

COMPLETED

STATE OF OREGON

DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES
800 NE Oregon ST. #28 Portland, OR 97232

ENTERED
12/30/05
CJS

WELL SUMMARY REPORT

(In compliance with rules and regulations pursuant to ORS 520)

(Company or Operator) Methane Energy Corporation (Lease) MEC Beaverhill #2

(Well No.) 2

Sec. 12 T 27 S R 14W

Surveyed Coordinates (if directional, BHL & SHL):

SHL: 966.00' North, 2493.81' East from SW Corner of Section 12

BHL: 445.6' North, 1471.4' East from SW corner of Section 12

Wildcat: _____ (or) Field Name: Coos Bay County: Coos County

Date: _____ Position: _____

Commence Drilling: 2005-09-22 Completed Drilling: 2005-10-04 P&A: _____

Total Depth: 4180.5 Ft MD Re-drill depth: _____ Ft MD

Logs run: Log #1 - Halliburton CNL Density/Caliper/SP/GR/Dual Inspection - 4180.5' - 2000' MD
Log #2 - Dipmeter from 4180.5' to 1400' MD. Hole tight at 1400' - had to close caliper

CASING RECORD

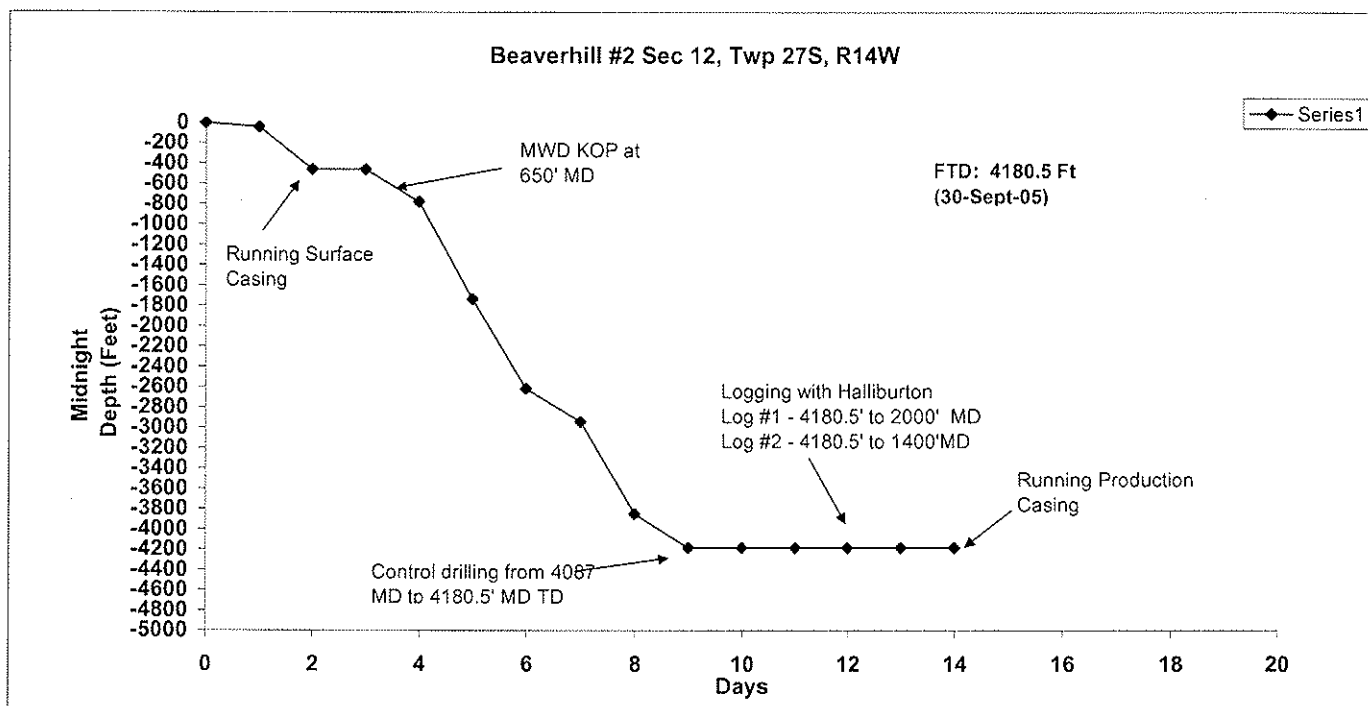
Type	Size of Hole	Size of Casing	Wt. In lbs. Per ft.	Grade Type	Depth (Feet)	Amount of cement
Surface	12.25"	8-5/8"	24	K-55	461.58	53 bbls Halliburton Lite lead, 25 bbls Type III Tail
Intermediate	N/A					
Production	7-7/8"	5.5	15.5	K-55	4180	290 sxs, 638 CF Type III Lead, 290 sxs 499 CF Type III Tail

