

STATE OF OREGON
 DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES
 800 NE Oregon St #28 Portland, OR 97232

O&G PERMIT # 518
 API # 36-009-00337

APPLICATIONS FOR PERMIT TO DRILL AN OIL OR GAS WELL

(To be accompanied by a \$250.00 permit fee, a surety bond conditioned as provided by law, and evidence of mineral rights ownership or lease.) This application becomes a permit to drill when signed and dated by DOGAMI in box below

In compliance with rules and regulations pursuant to ORS 520, application is hereby made for permit to drill a gas well to be known as Enerfin Resources Northwest Columbia County #32-28-75 (Hadrasaur)
 (Company or Operator) (Lease) (Well No.)

in NE 1/4 of Sec. 28, T 7N, R 5W. Directional? No X Yes Survey Coordinates (if yes, BHL & SHL)
2380' S and 1800' W from NE corner of Section 28

Wildcat: (or) Field Name: Mist Gas Field County Columbia
 Elevation of ground above sea level is 1340 feet. All depth measurements are take from Kelly
 Bushing, which is 10.00' above ground.

Lessor (Mineral Owner): 284 County of Columbia
 Address: Courthouse, St. Helens, OR 97051
 Surface Owner: 287 Longview Fibre Company
 Address: P.O. Box 639, Longview, WA 98632
 Lessee: 211 Enerfin Resources Northwest Limited Partnership
 Address: 5100 California Avenue, Suite 226, Bakersfield, CA 93309

We propose to use the following strings of casing and to land or cement these as herein indicated:

Size of hole	Size of casing	Weight in pounds per foot	Grade/Type	Depth	Amount of Cement
25"	12"			40'	Surface pour
9-7/8"	7"	23#	J55/ERW	500'	145 sxs
6-1/4"	2-7/8"	6.5#	JUE 8rd	2825'	195 sxs

Geologic objectives Clark & Wilson Sand (C&W)
 Proposed Depth 2825' Company/Operator Enerfin Resources Northwest Limited Partnership

DOGAMI approved June 10, 1999
Provide 24-hr. notice to DOGAMI for BOP test and for flow test.
 By: [Signature]
08/28/98

Signature [Signature]
 Position Manager of Lands
 Date September 28, 1998

SEND WELL COMMUNICATION TO:
 Name Enerfin Resources Northwest Limited Partnership
 Address P.O. Box 1358
Clatskanie, OR 97016-3358
 Phone (503) 755-2010 (Day) (503) 755-2010 (Night)

NOTE: (1) Issuance of the permit is not a finding of compliance with the Statewide Planning Goals or the acknowledged comprehensive plan. (2) Permit expires one year from the date of issue. (3) Land use approval must be obtained from the county or city in which the drilling takes place. (4) Unless specifically exempted, permittee is obligated to comply with all current applicable statutes and rules including those adopted after permit issuance.

EXHIBIT 'A'

Description of Operations

Drill pad approximately 200' - 300' by 300' - 500' with mud pit conforming to DOGAMI standards will be constructed and typically graveled. Conductor casing will be set and cemented to ± 40'.

The drilling rig will be moved in and rigged up. Surface water will be trucked in for the mixing of the drilling fluid and will continue to be brought in as needed during the remainder of the drilling phase for maintenance of the mud system and for cement mixing procedures. Approximately 16 - 20 men will be involved in this round-the-clock phase of the operation. Portable chemical toilets will be utilized for sewage handling. Drilling operations will commence and continue until objective depth is reached. Surface protection casing will be run and cemented at ±500' to protect any possible aquifers during this phase. Well will be evaluated by mud logging analysis while drilling, which consists of monitoring drill rate in feet per hour, cuttings examination and gas measurement of the drilling fluid. At the total depth of the well, wireline tools will be used to further evaluate the potential for natural gas production.

If commercial quantities of gas are not present, the well will be abandoned according to DOGAMI specifications and the drilling rig will be moved off the site, the drilling fluid will be disposed of or treated in accordance to DEQ guidelines and the location will be restored to its original condition.

If the potential for gas production is evident, production casing will be run and cemented. The well will be tested and if sufficient production is proven, a pipeline route will be surveyed and an easement will be attained to construct the pipeline and connect the well to the existing gathering system. The drilling fluid will be disposed/treated per DEQ guidelines and the pad size will be reduced to minimum size. During the producing phase of the well, one man will be used to get readings from the well on a daily basis, water supply and sewage facilities will not be required. As production pressures decline, DEQ approved natural gas driven compression will be utilized to meet pipeline pressures until the recovery of the gas becomes uneconomical. At this point, the well will be abandoned per DOGAMI requirements. The pipeline will be abandoned and the well location will be restored to a condition as close to its original condition as possible.

