zip Code) Telephone Number

260 W 500 S Spanish Fork UT 84660 801-362-5695

Address of Principal Business Operations (Number and Street, City, State, Zip Code) Telephone Number (if different from Executive Offices) same

Brief Description of Business scrap tire vaporization recycled into clean energy to generate power/electricity.

Type of Business Organization

corporation limited partnership, already formed other (please specify):
 business trust limited partnership, to be formed

Actual or Estimated Date of Incorporation or Organization: Month Year
 [1][1] [0][2] Actual Estimated
 Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State:
 CN for Canada; FN for other foreign jurisdiction) [WY]

GENERAL INSTRUCTIONS

Federal:

Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

When to File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

Where to File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of manually signed copy or bear typed or printed

Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

Filing Fee: There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix in the notice constitutes a part of this notice and must be completed.

A. BASIC IDENTIFICATION DATA

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or of a class of equity securities of the issuer;
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Cox Donald G

Business or Residence Address (Number and Street, City, State, Zip Code)

260 W 500 S Spanish Fork, UT 84660

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Jacobson Cecil B

Business or Residence Address (Number and Street, City, State, Zip Code)

461 W 4150 N Provo UT 84604

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: [] Promoter [] Beneficial Owner [] Executive Officer [] Director [] General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

B. INFORMATION ABOUT OFFERING

1. Has the issuer sold, or does the issuer intend to sell, to non-accredited investors in this offering?..... Yes [X] No []

Answer also in Appendix, Column 2, if filing under ULOE.

2. What is the minimum investment that will be accepted from any individual?..... \$ 5000

3. Does the offering permit joint ownership of a single unit?..... Yes [X] No []

4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering.

Full Name (Last name first, if individual)

at this time N/A all will be raised in-house

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID] [IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO] [MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA] [RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) [] All States

- | | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| [AL] | [AK] | [AZ] | [AR] | [CA] | [CO] | [CT] | [DE] | [DC] | [FL] | [GA] | [HI] | [ID] |
| [IL] | [IN] | [IA] | [KS] | [KY] | [LA] | [ME] | [MD] | [MA] | [MI] | [MN] | [MS] | [MO] |
| [MT] | [NE] | [NV] | [NH] | [NJ] | [NM] | [NY] | [NC] | [ND] | [OH] | [OK] | [OR] | [PA] |
| [RI] | [SC] | [SD] | [TN] | [TX] | [UT] | [VT] | [VA] | [WA] | [WV] | [WI] | [WY] | [PR] |

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) [] All States

- | | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| [AL] | [AK] | [AZ] | [AR] | [CA] | [CO] | [CT] | [DE] | [DC] | [FL] | [GA] | [HI] | [ID] |
| [IL] | [IN] | [IA] | [KS] | [KY] | [LA] | [ME] | [MD] | [MA] | [MI] | [MN] | [MS] | [MO] |
| [MT] | [NE] | [NV] | [NH] | [NJ] | [NM] | [NY] | [NC] | [ND] | [OH] | [OK] | [OR] | [PA] |
| [RI] | [SC] | [SD] | [TN] | [TX] | [UT] | [VT] | [VA] | [WA] | [WV] | [WI] | [WY] | [PR] |

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero." If the transaction is an exchange offering, check this box " " and indicate in the columns below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt	\$	\$
Equity	\$ 1,000,000	\$ 148,000
<input checked="" type="checkbox"/> Common <input type="checkbox"/> Preferred Convertible Securities (including warrants)	\$	\$ -
Partnership Interests	\$	\$ -
Other (Specify _____).	\$ 1,000,000	\$ 148,000
Total	\$	\$

Answer also in Appendix, Column 3, if filing under ULOE.

2. Enter the number of accredited and non-accredited investors who purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors	<u>18</u>	\$ <u>118,000</u>
Non-accredited Investors	<u>5</u>	\$ <u>30,000</u>
Total (for filings under Rule 504 only)	<u>23</u>	\$ <u>148,000</u>

Answer also in Appendix, Column 4, if filing under ULOE.

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C-Question 1.

Type of offering	Type of Security	Dollar Amount Sold
Rule 505		\$ _____
<u>Regulation A</u>		\$ _____
Rule 504	<u>common</u>	\$ <u>148,000</u>
Total		\$ <u>148,000</u>

4. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees	[] \$	
Printing and Engraving Costs	[] \$	
Legal Fees	[] \$	
Accounting Fees	[] \$	
Engineering Fees	[] \$	
Sales Commissions (specify finders' fees separately)	[] \$	
Other Expenses (identify) _____	[] \$	
Total	[] \$	<u>0</u>

b. Enter the difference between the aggregate offering price given in response to Part C - Question 1 and total expenses furnished in response to Part C - Question 4.a. This difference is the "adjusted gross proceeds to the issuer."

\$ 400,000
- 0 -

5. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C - Question 4.b above.

Payments to
Officers, Payments

	Directors, & Affiliates	To Others
Salaries and fees	[]	[]
	\$ _____	\$ _____
Purchase of real estate	[]	[]
	\$ _____	\$ _____
Purchase, rental or leasing and installation of machinery and equipment	[]	[]
	\$ _____	\$ _____
Construction or leasing of plant buildings and facilities.....	[]	[]
	\$ _____	\$ _____
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger)	[]	[]
	\$ _____	\$ _____
Repayment of indebtedness	[]	[]
	\$ _____	\$ _____
Working capital	[]	[]
	\$ _____	\$ _____
Other (specify): _____	[]	[]
_____	\$ _____	\$ _____
_____	[]	[]
	\$ _____	\$ _____
Column Totals	[]	[]
	\$ _____	\$ _____
Total Payments Listed (column totals added)	[]	\$ _____

See enclosed financial info. unaudited

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) <i>Captive Energy Inc</i>	Signature <i>[Signature]</i>	Date <i>11/29/02</i>
Name of Signer (Print or Type) <i>DONALD G. COX</i>	Title of Signer (Print or Type) <i>President</i>	

ATTENTION
Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

E. STATE SIGNATURE

1. Is any party described in 17 CFR 230.262 presently subject to any of the disqualification provisions of such rule? *to the best of my knowledge and understanding*
 See Appendix, Column 5, for state response.

Yes No

2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed, a notice on Form D (17 CFR 239,500) at such times as required by state law.

3. The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.

4. The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform limited Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) <i>Captive Energy Inc.</i>	Signature <i>Donald G. Cox</i>	Date <i>11/29/02</i>
Name of Signer (Print or Type) <i>Donald G. Cox</i>	Title (Print or Type) <i>President</i>	

Instruction:

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
AL									
AK									
AZ									
AR									

CA								
CO								
CT								
DE								
DC								
FL								
GA								
HI								
ID								
IL								
IN								
IA								
KS								
KY								
LA								
ME								
MD								
MA								
MI								
MN								
MS								
MO								
MT								
NE								
NV								
NH								
NJ								
NM								
NY								
NC								
ND								
OH								
OK								
OR								
PA								
RI								
SC								
SD								
TN								
TX								
UT	✓	✓	Common Fund	18	118,000	5	30,000	✓
VT								
VA								
WA								
WV								
WI								
WY								
PR								

