APPLICATION FOR PERMIT TO DRILL AN OIL OR GAS WELL

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

APPLICATION FOR PERMIT TO DRILL AN OIL OR GAS WELL

(To be accompanied by a $250 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 Carbon Energy International, Coos County Forest #7-1

in SE 1/4 of Sec. 7, T 27S, R 13W. Directional? No X Yes ______ Survey Coordinates (if yes, W/L & SHL):

512' N, 2152' W of SE Corner

Wildcat: X (or) Field Name: Carbon Energy International
County: Coos

Elevation of ground above sea level is 450 feet. All depth measurements are taken from Kelly Bushing, which is 18' above ground.

Le (or) (Mineral Owner): Menasha Corporation
Address: PO Box 588, North Bend, OR 97459

Surface Owner:

Address:

Lessee: Carbon Energy International
Address: 2700 Fairmount St., 3rd Floor, Dallas, TX 75201

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

<table>
<thead>
<tr>
<th>Size of hole</th>
<th>Size of casing</th>
<th>Weight in pounds per foot</th>
<th>Grade/Type</th>
<th>Depth</th>
<th>Amount of Cement</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 1/4&quot;</td>
<td>9 5/8&quot;</td>
<td>36</td>
<td>K-55</td>
<td>425'</td>
<td>225 SXS</td>
</tr>
<tr>
<td>8 3/4&quot;</td>
<td>7&quot;</td>
<td>24</td>
<td>K-55</td>
<td>3850'</td>
<td>525 SXS</td>
</tr>
<tr>
<td>6 1/4&quot;</td>
<td>4 1/2&quot;</td>
<td>15</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Geologic Objectives: Lower Coaledo formation

Proposed Depth: 4250'

DOGAMI approved September 7, 1993.
July 1979 stipulations apply to this permit. Notify DOGAMI 24 hours before BOP tests. No commercial production may occur until spacing and set-backs are established and agreements are reached regarding distribution of revenues with adjacent mineral owners closer than the established set-back distance.

Company/Operator: Carbon Energy International, a limited liability company

Signature: __________________________
Position: Member
Date: 9-15-93

SEND WELL COMPLIANCE TO:
Name: Steven P. Papadias
Address: 6627 S. 192nd Place, Ste 100
Kent, WA 98032

Phone: (206) 656-4151 (Day) (206) 29-3246 (Night)

NOTE: (1) Issuance of this permit is not a finding of compliance with the Statewide Planning Goal 12. (2) Permit expires one year from date of issue. (3) Land use permit must be obtained from the county or city in which the drilling takes place. (4) Unless specifically excepted, the lessee is obligated to comply with all current applicable statutes and rules including those adopted after permit issuance.