APPLICATION FOR PERMIT TO DRILL AN OIL OR GAS WELL

(State of Oregon) Department of Geology and Mineral Industries
910 State Office Building Portland, OR 97201

APPLICATION FOR PERMIT TO DRILL AN OIL OR GAS WELL

(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  Y OIL, INC. (Lease: )

(an oil well) to be known as   ARCO   (Lease: )

in SW ¼ of Sec. 5, T. 5 N, R. 2 W, 5. K. D. M. Directional No:.

Survey Coordinates: From SW Corner, 580° 07:42 W, 371.72'; N 0° 52:18 W 943.92 Move 1 N 19° 37' E, 249.5 N 10 E, 019' 51.46 County: COLUMBIA

Wildcat: (or) Field Name: MIST FIELD Elevation of ground above sea level is 649.36 feet. All depth measurements are taken from

the Kelly Bushing , which is 13.20 feet above ground.

Lessor (Mineral Owner): Columbia County / Land Development Services
Address: Courthouse St. Helens, OR 97031

Surface Owner: Longview Fiber Company
Address: P O Box 667, Longview WA 98632

Lessees: Arco Oil & Gas Company
Address: P O Box 147, Bakersfield CA 93302

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>8 5/8&quot;</td>
<td>24#</td>
<td>K-55</td>
<td>300'</td>
<td>125 cv</td>
</tr>
<tr>
<td>7 7/8&quot;</td>
<td>5 1/2&quot;</td>
<td>12#</td>
<td>K-55</td>
<td>2000'</td>
<td>250 cv</td>
</tr>
</tbody>
</table>

Geologic Objectives: Clark & Wilson Sand

Proposed Depth 2,000 feet.

DGAMI Approved November 9, 1987

The July 1987 stipulations approved by the State Geologist are conditions of this permit. Notify DGAMI to witness BOP test.

By Dennis L. Olmstead, Petroleum Engineer

NOTE: (1) Issuance of this permit is not a finding of compliance with the Statewide Planning Goals or the acknowledged comprehensive plan. (2) Permit expires one year from 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.

Form 1

[Signatures]