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 #3

(Well No.) 3

Sec. 12 T 27 S R 14W Surveyed Coordinates (if directional, BHL & SHL):

SHL: 1056.04' North, 2493.87' East from SW corner of Section 12
BHL: 1527' North, 2533' East from SW corner of Section 12

Wildcat: Coos Bay County: Coos County

Date: Position:

Commence Drilling: 2005-08-15 Completed Drilling: 2005-09-05 P&A:

Total Depth: 5300 Ft MD Re-drill depth:


<table>
<thead>
<tr>
<th>CASING RECORD</th>
<th>Type</th>
<th>Size of Hole</th>
<th>Size of Casing</th>
<th>Wt. In lbs. Per ft.</th>
<th>Grade Type</th>
<th>Depth (Feet)</th>
<th>Amount of cement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface</td>
<td>12.25&quot;</td>
<td>8-5/8&quot;</td>
<td>24</td>
<td>J-55</td>
<td>553</td>
<td>170 xxs SK282 CF Halliburton Lite Lead, 100 xxs 141 CF Type III tail</td>
<td></td>
</tr>
<tr>
<td>Intermediate</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>7-7/8&quot;</td>
<td>4.5&quot;</td>
<td>11.6</td>
<td>L-80</td>
<td>5295.0'</td>
<td>300 xxs Type III lead, 455 xxs Type III tail</td>
<td></td>
</tr>
</tbody>
</table>

Geological Marker KB Elevation Depth Depth
"M" Coaledo Shales 336.8 -139.2 TVD KB ft 476
Tuff -790 ft MD 790
L. Coaledo (upper portion) -2581.2 2918
Y coal bed -3223.2 3560
Top of Pebblestone -3436.2 3773
Bottom Pebbleston 0 0
X Coal/Shale Bed 0 0
top - Series Coals 0 0
G Coal 0 0
F Coal 0 0
E Coal 0 0
D Coal* 0 0
C Coal 0 0
B Coal 0 0
A Coal 0 0
Total Depth -5300 5300
WELL SUMMARY REPORT - cont'd
(In compliance with rules and regulations pursuant to ORS 520)

Plugs: None

Junk: Fish left in hole

<table>
<thead>
<tr>
<th>METHOD OF PERFORATING:</th>
<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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INITIAL PRODUCTION</th>
<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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

REMARKS:
BEAVERHILL #3 Sec 12, Twp 27 S, R14 W

BIT RECORD

<table>
<thead>
<tr>
<th>BIT</th>
<th>SIZE</th>
<th>TYPE</th>
<th>JETS</th>
<th>OUT</th>
<th>Feet</th>
<th>HRS</th>
<th>ROP</th>
<th>WOB</th>
<th>RPM</th>
<th>PP</th>
<th>FLOW</th>
<th>GR</th>
<th>DENS</th>
<th>DEV</th>
<th>SN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1RR</td>
<td>12.25</td>
<td>MXC1</td>
<td>3x18,1x12</td>
<td>536</td>
<td>483</td>
<td>45.50</td>
<td>10.6</td>
<td>3,000</td>
<td>118</td>
<td>2,400</td>
<td>4-1-4-0</td>
<td>1,190</td>
<td>1.0</td>
<td>W53DF</td>
<td></td>
</tr>
<tr>
<td>2RR</td>
<td>12.25</td>
<td>MXC1</td>
<td>3x18,1x12</td>
<td>553</td>
<td>15</td>
<td>0.75</td>
<td>11.25</td>
<td>34,000</td>
<td>118</td>
<td>850</td>
<td>1-1-1-1</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>7.78</td>
<td>HC404</td>
<td>4x16</td>
<td>5300</td>
<td>4750</td>
<td>118.00</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>7.78</td>
<td>MXC1</td>
<td>3x20 Surf</td>
<td>0</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTALS:** 5258 164.25

GENERAL NOTES

**PROBLEMS:**
At 70’, rotary drop box bearings failed (lock nut on inside of chain case loosened and metal debris seized bearings). Repaired hole became sticky and packing off at 352’. Reamed, built up gel and increased pump rate. At 2845’ had minor losses with some hole sticking from clay sections. Slugged drill pipe on connection with drilling detergent. Annulus packed off. Dumped 50 bbls mud and rebuilt system to reduce saturated clays.

**SURFACE CASING:**
12 jts (511.61') of 8-5/8”, 24#, J-55, ST&C, Rge 3 New Argus casing with welded on guide shoe (0.9’), shoe joint (42.32’), and float collar (1.21’). Tagged hard bottom. Landed at 553.0’. Cemented with Halliburton. Pumped 10 bbls water preflush. Mixed and pumped 170 sxs SK282 CF Halliburton Lite + 1.4#sxs FLOCELE (yield 1.41 cf/sxs @ 14.5#/gal) lead cement, killed in with 100 sxs 141-CF Type III + 5% salt (BVOW) + 5% D-AIR (yield 1.41 cf/sxs @ 14.5#/gal). Displaced with 32.8 bbls water. Bumped plug to 650 psi (held okay). Float held okay. 10 bbls good cement returns, no losses.

**CASING BOWL:**
9" x 2000 psi x 8-5/8" type H casing bowl (Serial No. 125566-20), pressure tested to 1000 psi for 15 minutes using N2.

**CORES:**
None
GENERAL NOTES - continued

Methane Beaverhill #3 Sec 12, Twp 27S, Rge 14

LOGS:
Halliburton Spectral Density Neutron, Induction Sonic Gamma, Electromode Dipmeter. Started logging at 5290'

DSTS:
None

PRODUCTION CASING:

132 lts (6294.82") New China 4.5", 11.6#, L-80, LT&C, Rge 3 + float shoe, shoe joint and float collar. Lightly lagged bottom at 5294' with 3.42' out of hole. Cemented with Halliburton. Preflushed with 20 bbls water/superflush + 132 sxs Neel "G" (yield 2.26/12.5#/gal). Mixed and pumped 300 sxs Type III + .0% Colloidal + 7.0% Salt + 0.3% versatet + 5#/gal Milsonite + 5.0% Micobond (yield 2.39/12.5#/gal lead cement, tailed in with 456 sxs Type III + 5.0% salt + 0.5% versaset Plus 5#/sxs Gilsonite + 5% microbond (yield 1.83/13.5#/gal). Displaced with 82 bbls clean water. Bumped plug to 1850 psi. Float held, cement held. 100 bbls quality cement returns.

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 520 ft - 5300 ft TD

DIRECTIONAL:
Made up MWD BHA 2005-08-24, KOP at 520 ft. Directional drilled from 520 ft to 5300 ft TD.