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

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: Coos Bay
(or) Field Name: Coos County

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:

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

<table>
<thead>
<tr>
<th>CASING</th>
<th>RECORD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Size of Hole</td>
</tr>
<tr>
<td>Surface</td>
<td>12.25&quot;</td>
</tr>
<tr>
<td>Intermediate</td>
<td>N/A</td>
</tr>
<tr>
<td>Production</td>
<td>7-7/8&quot;</td>
</tr>
</tbody>
</table>

Geological Marker KB 332.34 Elevation (ss) Depth TVD KB ft Depth ft MD
Middle Coaledo
Tuff
Lower Coaledo
Y coal bed
G Coal
F Coal
E Coal
D Coal*
C Coal
B Coal
Total Depth -3848.16 2762

Plugs: None

Junk:


**WELL SUMMARY REPORT - cont'd**
(In compliance with rules and regulations pursuant to ORS 520)

### METHOD OF PERFORATING:

<table>
<thead>
<tr>
<th>Size of</th>
<th>From</th>
<th>To</th>
<th>Shots/ft.</th>
<th>Jet</th>
<th>Bullet</th>
<th>Slotted Line Perf or liner</th>
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<tbody>
<tr>
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### INITIAL PRODUCTION

<table>
<thead>
<tr>
<th>Date</th>
<th>Clean Oil bbl/day</th>
<th>Gravity</th>
<th>Percent Water</th>
<th>F.T.P</th>
<th>F.C.P</th>
<th>S.I.T.P</th>
<th>S.I.C.P.</th>
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### REMARKS:

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**WELL SUMMARY REPORT**

**Beaverhill #2 Sec 12, Twp 27S, R14W**

**BIT RECORD**

<table>
<thead>
<tr>
<th>BIT</th>
<th>SIZE</th>
<th>TYPE</th>
<th>JETS</th>
<th>OUT Feet</th>
<th>Drilled</th>
<th>HRS</th>
<th>ROP (ft/hr)</th>
<th>WOB (lbs)</th>
<th>RPM</th>
<th>PP</th>
<th>FLOW</th>
<th>GR</th>
<th>DENS</th>
<th>DEV</th>
<th>SN</th>
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<tr>
<td>1</td>
<td>12.25</td>
<td>XPE04</td>
<td>3 x 18</td>
<td>461.5</td>
<td>461.5</td>
<td>24.0</td>
<td>17.7</td>
<td>12,000</td>
<td>195</td>
<td>580</td>
<td>1-1-2-In</td>
<td>8.9</td>
<td>736356</td>
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<tr>
<td>2</td>
<td>7.76</td>
<td>HCM404</td>
<td>6 x 14</td>
<td>4180.5</td>
<td>3719</td>
<td>83.0</td>
<td>44.8</td>
<td>10,000</td>
<td>225</td>
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<td>Wiper trip</td>
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**TOTALS** 4180.5 107.00

**GENERAL NOTES**

**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 dilute). 

Minor packing off at 3442' MD in the Ycoal formation. Slagged drilling pipe with detergent. No losses Drilled out 0.5' of the D Bed coal (168 units of gas). Slagged 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 Cr/HNA casing with welded on guide shoe (0.9") , shoe joint (39.11") and float collar (1.21") and joint #2. Tagged hard bottom 461.5'. Cemented with Halliburton. Preflushed with 18 bbls water. Mixed and pumped 53 bbls Halliburton Lile + 180,000 cfs/277 cfs/13.6 ft/gal + 1/4/#sx FLOCCELE (yield 1.54 cfs/sx) LEAD, followed with 25 bbls Type III + 100 sx/141 cfs/13.5 ft/gal + 5% salt (BWOW) + 0.5% D-Air (yield 1.41 cfs/sx) TAIL cement. Dropped plug and displaced with 27 bbls water. Dumped 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. 125666-126), 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/sxs @ 13.8#/gal) TAIL cement. Displaced top plug with 100 bbls water. Bumped plug to 1500 psl. 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 dispersable 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