page 1 **SUMMARY of FINANCES**
 ASSETS
 TABULATION of MANUFACTURED / PURCHASED EQUIPMENT

page 2 **TABULATION of INVENTORY**

 LIABILITIES
 TABULATION of MANUFACTURES LIABILITIES

 LEASE on MACHINE SHOP and TOOLS
 LEASE on CONSTRUCTION EQUIPMENT
 EQUITY HOURS

page 3 **HISTORY of CAPTIVE ENERGY Inc.**

Page 4 **KEY PERSONNEL**
 FUTURE PROJECTIONS

pages 5 to 33 **TECHNICAL EXHIBITS (a to u)**

a **THOR Electro - Generating - System**
b **Progress Report Nov. 5, 2002**
c **Market Concepts Oct. 20, 2002**
d **PACIFIC CORP contract Oct. 29, 2002 (3 pages)**
e **CAPTIVE ENERGY Inc. merger Nov. 26, 2002**
f **US PATENT on Tire Gasification Unit June, 28, 1994**
g **Summary Report on EXXON Drill Site Remediation 1993**
h **Notice of Permit Status - Western States 1993**
i **EARTH DAY AWARD April, 28, 1993 (2 pages)**
j **COX ENERGY GROW SYSTEM 1998**
k **COX ENERGY SYSTEM HYDRO - VAP 2001**
l **COX ENERGY SYSTEM Water Evaporation & Distillation**
m **CAPTIVE ENERGY SYSTEMS LLC, Annual Meeting Agenda Nov. 5, 2002**
n **CAPTIVE ENERGY SYSTEMS LLC, Confidential Update Nov. 5, 2002**
o **CAPTIVE ENERGY SYSTEMS LLC, DRAFT Progress report Oct. 10, 2002(4 pgs)**
p **CAPTIVE ENERGY SYSTEMS LLC Acceptance & Acknowledgment Sept. 23**
q **CAPTIVE ENERGY SYSTEMS LLC. Acceptance & Acknowledgment July 3**
r **Non - Disclosure and Confidentiality Agreement June 6, 2002**
s **CAPTIVE ENERGY SYSTEMS LLC, Membership Application March, 2002 (2 pgs)**
t **CAPTIVE ENERGY SYSTEMS LLC, Scrap Tire Recycle Contract Nov. 25, 2002**
u **CAPTIVE ENERGY SYSTEMS LLC, THOR - ELECTRIC Africa negotiation**

SUMMARY OF FINANCES

[unaudited, unreviewed, transferred from LLC]

\$	4,500	Cash and Equivalents
\$	566,200	Physical Assets - Equipment
\$	169,100	Inventory
<hr/>		
\$	739,800	Net Hard Assets
\$	24,333	Accumulated Credit Debt
\$	148,000	Secured Loans to Members of Captive Energy Systems LLC (Secured by Physical Assets of Captive Energy Inc)
\$	306,000	Machine Shop and Tooling Lease
\$	99,500	Construction Equipment Lease
\$	260,500	Equity Hours
<hr/>		
\$	838,333	Net Liabilities
<hr/>		
\$	(- 98,533)	Liquidation Value of Captive Energy Inc.

TABULATION of MANUFACTURED / PURCHASED EQUIPMENT

\$	180,000	2	Cox Tire Vaporizer Units @ \$ 90,000
\$	26,000	4	Heat Exchange Units (modified/salt) @ \$ 6,500
\$	260,000	6	<i>T H O R</i> ™ jet propelled dynamo electric generation systems (progressive prototype development I - IV, production model V & VI)
\$	32,000	3	Hydro Pumps (high temp. & high psi)
\$	8,000	1	Machine Lathe
\$	12,000	1	Milling Machine
\$	15,000	5	Surplus Heat Boilers (unmodified) @ \$ 3,000
\$	na		Cox Tire Vaporizer Patent # 5,323,714
\$	5,000		Technical / Scientific Apparatus & Gages
\$	16,500	1	500,000 watt (0.5 meg.watt) Pickering Generator
\$	6,500	2	60 Hz. Generators (35 kw., 15 kw.)
\$	2,500	8	Motors, (200; 50; & 6 35 hp)
\$	2,700	10	Blower Fan Units (250 to 2,000 cub.ft / hr)
<hr/>			
\$	566,200		Physical Assets Manufactured / Purchased Equipment

TABULATION of INVENTORY

\$ 40,000	16	Tire Vaporizer Rolled Tubes (52 in. X 18 ft.) @ \$ 2,500
\$ 6,400	800 ft.	8 inch Aluminum Pipe @ \$ 8.00 / ft.
\$ 6,500	1,000 ft.	2 inch High Pressure Steel Pipe @ \$ 6.10 / ft.
\$ 1,200	200 ft.	6 inch Plastic Slip Couple Pipe @ \$ 6.00 / ft.
\$ 60,000	20 ton	Metal/Steel Sheet < 2 inch @ \$ 1.50 / lb,
\$ 8,000	500	Miscellaneous Steel Pipe Fittings @ \$ 5 to \$ 50.00
\$ 20,000		Varied Steel Valves & Gages
\$ 5,000		Special Welding Rods & Gases
\$ 20,000	4	Arc Welders
\$ 2,000	2	Acetylene Welders / Torches
<hr/>		
\$ 169,100		NET INVENTORY VALUE

TABULATION of MANUFACTURING LIABILITIES

LEASE of MACHINE SHOP and TOOLS @ \$ 150.00 per hour

\$ 72,000	Jan. to March	8 hr./day	\$ 1,200 / day @ 60 working days.
\$ 72,000	April to June	8 hr./day	\$ 1,200 / day @ 60 working days.
\$ 90,000	July to Sept.	10 hr./day	\$ 1,500 / day @ 60 working days.
\$ 72,000	Oct. & Nov.	12 hr./day	\$ 1,800 / day @ 40 working days.

\$ 306,000 LEASE on SHOP & TOOLS

CONSTRUCTION EQUIPMENT LEASE

\$ 22,500	Mobile Crane	@ \$ 150.00 / hr.	5 hrs/week for 8 months (Apr. to Nov.)
\$ 24,000	Loader/Backhoe	@ \$ 75.00 / hr.	8 hrs/week for 10 months (Feb. to Nov.)
\$ 20,000	Bobcat & Skid	@ \$ 50.00 / hr.	10 hrs/week for 10 months (Feb. to Nov.)
\$ 33,000	2 Trucks	@ \$ 1,500 / month	for 11 months (Jan, to Nov.)

\$ 99,500 LEASE on CONSTRUCTION EQUIPMENT

EQUITY HOURS

\$ 127,500	Donald G. Cox, CEO & Inventor,	@ \$ 75.00/hr	1,700 hrs. (Jan. to Nov.)
\$ 48,000	C.B. Jacobson, Scientific Director,	@ \$ 60.00/hr	800 hrs. (Jan. to Nov.)
\$ 85,000	Paul Healey, V.Pres. Manufacture,	@ \$ 50.00/hr.	1,700 hrs. (Jan. to Nov.)

\$ 260,500 EQUITY HOURS

\$ 665,500 TOTAL MANUFACTURING/EQUIPMENT LIABILITIES

Captive Energy Inc - Supplemental (3) HISTORY o f CAPTIVE ENERGY Inc.

The founder and principal inventor is Donald G. Cox. He has been working with mechanical equipment and devices for the past 40 years. **CAPTIVE ENERGY Inc.** was incorporated in Utah on November 21, 2002. Their main emphasis is using alternative energy sources to produce super-heated water to generate electricity and soil or water reclamation. During this year they have manufactured, tested and perfected 5 experimental prototypes of a *jet propelled dynamo* titled **THOR**. The fifth unit is on site in Spanish Fork, Utah and is producing electricity utilizing scrap tires as their energy source. (see technical exhibits a; b; & c). A much larger unit will be moved to the Utah Power Geothermal site by Milford, Utah (see technical exhibit d) Previous development of these prototypes was by **CAPTIVE ENERGY SYSTEMS LLC** which is being merged into **CAPTIVE ENERGY Inc.** (see technical exhibit e)

The original research and development in alternative energy systems by our staff goes back to the late 1980's. Mr. Cox founded **NATIONAL FUEL and ENERGY Inc.** In which, Mr. Cox patented his *TIRE GASIFICATION UNIT* (see technical exhibit f - US Patent # 5,323,714). This device utilizes intact, scrap tires and was used on many sites in the Great Basin Area to remediate oil pollution; soil and water contamination, and the reclamation of sites of petroleum exploration and refining (see technical exhibit g). Dr. C. Jacobson was scientific director and through his efforts environmental permits were granted in five Western States(see tech. exhibit h). In recognition of this "innovative environmental technology" the **1993 EARTH DAY AWARD** was presented for their "contribution to environmental protection & restoration"(see tech. ex. i).

