APPLICATION FOR PERMIT TO DRILL NEW WELL OR STRATIGRAPHIC HOLE
(To be accompanied by a $25.00 permit fee for new wells only and a surety bond conditioned as provided by law.)

Oregon November 18, 1977

Department of Geology and Mineral Industries
Portland, Oregon

In compliance with rules and regulations pursuant to ORS 520 (Chapter 667 OL 1953) application is hereby made for permit to drill a (new well) (stratigraphic hole) to be known as GRIZZLEY DRILLING CO., Lease DE 'Y' of Sec. 33, T. 125 N., R. 15 E.W.M., W.B. & M., JEFFERSON Field, Jefferson County.

This well is 1408.53 feet (N) of the SOUTH line and 2818 3/4 feet (W) of the EAST line of SEC. 33, T. 125 N., R. 15 E.W.M.

(Give location from section or other legal subdivision lines or corners. Cross out wrong directions)

Elevation of ground above sea level is 3500 feet. All depth measurements are taken from top of GROUND LEVEL 3500', which is ______ feet above ground.

The lessee is JOHN M. REX and C.K. PALMER
Address R. 1 Box 64 TERREBONNE ORE. 97760
The lessor is A.J. MORROW and B.E. MORROW
Address 1204 CHESTNUT, MADRAS, ORE.

LOCATE WELL CORRECTLY

We estimate that the first productive oil or gas sand should occur at a depth of about ______ feet.

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 and type</th>
<th>New or second hand</th>
<th>Depth</th>
<th>Landed or cemented No. sacks cement</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 3/4</td>
<td>8 5/8</td>
<td>22.36</td>
<td>A-538</td>
<td>NEW</td>
<td>450</td>
<td>CEMENTED 1500'.</td>
</tr>
</tbody>
</table>

We propose to drill with rotary tools.

If changes in the above plan become advisable we will notify you before cementing or landing casing.

Additional information including names of and expected depths to objective sands (Use additional sheets as needed):

Proposed Depth: 4500'

I understand that this plan of work must receive approval in writing by the Director of the State Department of Geology and Mineral Industries.

Approved November 18, 1977

except as follows:

The DEQ stipulations Sept. 2, 1975 are made a condition of this permit.

OREGON DEPARTMENT OF GEOLOGY & MINERAL INDUSTRIES

(Submit in triplicate)