



Oregon

Theodore R. Kulongoski, Governor

Department of Geology & Mineral Industries

Mineral Land Regulation and Reclamation

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July 29, 2005

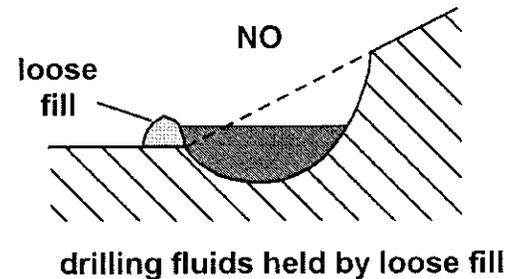
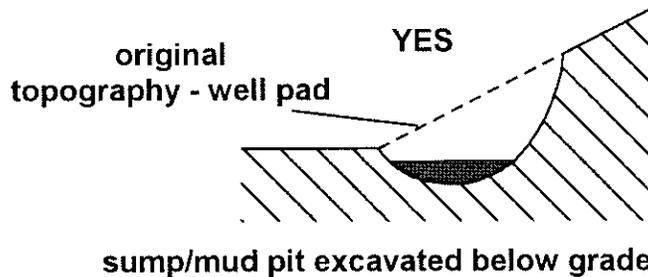
Methane Energy Corp.
21514 SE 254th Place
Maple Valley WA 98038

Permit to Drill Gas Well

The application to drill a gas well, MEC Beaver Hill 5, located in Section 12, Township 27S, Range 14W, Coos County, Coos Bay Basin Coalfield, DOGAMI ID No. 557, API No. 36-011-00041, has been approved with the following conditions:

The permittee shall:

1. Construct all sumps/mud pits by excavating below grade with a design and size for holding the drill cuttings and fluid removed from the well. Loose fill material will not be allowed to be used in the construction of the sumps/mud pits for the purposes of water retention.



2. Contact DOGAMI two weeks prior to spud.
3. Provide DOGAMI with a 2-week, a 3 day, and a 24-hour notice to schedule an inspection to witness all BOPE tests conducted prior to drilling out each casing shoe.
4. Per 632-010-0014(C) & (D), the BOPE shall be pressure tested: when installed, prior to drilling out casing shoes, following repairs or reassembly of the preventers that require disconnection a pressure seal in the assembly, and shall be actuated to test proper functioning once each trip or once each week, whichever is more frequent.

Issued on July 29, 2005

by for Marshall
Bob Houston
Petroleum - Geothermal Geologist
Natural Resource Specialist
Mineral Land Regulation and Reclamation

c: Coos County