NATIONAL FUEL and ENERGY Inc., was merged to **ENVIRONMENTAL SAFEGUARD Inc.** which then joined with **PARKER DRILLING Comp.** to form **ONSITE** which was traded on the OTC Bulletin Board under the symbol **ENSF** This corporation then moved to Texas in 1994. Mr. Cox became very ill and lost his input and direction into the new Corporation. Fortunately, he was able to retain his US Patents and continued his work on alternative energy in greenhouses (see technical exhibit j) In 2001, Cox & Jacobson started **COX ENERGY SYSTEMS Inc.** to refine the enlarged **COX TIRE VAPORIZATION and RECYCLE SYSTEM** and to enter other market areas .(see technical exhibits k & l)

In 2002 , Mr. Cox established **CAPTIVE ENERGY SYSTEMS LLC**, and transferred his US Patents; exclusive rights to electric power production, existing **COX TIRE VAPORIZERS**, other related equipment & materials to accelerate the development & implementation of **THOR** The annual Member Meeting was held on November 9, 2002 (see technical exhibit m) the merger of **CAPTIVE ENERGY SYSTEMS LLC** into **CAPTIVE ENERGY Inc.** was approved and other confidential matters presented (see technical exhibit n). Additional technical material sent to our members illustrate the progressive development by our Company. Draft of a progress summary (see technical exhibit o), two acknowledgment letters (see technical exhibits p & q), non disclosure & confidentiality agreement (see technical exhibit r), and our membership application form (see technical exhibit s).

KEY PERSONNEL

DONALD G. COX born 1932 in Jerome, Arizona
Veteran of the Korean War : US Army Armored Corp
1954 - 1964 Construction Superintendent for Pomeroy and Bechtel Corporation.
1964 - 1968 Marketer in various Insurance Companies
1968 - 1974 Owner, ***National Sportsman Club***
1974 - 1976 Marketer in Life Insurance
1976 - 1983 Founder, ***Wyoming Fuel and Energy***
1983 - 1989 Marketing in Life Insurance
1989 - present Founder, CEO and Inventor in various Alternative Energy Corporations.
Founder & CEO of ***NATIONAL FUEL and ENERGY Inc***
President & Director of ***ENVIRONMENTAL SAFEGUARDS Inc***
Owner of ***PAUL BUNYAN GREENHOUSE COMPANY***
Co-Founder & CEO of ***COX ENERGY SYSTEMS Inc***
Founder & CEO of ***CAPTIVE ENERGY SYSTEMS LLC***
Founder & CEO of ***CAPTIVE ENERGY Inc.***
[In 1974 Mr. Cox was convicted of one count of aiding & abetting in areal estate venture ; which was later mitigated to a \$ 5,000 restitution and a deferred adjudication]

CECIL B. JACOBSON born 1936 in Salt Lake City, Utah

1954 - 1957 Utah State University Pre Med / Genetics
1957 - 1959 Religious Service in Germany
1959 - 1960 BS - Genetics University of Utah (Rhodes Scholar Finalist / Utah)
1960 - 1964 MD - George Washington School of Medicine
1964 - 1968 Josiah Macy Faculty Fellow in Academic Obstetrics (Assist. Prof. Ob/Gyn)
1969 - 1976 Assoc. Prof. Ob/Gyn and Head of Reproductive Genetics Unit
1971 - 1977 Member, Presidents Committee on Mental Retardation(Nixon/Ford/Carter)
1974 - 1980 Dsc, and visiting Scientist, Cambridge Univ. UK, Animal Research Center
1976 - 1992 Founder and Director, The Reproductive Center; Vienna, Virginia
1962 - 1994 Consultant & Research Scientist to many Federal & Security Agencies
(FDA, USN Medical Center, AFRI, WRAIR,) radiation/mutation/genetics.
1992 - present Co-Founder and Scientific Director of many Alternative Energy Companies
[In 1994, the US District Court in Virginia alleged 54 violations of 18 USC
After several years of hearings, appeals - including the US Supreme Court,
Dr. Jacobson was convicted of wire/mail fraud. This was not security based]

FUTURE PROJECTIONS

The need for alternative energy applications; especially those that recycle by products (scrap tires, geothermal discharge, oil/gas or other waste discharge) can be efficiently met with our technology Markets are available (see tech. exhibit c) in tire recycle (see tech. exhibit t), geothermal (see tech exhibit d), and even foreign contracts (see tech. exhibit u). We anticipate an income from the geothermal sites in the first quarter of 2003 with the anticipation that **THOR VI** should produce between 5 to10 megawatts/hr. Next efforts are to more fully automate & feed to the grid

CAPTIVE ENERGY SYSTEM LLC: a jet propelled dynamo
Donald G COX, President, 260 W. 500 S., Spanish Fork, Ut. 84660 (801) 362-5695

This new, Limited Liability Company owns and operates the *THOR™ POWER SYSTEM* and has joined with COX ENERGY SYSTEMS LLC to utilize their 15 year experience in *scrap tire vaporization* recycled into clean energy. Each year < 800 million scrap tires accumulate in the US & are a major hazzard. Air Quality Environmental Permits have been granted in five Western States.



The THOR™ ELECTRO - GENERATING SYSTEM constitutes a new, revolutionary energy conversion & power generation methodology. This system incorporates the established energy technology of *COX ENERGY SYSTEM™*, combines the efficiency of *hyper- heated steam* flashed at unique *propellision nozzles* that transfers power into *thrust* which converts into *shaft torque !!*
ECONOMIC and TECHNICAL ADVANTAGES UNIQUE to this SYSTEM

- # Efficient Conversion of *heat > steam > thrust > torque > rpm > horsepower.*
- # Multiple Power uses: *electric generation - direct pumps & / or compressors*
- # Size & Site locations to fit client needs: *portable, remote, industrial, grids.*
- # Water System is *isolated + no discharge (95 % recycled) - no condensation*

PROPRIETARY RIGHTS: Capital Energy Systems LLC holds the patents & rights to the *THOR™ System* which consists both the *JET PROPELLED DYNAMO* and the *COX ENERGY SYSTEM (tire vaporizer + heat exchanger)*. All future energy applications and contracts for this *THOR™ SYSTEM* are the exclusive right of the *CAPTIVE ENERGY SYSTEMS LLC* members on a pro-rata unit ratio

a

PROGRESS REPORT

The Company is very pleased with our current progress. We have completed the initial prototype development stages (5 to date) and now have a functioning production unit @ the HEALEY PLUMBING in the Spanish Fork Industrial Park. The unit is in operation and electricity is being produced! THOR VI (.5 mega W.) is being built. This new production unit will be powered by waste water (geothermal)

Significant Accomplishments in this past Quarter are:

- o Construction of two, enhanced COX TIRE VAPORIZER UNITS with four, salt bath Heat Exchange Units (up to 3,500 deg. F.)
- o Economic Heat production (>3,000,000 Btu/hr) & transfer (> 95%)
- o Continuous Tire Vaporization (1 ton/unit) = tire recyle fee (\$100t.)
- o Negotiation of power contracts with Utilities, & Oil / Gas Fields
- o GEOTHERMAL site location @ Pacific Corp. Blundell site (THOR VI)

CASH DISTRIBUTION

Accelerated return of capital investment will be funded by disbursing a cash fund generated through a \$ 0.01 (one cent) / kwhr. collected up to double the members individual capital investment. In no case, except through their outright sale, will individual equity be reduced.

CAPITAL & OPERATION COSTS

Projected construction and operation costs for a continuous (24 hour) 10 mega Watt system is \$ 1,250,000 to \$ 2 million based on site cost.

