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) ___________________________  (Lease) ___________________________
Methane Energy Corporation  MEC Beaverhill #5

(Well No.) 5

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

SHL: 956.90' North, 2493.81' East from SW corner of section 12
BHL:

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

Date: ___________________________  Position: ___________________________


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></td>
<td>Surface</td>
<td>12.25&quot;</td>
<td>8-5/8&quot;</td>
<td>24</td>
<td>K-55</td>
<td>488</td>
<td>50 bbls Class &quot;G&quot; lead, 21 bbls Class &quot;G&quot; tail</td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Production</td>
<td>7-7/8&quot;</td>
<td>4.5&quot;</td>
<td>11.5</td>
<td>L-80</td>
<td>4461</td>
<td>370 sxs Type III lead, 380 sxs Type III tail</td>
</tr>
</tbody>
</table>

Geological Marker
"M" Coaledo Shales
L. Coaledo (upper portion)
Y coal bed
Top of Pebblestone
Bottom Pebbleston
X Coal/Shale Bed
top - Series Coals
G Coal
F Coal
E Coal
D Coal*
C Coal
B Coal
Total Depth

Elevation (ss)  Depth TVD KB ft  Depth ft MD
WELL SUMMARY REPORT - cont'd
(In compliance with rules and regulations pursuant to ORS 520)

Plugs:  
None

Junk:  
None

<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>
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</thead>
<tbody>
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</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>
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</tbody>
</table>

Remarks:  

______________________________
______________________________
______________________________
______________________________
Beaverhill #5 Sec 12, Twp 27S, R14W

Running Surface Casing
Made up MWD tools at 498'

Logging with Halliburton. Made one pass from TD to casing shoe

Running Production Casing
FTD: 4461 Ft MD (2005-10-15)

BIT RECORD

<table>
<thead>
<tr>
<th>BIT (#)</th>
<th>SIZE (in)</th>
<th>TYPE</th>
<th>JETS</th>
<th>OUT (ft)</th>
<th>Feet Drilled</th>
<th>HRS (ft/hr)</th>
<th>ROP (lbf)</th>
<th>WOB (lbf)</th>
<th>RPM</th>
<th>PP (psi)</th>
<th>FLOW</th>
<th>GR</th>
<th>DENS</th>
<th>DEV</th>
<th>SN</th>
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<tbody>
<tr>
<td>1</td>
<td>12.25</td>
<td>117</td>
<td>3 x 16</td>
<td>488</td>
<td>488</td>
<td>22.50</td>
<td>19.8</td>
<td>12,000</td>
<td>170</td>
<td>900</td>
<td>1-1-2.4 in</td>
<td>9.00</td>
<td>1.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>77/8</td>
<td>HMX04</td>
<td>6 x 14</td>
<td>4461</td>
<td>3973</td>
<td>72.00</td>
<td>55</td>
<td>11,000</td>
<td>225</td>
<td>1,260</td>
<td>1-1-1 in</td>
<td>9.00</td>
<td>22.00</td>
<td></td>
<td></td>
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<tr>
<td>3 RI</td>
<td>77/8</td>
<td>MXC1</td>
<td>3x20,1x14</td>
<td></td>
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<td></td>
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<td></td>
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<td>792K</td>
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TOTALS 4481 94.50

GENERAL NOTES

LICENCE NO: 36-011-00041
SPUD: 2005-10-06 @ 17:30 hrs
TD: 4461 Ft MD (2005-10-15)
TERM FORMATION: SUPERVISOR: Ronald Ranger
RIG: Roll'n Oilfield Rig #14
PUMP: OW 856, CPI 750

PROBLEMS:
Encountered hard sand and shales while drilling from 157' to 488'. Encountered clay sections from 1100' with some hole packing. Found 500 units of gas in cuttings from top of D Coal at 4294' MD with coal averaging 12' thick. Circulated bottoms. Hole unloaded sands and coals at 4461' TD.

SURFACE CASING:
12 joints (489.70') New CHINA 8-5/8'', 24#, K-55, LT&C, Rge 3 casing with welded slip on shoe (0.90') and float collar (1.21'). Tagged hard bottom at 488' MD. Cemented with Halliburton. Preflushed 20 bbls water. Mixed and pumped 50 bbls Class "G", 160 sxs/297 cf/14.2#gal + 1/4#sx FLOCLEL + 2.0% CaCl2 + 4.0% gel (yield 1.55 cf/sx) LEAD, followed with 21 bbls Class "G" 100 sxs/141 cf/15.8#/gal + 2.0% CaCl2 (yield 1.16 cf/sx). Dropped plug, displaced with 30 bbls water. Bumped plug to 800 psi. Plug, float and cement held. No losses. 10 bbls quality cement returns.

CASING BOWL:
9" x 2000 psi x 8-5/8" type H casing bowl (Serial No. 125566-22), pressure tested to 1000 psi for 15 minutes using N2.

LOGS:
Halliburton: Density/Caliper, Induction, SP, FR (neutron source would not thread into logging tool cavity so no neutron source was run. This logging job was incomplete). Located soft bottom at 4466' (loggers depth). Finished one pass from TD to casing shoe.
GENERAL NOTES - continued

Methane Beaverhill #5 Sec 12, Twp 27S, Rge 14

CORES:
None

PRODUCTION CASING:
Tailed, drifted (torque set 2000 ft/lbs) New CHINA 4.5", 11.5 #/ft, L-80, LT&C, Rge 3 casing: threadlocked float shoe (1.34") shoe joint (40.03°), threadlocked float collar (1.35°), 17 jts (724.62"), orientation collar (1.85" with top at 3691.81"), joint casing (40.75°), orientation collar (1.85", TOP at 3848.21"), 92 joints (3650.78"), 3649.21", 92 jts (3650.78")
Tagged hard bottom at 4461' MD with 12" stick up. Cemented with Halliburton Premixed with 20 bbls Superflush + 20 bbls water. Mixed and pumped 370 sxs Type III cement (914 cu/ft) + 1/-% versaset + 5.22 #/sxs salt + 0.75% UCS + 0.5% D-air 3000, 814 cu/ft, 145 bbls/12.5#/gal (yield 2.2) LEAD, followed with 380 sxs Type III cement (653 cu/ft) + 0.3% 0.3% versaset + 4.46#/sxs salt + 5.0% Microbond TAIL. Dropped plug, displaced with 68.4 bbls water. Bumped plug to 1750 psi. Floats and cement held - no losses. 20 bbls quality cement returns.

DRILLING FLUIDS:
Spudded with mud/polymer system.
Premixed clay free mud system using clay/shale inhibitors and dispersable type polymer from 448' to 4461' MD TD.

DIRECTIONAL:
Made up MWD BHA 200510-10. MWD PDC 7-7/8" hole from 488' to 4461' MD TD with 20 degree inclination and 218.19 azimuth at 803' as per Precision directional plan.