Geological Marker	KB 332.34	Elevation (ss)	Depth TVD KB ft	Depth ft MD
Middle Coaledo Tuff				
Lower Coaledo		-2429.66		2762
Y coal bed		-3109.66		3442
G Coal		-3559.66		3892
F Coal		-3737.66		4070
E Coal		-3810.66		4143
D Coal*		-3847.66		4180
C Coal				
B Coal				
Total Depth		-3848.16		4180.5

Plugs: None

Junk: _____

WELL SUMMARY REPORT



BIT RECORD

BIT (#)	SIZE (in)	TYPE	JETS	OUT (ft)	Feet Drilled	HRS	ROP (ft/hr)	WOB (lbs)	RPM	PP (psi)	FLOW	GR	DENS	DEV	SN
1	12.25	XP804	3 x 18	461.5	461.5	24.00	17.7	12,000	195	580		1-1-2-In	8.9		736356
2	7-7/8	HCM404	6 x 14	4180.5	3719	83.00	44.8	10,000	225	1,100		1-1-1-I	9.1		7103466
3RT	7-7/8	MXC1	3 x 30									Wiper trip			5043042
TOTALS					4180.5	107.00									

GENERAL NOTES

LICENCE NO: 36-011-00038	AFE NO: 501001	501001
SPUD: 2005-09-22 @ 03:00 hrs	RIG RELEASE: 2005-10-04 @ 24:00 hrs	
TD: 4180.5 m (30-Sept-05)	DAYS SPUD-RR: 16	
TERM FORMATION:	CUM. COST TO R.R. \$897,721.00	
SUPERVISOR: Ronald Ranger	RIG: Roll'n Oilfield Rig #14	PUMP: OW 856, OPI 750

PROBLEMS:

Had minor losses with seepages less than 1 bbl every 4 hours while drilling into clays, bed of pure Bentonite, sandstones and hard shales at 778' MD and at 2210' MD.
 Continued drilling into shales and sandstone at 2762' MD (top of middle Coaledo formation). Had minor losses to seepage. Dumped 80 bbls heavy mud (dump and diluet).
 Minor packing off at 3442' MD in the Ycoal formation. Slugged drilling pipe with detergent. No losses
 Drilled out 0.5' of the D Bed coal (168 units of gas). Slugged drill pipe with 20 bbls weighted pill.

SURFACE CASING:

10 joints (423.29') of 8-5/8", 24#, K-55, LT&C, Rge 3 New CHINA casing with welded on guide shoe (0.9'), shoe joint (39.11') and float collar (1.21') and joint #2. Tagged hard bottom 461.58'. Cemented with Halliburton. Preflushed with 18 bbls water. Mixed and pumped 53 bbls Halliburton Lite + 180 sxs/277 cf/13.6#/gal + 1/4#/sx FLOCELE (yield 1.54 cf/sx) LEAD, followed with 25 bbls Type III + 100 sxs/141 cf/14.5#/gal + 5% salt (BWOW) + 0.5% D-Air (yield 1.41 cf/sxs) TAIL cement. Dropped plug and displaced with 27 bbls water. Bumped plug to 700 psi. Plug, float and cement held. No lossess. 5 bbls quality cement returns.

CASING BOWL:

9" x 2000 psi x 8-5/8" type H casing bowl (Serial No. 125566-126), pressure tested to 1000 psi for 15 minutes using N₂.

LOGS:

Halliburton: Log #1 - CNL Density/Caliper/SP/GR/Dual Induction from 4180.5' to 2000' MD
 Log #2 - Dipmeter from 4180.5' to 1400' MD. Hole tight at 1400' - had to close caliper

GENERAL NOTES - continued



Methane Beaverhill #2 Sec 12, Twp 27S, Rge 14

CORES;

None

PRODUCTION CASING:

110 joints (4179.93') new CHINA 5.50", 15.5#, K-55, LT&C, Rge 3 with threadlocked float shoe (1.24'), shoe joint (37.67') and threadlocked float collar (1.34'). Centralized as required. Landed at 4180' MD. Cemented with Halliburton. Preflushed with 20 bbls mudflush (SAPP and soap). Mixed and pumped 290 sxs, 638 CF Type III + 1.0% versaset + 5.22#/sxs salt + 0.75% UCS + 0.5% D-air (yield 2.20 cf/sxs @ 12.5#/gal) LEAD, followed by 290 sxs, 499 CF Type III + 4.48#/sxs salt + 0.3% versaset + 5.0% Microbond (yield 1.72 cf/sx @ 13.8#/gal) TAIL cement. Displaced top plug with 100 bbls water. Bumped plug to 1500 psi. Float and cement held - no losses. Had 20 bbls quality cement returns to surface.

DRILLING FLUIDS:

Spudded with mud/polymer system. Slugged hole with gel and sawdust mixture to control losses which started at 200'. Premixed clay free mud system using clay/shale inhibitors and dispesable type polymer from 461.5' to 4180.5' MD TD

DIRECTIONAL:

Picked up directional tools 2005-09-22. Directional drilled hole to 461.5' MD surface casing point. Made up MWD BHA at 461.5' and MWD 7-7/8" hole to 4180.5' MD TD. Controlled drill from 4087' to TD 4180.50'. MD