Depreciation Allowance: annual estimate to CES LLC is \$ 260,000

Operations: Labor \$ 925,000, Equip./Sup. \$ 465,000 = tot. \$ 1,390,000

Investment Return: pre profit return of Capital @ \$ 0.01/kw \$ 850,000

TOTAL YEARLY COSTS to be subtracted from GROSS \$ 2,500,000

(yearly return to investors = \$ 1,100,000)

INCOME PROJECTION

Major Power Grid (10mw / 8,500hrs.) @ \$ 0.04 / kw = \$ 3,400,000

Net yearly profit \$ 900,000

Municipal Power Co.(10mw / 8,500hrs.) @ \$ 0.06 / kw = \$ 5,100,000

Net yearly profit \$ 2,600,000

Industrual Site (portable) 10mw/8500hrs @ \$ 0.08 / kw = \$ 6,800,000

Net yearly profit \$ 4,300,000

b

CAPTIVE ENERGY SYSTEMS LLC. a jet propelled dynamo
Donald G COX, President, 260 W. 500 S., Spanish Fork, Ut. 84660 (801) 362-5695
Paul E. HEALEY, Vice President for Manufacturing & Operations (801) 798-3531
Dr. Cecil B. JACOBSON, Vice President and Scientific Director, (801) 222-0626

MARKET CONCEPTS

EQUIPMENT MANUFACTURE & OPERATION:

Captive Energy LLC will fund and manage each THOR™ Jet Propelled Magneto Electric Generating System Facility. This is a portable unit which is assembled on the industrial site. HEAT comes from waste tire vaporization, well gas &/or GeoThermal

ELECTRIC POWER CLIENTS:

Each user will provide site facilities to house THOR™ suitable for their power interface and maintenance. All support equipment, services, facilities and electric transmission are their responsibility.

LONG TERM POWER PURCHASE CONTRACT:

Captive Energy LLC will negotiate to provide onsite @ a fixed rate per kilowatt hour. The capacity (minimum - maximum) will be established with site expansion via unit replication as needed.

POTENTIAL POWER CLIENTS:

Large Industrial Plants - Steel Manufactures, Oil & Gas Refineries, Chemical Production, Mines, Kilns, Asphalt & Mixing Facilities

**Oil and Gas Fields and Production Sites (Wy., Mt., Id., Nev., Ut.)
GeoThermal Wells and other Hot Water Sites (industrial effluents)**

**Municipal Power Companies (expansion - replacement - back up)
Agricultural Irrigation Systems, Greenhouses, Processing Plants.**

Regional Power Companies: constant electric generation @ a fixed price contract to be fed into their established power grid system

****Market advantages are: subsidized, stabile ENERGY COST, low WATER LOSS, Portable, units adapted to SIZE @ site, long term , FIXED PRICE CONTRACTS .**
Cbj 10 | 20 | 02

Blundell Plant
Roosevelt Hot Springs Rd.
P.O. Box 769
Milford, Utah 84751
(801) 387-5028
FAX (801) 387-5014



October 29, 2002

Cecil B. Jacobson MD
Captive Energy System, LLC
Spanish Fork, Utah

Re: Captive Energy System Turbine Test

Dear Dr Jacobson,

This letter states the understanding of PacifiCorp and Captive Energy System, LLC (CES) regarding CES's request to test the CES Turbine as described in Attachment A (the "Test") at PacifiCorp's Blundell Geothermal plant near Milford, Utah. Please acknowledge your agreement with this letter by signing in the space indicated below and returning an executed copy to me.

The test shall be conducted on the following terms:

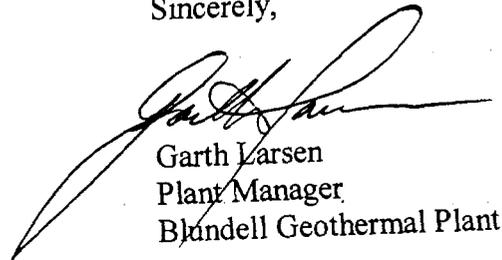
1. At all times, CES shall be solely responsible to conduct the Test in a safe manner and in accordance with the procedures and designs noted in Attachment A as approved in advance by PacifiCorp.
2. CES shall conduct the Test at its sole expense. PacifiCorp shall have no obligation in connection with the Test except as specifically noted herein and CES shall reimburse PacifiCorp for all costs it incurs in connection with the Test except as otherwise agreed.
3. PacifiCorp reserves the right to terminate this letter agreement upon notice to CES and to direct CES to terminate or suspend the Test at any time and for any reason. In no event shall PacifiCorp be liable to CES for damages, claims or expenses of any kind as a result of such termination or suspension.
4. CES shall protect, indemnify and defend PacifiCorp against any losses or claims relating to the Test arising from property damage, injury or death. CES represents that it has adequate insurance policies in place to support this obligation.
5. CES represents that it has all requisite authority and all legal interests necessary to conduct the Test and shall protect, indemnify and defend PacifiCorp against any claims in that regard.

d

6. If CES determines to put the CES Turbine or a turbine using substantially the same technology into commercial operation, PacifiCorp shall have thirty (30) days from the date of written notice of an offer received by CES to exercise its right of first refusal to contract with CES and its successors or assigns for the exclusive application of the CES Turbine within the geographic areas served by PacifiCorp or into which PacifiCorp or its affiliates market electricity. The terms of such contract shall be mutually agreed to by the parties but shall be no less favorable than those terms offered by CES to any other party in the western United States.

Please indicate your agreement with these terms in the space marked below.

Sincerely,



Garth Larsen
Plant Manager
Blundell Geothermal Plant

Attachment A

Test Procedure for CES Turbine at Blundell Geothermal Plant

Test of the CES Turbine will proceed as indicated in the _____ on-site plant visit.

1. CES personnel will undergo a safety briefing prior to any plant-site activity.
2. All CES personnel will wear appropriate PPE while on plant site including safety glasses with side shields, steel-toe shoes and hard hats.
3. Plant personnel will provide a 2 inch valved and threaded outlet from the well-water injection system.
4. CES will provide all necessary barricades and signage required for testing.
5. CES personnel will move their trailer-mounted turbine on-site to a point indicated in the visit, and approved by plant personnel.
6. CES will connect from the outlet to their turbine using suitable means.
7. CES will connect piping from the outlet of the turbine to the brine drain indicated in the site visit.
8. Turning on the valve directing brine to the turbine can only be done by plant personnel.
9. CES will provide necessary equipment to load test the turbine.
10. CES will perform necessary tests to determine overall efficiency of the turbine system.
11. Upon completion of the tests CES will remove its equipment, and cleanup any materials left as a result of the test.

FAX TO (435) 897-2074

PROPOSED RESPONSE TO PACIFICORP

Dear Mr. Larsen,

I'm in receipt of your letter of October 29, 2002. The terms and conditions of the Test as delineated therein are generally acceptable with the following clarification:

Provision 1:

For the purpose of definition, the Blundell Test on Geothermal Water to power the CES Jet Propelled Dynamo (*THOR TM*) and attached Alternator is not a Turbine. All reference to "Turbine" should be deleted and replaced by *THOR*.

Provision 2:

CES has maintained from the onset that it would conduct the Test at it's expense. CES interpreted that position as encompassing direct expenses associated with those aspects of the Test that would be construed as "hands on" involvement by CES personnel, deployment, testing and utilization of CES's *THOR TM*, cleanup and site restoration. Kindly, indicate what costs, if any, PacificCorp anticipates incurring and to the extent possible, project their aggregate cost.

Provision 3:

I respectfully request that PacificCorp would consider language that would facilitate the Test except in the event of a material breach of the agreement, safety violation, some adverse occurrence perpetuated by CES, inclement weather or other unforeseen development that could adversely impact the Test.

All other aspects of your letter of October 29, 2002, and on site visit are acceptable.

We are excited over the prospect of the *THOR TM* Test, and even more so with regard to establishing a long and mutually beneficial relationship between PacificCorp & CES

Please review and advise.

Sincerely,



Captive Energy Systems, LLC

By Cecil B. Jacobson, Scientific Director

Date signed: 11/14/02

(801) 222 - 0626

Regarding Corporate structure of Captive Energy Inc.

