

Deluge Enters Crude Oil Business

Letter of Intent Signed with Carmel Energy Inc.

For Immediate Release

PHOENIX/EWORLDWIRE/Oct. 15, 2004 --- Deluge Inc., a technology development company in Ariz., has signed a Letter of Intent with Carmel Energy Inc. The agreement allows Deluge to use a new crude oil pumping technology developed by Deluge on a Carmel Energy crude oil lease, located in Vernon County, Mo. Deluge will install and operate 80 - 120 well-pumping systems in Vernon County. Deluge Inc. is forming a new company, Deluge Oil Services, LLC, to oversee all crude-oil-related business. Deluge has contracted with a management company, and a manufacturing agreement has been established to implement the oil service's company plan.

"We expect delivery of the first 12 pumps on February 1, 2005, and then continue with 12 more pumps per month," said Brian Hageman, president of Deluge Inc. "Deluge Oil Services will be very busy, with installation crews running around the clock when necessary." Small oil companies supply about 25 percent of the nation's crude oil. This capacity can be doubled or tripled with the new Deluge technology. "The United States could become a net exporter of crude oil if we get serious about producing oil that we have here in existing reservoirs," claimed Hageman. "But it will take new technologies like the Deluge Thermal Hydraulic Engine to attract the needed investment to extract oil out of our proven reservoirs."

Hageman added, "Some estimates are that we have only pumped 15 percent out of our current crude oil reservoirs. The other 85 percent is there. It just needs new technologies capable of lifting that oil at an economical cost."

Deluge completed its testing of the new crude oil pumping system that runs on hot water with the Department of Energy at the Rocky Mountain Oilfield Testing Center in Wyoming. The pump was run through a debugging process and then tested for reliability. The DOE Testing Center provided valuable information about the crude oil industry and oil field operations.

The first commercial application is now under way in Vernon County as the planning, ordering of components, and assessing of labor availability begins. Carmel Energy is looking forward to the expansion of production that will be made possible using the new Deluge technology. Carmel Energy President Leonard Delgado has said that, "Carmel is poised to maximize crude oil production on our leases. And using an environmentally sustainable technology is in everyone's interest."

Hageman, Deluge's inventor, has been working on the patented technology development for ten years in Phoenix. "In my life I have been building huge energy production systems, like the largest butane/propane plant in the world in Saudi Arabia or the largest nuclear power center at Palo Verde in Arizona. Now I hope to help rebuild our crude oil industry in America."

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AVAILABLE MEDIA: Photo: Deluge's New Crude Oil Pump (size: 213.2 k)

Testing at the United States Department of Energy Rocky Mountain Oilfield Testing Center in Wyoming was successful. First Commercial project begins in Missouri.

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