

Department of Geology & Mineral Industries

Mineral Land Regulation and Reclamation 229 Broadalbin Street SW Albany, OR 97321-2246 541-967-2039 FAX 541-967-2075

July 29, 2005

Methane Energy Corp. 21514 SE 254th Place Maple Valley WA 98038

Permit to Drill Gas Well

The application to drill a gas well, MEC Beaver Hill 4, located in Section 12, Township 27S, Range 14W, Coos County, Coos Bay Bsin Coalfield, DOGAMI ID No. 556, API No. 36-011-00040, has been approved with the following conditions:

The permittee shall:

1. Construct all sumps/mud pits by excavating below grade with a design and size for holding the drill cuttings and fluid removed from the well. Loose fill material will not be allowed to be used in the construction of the sumps/mud pits for the purposes of water retention.

original YES topography - well pad sump/mud pit excavated below grade

2005

loose fill

drilling fluids held by loose fill

- 2. Contact DOGAMI two weeks prior to spud.
- 3. Provide DOGAMI with a 2-week, a 3 day, and a 24-hour notice to schedule an inspection to witness all BOPE tests conducted prior to drilling out each casing shoe.
- 4. Per 632-010-0014(C) & (D), the BOPE shall be pressure tested: when installed, prior to drilling out casing shoes, following repairs or reassembly of the preventers that require disconnection a pressure seal in the assembly, and shall be actuated to test proper functioning once each trip or once each week, whichever is more frequent.

Issued on

Bob Houston

Petroleum - Geothermal Geologist

Natural Resource Specialist Mineral Land Regulation and Reclamation

c: Coos County