Dear Sir,

Captive Energy Systems LLC is an Utah LLC # 5081213-0160 established on March 6, 2002. Our research and development program has been more rapid and accelerated than we anticipated. We have completed five prototypes & are now finishing our first commercial model - THOR-VI .

This recent advance has necessitated a Company restructuring requiring much more extensive financial/asset information which is better served by incorporation. Accordingly the CES LLC directors elected & sustained at our LLC Member Meeting to file the following administrative actions:

- (1) Formally Incorporate in Utah : completed on November 21, 2002;
titled : CAPTIVE ENERGY Inc. [CEI] Ut. # 720382 .**

This is a small business corporation as defined by the IRS Code of 1954, as amended section 1244-C. Donald G. Cox is the registered agent. Common stock issued 10,000,000 (ten million) shares @ no par value. The CES LLC assets/debts, patents, contracts & equipment will be merged into CSI with no dilution of existing member units equity or rights. Upon completion of such merger, member shares will be exchanged for common stock certificates (restricted sales stock).

Current right to payment of a 1 cent / kwh received from company clients will be paid to shareholders of record, first as a return of capital until all of the shareholders initial contribution has been returned; then secondly, until a 100 % return on investment has been received as a special dividend.

[1 Member Unit = 5,000 common stock]

- (2) S.E.C. - 504 reg. D Exemption from Registration is being filed.**

Thank you for your visit to our facility,


Donald G. Cox, President

**[This is not a Prospectus for the Solicitation or Sale of Securities
but is provided for current and prospective membership holders]**



US005323714A

United States Patent [19]

[11] Patent Number: 5,323,714

Cox

[45] Date of Patent: Jun. 28, 1994

[54] TIRE GASIFICATION UNIT

[76] Inventor: Donald G. Cox, P.O. Box 0123, Evanston, Wyo. 82931

[21] Appl. No.: 972,850

[22] Filed: Nov. 6, 1992

[51] Int. Cl.⁵ F23G 5/12

[52] U.S. Cl. 110/229; 110/212; 110/346; 48/197 R

[58] Field of Search 110/229, 346, 211, 212, 110/214; 431/5; 48/111, 209, 197 R

[56] References Cited

U.S. PATENT DOCUMENTS

3,985,494	10/1976	Childree	431/5 X
4,402,738	9/1983	Akio	110/212 X
4,718,362	1/1988	Samten et al.	110/229 X
5,101,739	4/1992	Nance et al.	110/229
5,213,051	5/1993	Kaneko	110/229

FOREIGN PATENT DOCUMENTS

0065820	5/1980	Japan	110/229
---------	--------	-------	---------

OTHER PUBLICATIONS

Scrap Tires: A Resource and Technology Evaluation of Tire Pyrolysis and Other Selected Alternate Technolo-

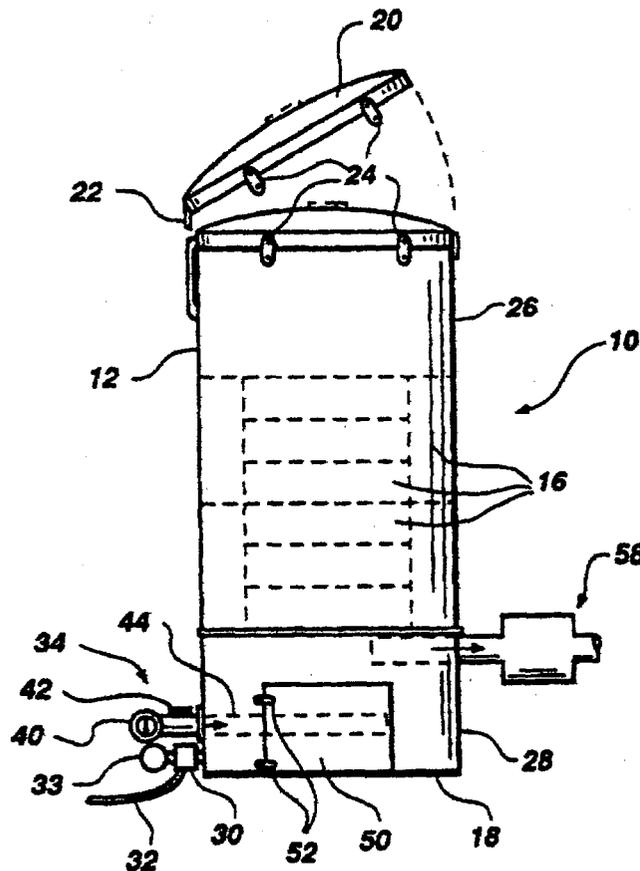
gies, EG&G Idaho, Inc., Dodds, Domenico, Evans & Lassahn, 1983, Distribution Category: UC-95e. EPA Emissions Compliance Tests for Method 5 Particulates, Air Chem Laboratories.

Primary Examiner—Edward G. Favors
Attorney, Agent, or Firm—M. Reid Russell

[57] ABSTRACT

A method and apparatus for gasifying tires comprises a housing divided into a tire hopper and vaporization chamber into which air and combustible fluid are inserted through intake manifolds to initially combust and thereafter oxidize tires placed in the housing. Oxidation results in volatile gases and solid residue. The latter is removed through a hatch in the vaporization chamber and the former is shunted to a mixing chamber which comprises an outer compartment, a middle compartment, and an inner compartment. The middle compartment receives the volatile gases which are then mixed with air in the outer and inner compartments. The mixture is combusted with the aid of a combustible fluid mixed in and thereafter shunted to a combustion chamber which further mixes the combustible fluid by means of baffles to thoroughly combust the mixture.

20 Claims, 2 Drawing Sheets



f

SUMMARY REPORT ON EXXON DRILL SITE REMEDIATION

I want to bring you up to date on our completion of the onsite remediation and site restoration at the Exxon UPRC-D1 well site at Chalkcreek, Summit Co., Utah. The joint goals of Exxon, Norton, and National Fuel & Energy were to demonstrate onsite remediation contemporaneous with explorative drilling. From August 1992 to February 1993 we were able to:

- Successfully process oil based drilling mud as generated
- Remediate to a level acceptable for onsite disposal
- Reclaim the mineral oil for reuse onsite
- Restore the site at completion

These goals for permanent, contemporaneous, onsite remediation, reclamation, and complete restoration were very optimistic. The anticipated result of permanent site closure without the latent liability of future environmental problems has been accomplished. Thus, on the first experimental site, verification of National Fuel and Energy's new technology was accomplished.

A detailed final report is in preparation; however, in summary:

- 4695 tons of oil contaminated drilling mud was successfully remediated, as measured by Louisiana State test 298 (a leachate test) to allow onsite disposal.
- 71,953 gallons (1,713 Bbls) of mineral oil was reclaimed for reuse onsite.
- 411 yards of potentially contaminated surface soil was processed for site restoration.

National Fuel and Energy has been issued generic permits in Wyoming #CT-1018, Utah #DAQE-1072-92, and Arizona #P1187. Applications are progressing well in Texas and Washington, California, and Florida.

Please give me a call if we can help in remediation of your hydrocarbon contaminated soils or water or if you wish a copy of the final report upon completion.

Most cordially yours,



Dr. Cecil B. Jacobson
Scientific Director
ph: (801) 374-6611



National Fuel & Energy, Inc.

P.O. Box 0123 • Evanston, Wyo. 82931 • 307/789-1605

Corporate Address: 1190 No. Springcreek Place, Suite A • Springville, UT 84663 • 801/489-3600

NOTICE OF PERMIT STATUS -- WESTERN STATES

Three types of permits are usually required to utilize our thermal remediation system:

- A Permit to Construct the Equipment - This is usually a generic or state wide permit. Some states require one for each county or multi county regions. This permits our equipment design and function. Limits are set on emissions and operating maximums both in time and volumes.
- A Permit to Install and Operate - This allows operation within the geographic restrictions of the generic permit. Definite limitations on duration and emission modeling is regulated. Reporting and testing standards are stipulated and a time limit stated. In most cases compliance testing will be required for each installation configuration.
- A Site Specific Project Request - Precise location, site specific topography and proximity to possible impacted neighbors. Ownership of property with source and origin of contamination must be assigned. Laboratory tests to characterize waste and anticipated volume. Precise description of waste treatment process and residual disposal. Description of site access, security and surface control is required.

Occasionally, additional permits from water quality, fire department, or zoning will be required. In all cases a courtesy notification to the health department is advised.

Generic (state wide/ regional) permits are in place for:

- **UTAH** - A Statewide Generic Permit DAQE - 0346-97
Approval to CONSTRUCT and OPERATE six (6) portable soil decontamination units
EXPERIMENTAL SITE. Approval for R&D activities in Springville.
Four projects in different counties (Summit, Tooele, Utah and Sanpete) have been completed.
An authorization of our Tire Vaporizers to qualify for STATE WASTE TIRE FUND.
- **WYOMING** - A Statewide Generic Permit CT-1018
Approval to CONSTRUCT and OPERATE multiple units.
EXPERIMENTAL SITE approval for R&D activities at Evanston.
A SOLID & HAZARDOUS WASTE PERMIT for tire & soil disposal #50.469
- **ARIZONA** - A Statewide Generic Permit #P 1187
Approval to CONSTRUCT and OPERATE the Cox Remediation System.
An INSTALLATION PERMIT to initiate operation in Pima County.
- **WASHINGTON** - Regional Authorization (5 counties) NOC #515
Permit to CONSTRUCT by Olympic Air Pollution Control Authority.
Also an INSTALLATION PERMIT to process soils for 6 months at AMOCO Drilling site.
- **COLORADO** - A Statewide Generic Permit 93H1631P
Permit to CONSTRUCT and OPERATE portable low temperature thermal unit.
Permit to INSTALL and MOVE to multiple locations.



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

RESOLUTION OF COMMENDATION
1993 EARTH DAY AWARD

WHEREAS, Earth Day is a day appointed for the preservation and reclamation of the environment for present and future generations; and

WHEREAS, innovative environmental technology plays an important role in the responsible development of Utah's natural resources; and.

WHEREAS, National Fuel & Energy, Inc., has developed a technology to clean cuttings and contaminated soils at drill sites utilizing heat generated by burning tires; and

WHEREAS, hydrocarbons are volatilized and then recovered limiting harmful emissions released into the environment; and

WHEREAS, Exxon Company, U.S.A., supported the implementation of this technology at its UPRC-D #1 well in Summit County, Utah;

NOW, THEREFORE, the Utah Board and Division of Oil, Gas and Mining do hereby recognize

NATIONAL FUEL & ENERGY, INC.,
and
EXXON COMPANY, U.S.A.

for their contribution to environmental protection and restoration and present this Earth Day Award on April 28, 1993.

David Lauriski, Chair
Board of Oil, Gas and Mining

James W. Carter, Director
Division of Oil, Gas and Mining



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangarter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

April 5, 1993

National Fuel & Energy, Inc.,
P.O. Box 50265
Provo, Utah 84605

Congratulations! The Utah Board and Division of Oil, Gas and Mining have chosen to recognize National Fuel & Energy, Inc., and Exxon for the innovative technology you used to clean cuttings and contaminated soils at the UPRC-D #1 well in Summit County, Utah.

The Board would like to present National Fuel & Energy with a Resolution of Commendation and an engraved plaque recognizing your efforts at the April 28 board hearing. The hearing will be held at 10:00 a.m. in the Division of Oil, Gas and Mining boardroom on the fifth floor, 3 Triad Center, Suite 520, 355 West North Temple.

Please let Jan Brown (538-5340) know by April 15 if you will be able to attend.

Thank you for your continuing efforts to protect Utah's environment. We look forward to extending our formal congratulations on April 28.

Best wishes,

Lowell Braxton
Lowell Braxton
Acting Division Director

cc Frank Matthews

COX ENERGY GROW SYSTEM



***A complete answer to your energy needs.
Generate onsite your greenhouse energy.***

- o- control your own energy costs & supply***
- o- get paid to recycle tires & make energy***
- o- operate your own onsite energy system***
- o- customize your own growing conditions***
- o- maximize your profits by reducing cost
of escalating energy & utility increases***
- o- break your dependance upon others for
Heating, Ventilation and Grow Lights.***
- o- specialize into unique products & sales***
- o- become self sufficient & control costs.***

Please contact us for additional information

COX ENERGY SYSTEMS Inc. (877) 411-GROW

P.O. Box # 970874, OREM, UT. 84097 - 0874

j

COX ENERGY SYSTEM Inc: an alternative thermal source.

Donald G COX, President, 10204 S. 440 W., Payson, Ut. 84651 (801) 362-5695

Dr. Cecil B. JACOBSON, Vice President and Scientific Director, (801) 222-0626

HYDRO-VAP™ - WASTE WATER EVAPORATION & REMEDIATION

A Cyclonic, Vortex Accelerator driven by compressed air, has handled many types of contaminated waste water. {hydrocarbon, salt, minerals, acid residue and other pollutants}. Production is increased by preheating the waste water in the COX TIRE VAPORIZER UNIT and then injecting into the low pressure end of the Vortex Accelerator. The cyclonic action completely mists the solution where the expanding cyclonic spiral disassociates solutes and accelerates flash evaporation. Variation of the discharge diameter &/or length gives separation. Our initial experience in the winter of 1991 flash evaporated 12,000 gal/day on waste water from petroleum tanks and pipe washings. In that case VOC's were vented; however, current configurations allow either distillation or incineration. ECONOMIC PROJECTIONS reach \$ 8.00 barrel(43g.) @ 100 bl / hr = \$ 576,000/m

The potential applications of HYDRO-VAP™ technology are varied with the most pressing being the large, open lagoons or settling ponds at petroleum producing and refining facilities. Increased exploration of "wet gas" also adds to the accumulation of large amounts of hydrocarbon/salt contaminated waters. Minor modifications in the Vortex and/or heating source will allow concentration of the contaminants for reclamation and/or distillation of the waste water. This technology has minimal impact on the environment and can be done on-site thus minimizing cost and transport problems. A single unit can cleanse 350,000 gal/month and multiple units can be located on-site. This new technology makes feasible the remediation of large volumes in an economic & expedient manner.

RINKER PIT- Bridger Lake, MtView, Wyoming 1991 Nov, Dec, Jan 1992.

**Heavy Salt and High ppm Hydrocarbon (dump from Carter Production Basin)
24 hr continuous operation; paired, small tire vapor., coil reservoir heater.
"PeeWee Vortex" (1½ inch, single port) 58 barrels/hr. = 2,500 gal/hr.**

AMOCO SITE - Granger. Wyoming Nov, Dec, 1992; Jan, Feb, Mar, Apr 1993

**Heavy Salt and Hydrocarbon (tar) - Central truck site for regional production.
24 hr continuous operation; paired, medium tire vapor., re-cycle heat exchanger
"PeeWee Vortex" = 60,000 gal / day x 6 months = 1.8 million gals = 5 acre ft.**

TEST SITE - Payson, Utah. 2001 normal well water, new vortex/heat exch.

**"Big BERTHA" (8 inch, double port) + Water Jacketed Heat Exch. (2" x 165ft.)
Need bigger electric source, second compressor, hi- pressure/temp. -pump, salt**

k

COX ENERGY SYSTEM Inc: an alternative thermal source.
Donald G COX, President, 10204 S. 440 W., Payson, Ut. 84651 (801) 362-5695
Dr. Cecil B. JACOBSON, Vice President and Scientific Director, (801) 222-0626

COX WATER EVAPORATION and DISTILLATION SYSTEM

PRINCIPLE: waste water from hydrocarbon extraction (gas wells), and / or other solute / volatile contaminated waste water; can be processed into either non-polluted, discharge effluent; or distilled water (both with \$\$ value.)

COX ENERGY SYSTEM STEAM PRODUCTION UNIT; paired one ton capacity tire vaporizers insert hot air @ 2,500 F. into two heat exchangers (salt packed) hooked in series to produce compressed steam @ 350 F. & 400 psi. Continuous production in excess of 5 million Btu/hr is accomplished by phase ignition.

COX STEAM DISPERSION and WATER DISTILLATION UNIT; will inject compressed steam through a dispersion manifold to heat and evaporate waste water in an insulated tank (approx. 20,000 gal.) Estimated evaporation rate is 40 to 50 gal/min. - 2,500 gal/hr. - 60,000 gal/day - 1½ million gal/m. = 4+ ac/ft.

Cox CONDENSATION and DISTILLATION UNIT; an aluminum condensation manifold will be cooled by ambient air or waste water. Distilled water will drip into collection troughs & piped into a distilled water tank. Recovery efficiency is estimated to be 75% with 2,000 gal/hr of distilled water. Open ports will allow escape of non-condensed vapors (total waste water evaporated is 2,500 gal/hr.)

Fuel Consumption : 2 to 3 tons intact scrap tires/day(approx # 250 auto & truck) State Tire Recycle Plans pay \$65/ton, Tire Jockeys pay us \$ 0.35 to \$ 2.00 / tire so they are eager to deliver onsite all tires not suitable for "used tire sales".

Labor Costs : two trained operators on each shift - either 8 or 12 hrs.

Electric : 220 or 440 volt / 100 amp service, alternative 35 KW generator .

Propane : approx 150 gal/mon. **Bobcat :** with scoop bucket and lift bars.

Note - accelerated evaporation &/or distillation is possible either by increasing the number of units, or by combining the evaporation from COX HYDRO - VAP

↓

Donald G COX, President, 260 W. 500 S., Spanish Fork, Ut. 84660 (801) 362-5695
Paul E. HEALEY, Vice President for Manufacturing & Operations (801) 798-3531
Dr. Cecil B. JACOBSON, Vice President and Scientific Director, (801) 222-0626

NOTICE of MEMBERSHIP MEETING

DATE : Saturday, November 9, 2002

PLACE : THOR - V site -
Healey Plumbing Plant
260 W., 500 So.
Spanish Fork, Ut. 84660

TIME : 2 to 4 pm.

CONTACT: Don G. COX , CEO 801 362-5695

A G E N D A

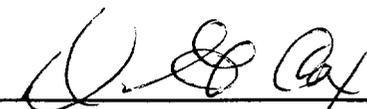
2 to 2:30 Site visit to THOR - V operation (staff)
Paired TIRE VAPORIZER functions (Cox)
Four HEAT EXCHANGERS + efficiency

2:30 to 3 Equipment Production Plant (Healey)
Construction of THOR - VI + .5 mw generator
(Placement mid-Nov. @ Pacific Corp. Power Site)
GeoThermal review and schedule (Jacobson)

3:00 to 4pm Membership Meeting
Staff introduction & election of Board of Directors
Current status (Cox)
Equipment & Manufacture (Healey)
Market Strategy & Compliance (Jacobson)
Questions & Answers

Please plan to attend .. If you are unable to .. Appoint your Proxy.
Thank you for your confidence and support,

m



Donald G. COX 10/20/02

CAPTIVE ENERGY SYSTEMS LLC. a jet propelled dynamo
146 W. 500 N., Spanish Fork, Ut. 84660 (801) 362-5695, fax (801) 798-7972

UPDATE REGARDING COMPANY STATUS (11/04/02)

In your Companies continuing desire to keep you informed of all information that can either positively or adversely affect your investment, the Board has voted to periodically (as situations warrant) update you with current events.

In today's corporate environment, litigation has become commonplace. In plain English - as you know - anyone can sue anyone, for anything, at any time. In many cases such actions are justified and necessary. Then the Court System is one of the most efficient ways to redress those wrongs; however, this very process to protect those injured can also be abused by unscrupulous individuals taking advantage of that very process.

On Friday October 25, 2002, your president Donald Cox was served with a suit that can potentially have a negative affect upon our Company. Your Board has voted to aggressively respond to any action whether the action has merit or is a frivolous prosecution. International Automated Systems Inc. (IAS) is alleging Trade Secret & Property Conversion violation against your Company & leadership.

In Response: to these allegations counsel has been sought from experts in Securities, Trade Marks & Patents, and Contract Law Litigation. Upon due advice an aggressive posture has been recommenced to respond to what appears to be frivolous and petty allegations. **The following Legal Actions have been filed:**

- o On October 30, 2002 a Small Claims Affidavit & Court Order for \$ 1,950.00 was filed (Case # 028401558) by your leadership against IAS for Equipment transportation & storage, to be followed by a Motion for Judgement & Lien.
- o An invoice in the amount of \$ 13,000.00 has been served on IAS for our costs incurred - but not paid - for materials, labor and supplies utilized in Payson.
- o On October 30, 2002 a Motion for Continuance(Civil No. 0204358) was filed and approved by the Court. This allows your Companies legal representatives time to prepare an adequate defense, which will include a Motion to Dismiss and a Countersuit for any and all damages (including frivolous filing against your Company and it's leaders). **As the wheels of Justice slowly turn - we will keep you informed on this current litigation !!**

ADDITIONAL ACTIONS : your Board, upon advice from our Security Counsel is preparing to file more formal documents and registration (504 - Security Register. Exempt.) to allow continuous growth & preparation to take your Company public.

[This is not a Prospectus for the Solicitation or Sale of Securities,
but is provided for current and prospective membership holders]

n

ThorTM

Captive Energy

Systems

Spanish Fork, Utah 84660

Donald G. Cox

President

Dr. Cecil B. Jacobson

Vice President

Scientific Director

0

Proprietary Rights

Capital Energy Systems LLC owns the **Thor™** System , which constitutes the following

The **Jet Propelled Dynamo** which includes the water heating exchanger and all parts and equipment used past the **Cox Energy System**

All future energy applications and Contracts of the **Thor™** System are the **Exclusive** right of the C.E.S. LLC. Members on a pro-rata ratio.

All **Thor™** Sites will be on a Lease basis, so as to protect the Technology involved.

All member share allocations can not be reduced by payment from Capitol Return Fund
In no case, except through outright sale, will members equity percentage be reduced.

Income and Costs

Capitol Costs

10 Meg Generating Plant	
Equipment	\$ 602,000.00
Labor	\$ 1,120,000.00
INCLUDING BASIC SITE COSTS	
	\$ 1,750,000.00
Depreciation allowance to C.E.S LLC Members	\$ 340,000.00

Income Projections

Per Plant	10 Meg @ \$0.04 kw	\$ 3,200,000.00
-----------	--------------------	-----------------

Cash Distributions

Return of Capitol investments will be accelerated by disbursing from a cash fund created by power generation. This fund is created by a set aside of \$ 0.01 per kwh

System

The **Thor™ Electro - Generating System** constitutes a new, revolutionary application of technology. The system is a energy conversion and electricity generating plant. Using the proven energy technology of the **Cox Energy System™**, to convert old tires into super heated water, which then will flash to steam in the unique propulsion nozzles, creating thrust on a shaft that is attached to a Generating Plant, or any other high energy needs application. The water used is recovered, to be used again.

The **Cox Energy System™** Is a Patented system that produces an very high temperature flame by vaporizing old tires. It does this smoke free, and is a controlled and adjustable heat source. Producing no smoke and a small amount of carbon and metal slag.

Thor™ Operating Facts

One Ton of scrap intact tires will fuel a **Thor™** for 20 Hrs

Continuous production of Super heated water at < 400° F and 300 lb PSI

The process has a high efficiency use of heat, the thrust caused by flashing super heated water produces torque, generating RPM- horsepower, can be applied to work directly from the shaft.

The shaft can be adapted to do any work by adapting the nozzles and spokes to match the job at hand and by direct coupling, or by gear - pulley applications

It has multiple possible applications some of which are; Electric Generation, Pumping, and Compressor operations.

The Unit can be adapted to accelerate the evaporation process needed in certain applications.

Evaporation of "sour water" in gas wells at Wyoming sites so they can stay on line.

Unit can be sized to fit site and applications; can be made portable, can be used in remote areas away from the power grid.

The unit is self contained, there is **no** waste water discharge, 97% water is recirculated. Water does not have to be cooled or be recovered by condensation.

Potential Customers

Some of the potential customers

Small Communities at the end of the branches of the power grid

Farmers Co-Op's who sell tires and need large amounts of Electricity and steam, to process feed.

Gas and Oil sites who need large amounts of heat and power to recover their product

Tire repositories, who really need to get rid of their inventory profitably

Power Companies who need a "Green" project (we have made agreements with power companies in Utah, Wyoming, Nevada, Idaho, and Montana.)

CAPTIVE ENERGY SYSTEMS LLC: a jet propelled dynamo

Donald G COX, President, 260 W., 500 S., Spanish Fork, Ut. 84660 (801) 362-5695

ACCEPTANCE and ACKNOWLEDGMENT of MEMBER UNITS

Thank you for joining **CAPTIVE ENERGY SYSTEMS LLC**

Your participation, support and confidence in the development of this unique, revolutionary energy concept is sincerely appreciated.

Enclosed is a copy of your accepted application for Member Units to be maintained in your personal files. Please notify us if you wish to change, or add to your ownership of these Member Units so that your official Member Unit Certificate can be properly issued.

Your Board of Directors are pleased with our current progress. We have completed the initial prototype development stages (6 to date) and now have a functioning production unit @ the HEALEY PLUMBING SITE in the Spanish Fork Industrial Park. The unit is in operation and electricity is being produced!

Significant Accomplishments in this past Quarter are:

- o Paul E. HEALEY, is Vice President for Manufacturing & Operations His expertise & generous support of time, resources & equipment have accelerated our R & D progress & produced our working unit.
- o Construction of two, enhanced COX TIRE VAPORIZER UNITS with four, salt bath Heat Exchange Units (up to 3,500 deg. F.)
- o Achieved Temp. < 450 F., Pressure < 2,000 psi, Torque < 1,800rpm
- o Continuous Tire Vaporization (1 ton/unit) = tire recyle fee (\$65/lt.)
- o Negotiation of power contracts with Utilities, & Oil / Gas Fields

Congratulations on your decision to join our corporate family, please feel free to contact us on further progress or a visit to our facility.

Most sincerely yours;



September 23 ,2002

Donald G. Cox, President

P

CAPTIVE ENERGY SYSTEMS LLC. THOR™

Donald G COX, President, 10204 S. 4440 W., Payson, Ut. 84651 (801) 362-5695
Dr. Cecil B. JACOBSON, Vice President and Scientific Director, (801) 222-0626

ACCEPTANCE and ACKNOWLEDGEMENT of MEMBER UNITS

Thank you for joining CAPTIVE ENERGY SYSTEMS LLC.

Your participation, support and confidence in this revolutionary energy development company is appreciated.

Enclosed is a copy of your Membership Application for Units to be maintained in your personal files. Please notify us if you wish to change or add to the ownership of these member units so that your Member Unit Certificate can be issued.

Your Board of Directors are pleased with our current progress. We have completed the initial prototype development stage (4 to date), and are now beginning their testing & evaluation stage .

Significant Accomplishments this first Quarter are:

**Completing four, progressive prototypes of the THOR™ DYNAMO
Construction of a second, enhanced COX_TIRE_VAPORIZER_UNIT
Achieved Temp. < 350 F, Pressure < 1000 psi, Torque < 2250 rpm.
High water recovery & recycling without condensation towers.
Efficient (<90%) heat transfer via three salt bath heat exchangers
Flash nozzle design, development & evaluation for *thrust power*.
Confirmatory with a Non Disclosure & Confidentiality Agreement.
Preparation of Trademark, Copyright and updated Patents.**

Congratulations on your decision to join our corporate family, please feel free to contact us on further progress or a visit to our facility.

Most sincerely yours;


..... July 3, 2002
Donald G. COX, president



NON DISCLOSURE and CONFIDENTIALITY AGREEMENT

On ___/___/2002, @ ___:___ am/pm; a demonstration and/or discussion of the **COX ENERGY SYSTEM™ / THOR™** (pat.pend) JET PROPELLSION MAGNETO was shown

Their inherent Engineering, Mechanical Trade Secrets; Copyrights & Trademarks, Patents Pending and Confidential Information regarding to their operation is crucial to the Companies continued development and existence.

This confidential information to be disclosed and shown upon their agreement and acknowledgement not to disclose such information to anyone for 5(five) years from the date signed.

This agreement includes all additional information on those devices employed by *COX TIRE VAPORIZER & COMBUSTION; HEAT EXCHANGER & STEAM SYSTEM; WATER MANAGEMENT GREENHOUSE OPERATIONS & AZOMITE FERTILIZERS,* and other Trade Secrets, inclusive of costumer & vendor lists, clients and investors.

UPON ACKNOWLEDGMENT additional, proprietary information will be supplied - upon request - to further your due diligence.

=====

Witness for the Company

Cbj 06/02

f

() _____
Telephone Number

Social Security Number

Signature of Applicant Print Name Date

Mailing Address

Corporations, Trusts, Partnerships, LLCs

Name of Corporation, Trust, Partnership, or LLC

By: _____
Signature of Authorized Representative Print Name

Mailing Address

Accepted as to _____ units on _____, 2002

Captive Energy Systems, LLC

By: _____
Its Manager

CAPTIVE ENERGY INC. THOR™ a Jet Propelled Dynamo
Donald G COX, President, 260 W. 500 S., Spanish Fork, Ut. 84660 (801) 362-5695
Paul E. HEALEY, Vice President for Manufacturing & Operations (801) 798-3531
Dr. Cecil B. JACOBSON, Vice President and Scientific Director, (801) 222-0626

Proposal to W. W. CLYDE Company

November 25, 2002

Regarding : Scrap Tire Disposal

Attention ALBERT
fax (801) 802 - 6931

Dear Sir;

Mr. Donald G. Cox, discussed with you last week about our ongoing program converting scrap tires into energy. This is a technology which we developed during the past ten years and is permitted in Utah & other Western States (Please see attached permit abstract).

We are interested in receiving your scrap tires at our Spanish Fork, Utah facility. Current drop off charges are :

Semi-truck tires - \$ 4.00 each
Pickup / auto tires - \$ 1.00 each

We are permitted as a certified Tire Recycle / Disposal site so additional environmental costs are avoided by your firm.

Please contact either Mr. Cox @ (801) 362-5695 or myself for additional information or to schedule Scrap Tire Drop off.

Sincerely yours,



Dr. Cecil B. Jacobson
CSI Scientific Director

t

From: Dr C. B . JACOBSON
Scientific Director

November 1, 2002

To: Mr. Stan LEITNER,

Regarding: potential funding of Electric Generation T H O R TM

An opportunity exists to reserve the implementation rights in Africa for this new technology. At present we contemplate initial funding only in the US; however, foreign expansion will rapidly follow.

I have received permission from our Corporate Board for you to begin negotiations for the exclusive rights in Africa.

A working prototype is in Utah (11/2 hr. south of the airport) and we will have a pilot project on the Pacific Corp. Geothermal facility south of Milford, Utah (half way to Las Vegas) in late November. I could meet you & your associates @ either airport to escort you.

Major advantages of this proprietary technology uniquely suits it for helping developing nations become energy independent. They are:

- * Use of natural hot water - Geothermal via Direct Application**
- * Use of Scrap Tires via COX TIRE VAPORIZER for recycled energy**
- * Use of waste - flare gas or oil residues usually lost in production**
- * Re Utilization and purification of production water - over 95 %**

This new technology combines efficiency in energy production with environmental advantages, ie. Neutral discharges, water recovery & reclamation and waste tire recycled into economic energy. Please contact me for any further assistance.

Your close friend,



(801) 222 - 0626