APPLICATION FOR PERMIT TO DRILL AN OIL OR GAS WELL

(To be accompanied by a $100 permit fee, a surety bond conditioned as provided by law, and evidence of mineral rights ownership or lease.) This application becomes a permit to drill when signed and dated by DOGAMI in box below.

in compliance with rules and regulations pursuant to ORS 520, application is hereby made for permit to drill

(a gas well) to be known as **Damon Petroleum Corp. Inc. Stauffer Farms Stauffer 35-1**

(Company or operator) **Damon Petroleum Corp. Inc.**
(Lease) **Stauffer Farms**
(Well No.) **Stauffer 35-1**

in NW 1/4 of Sec. 35, T. 45S, R. 1W, W.B.M. Directional? No*

Survey Coordinates: **Aprox 1100' S of the N. Line & 625' E of the W. Line off met 40° 8' (000000)**

Wildcat: **Yes** (or) Field Name: _

County: **Marion**

Elevation of ground above sea level is **300'** feet. All depth measurements are taken from **above ground.**

Lessor (Mineral Owner): **Stauffer Farms Inc.**
Address: **13851 Stauffer Rd NE, Husabrook, OR 97032**

Surface Owner: **SAA**
Address: **SAA**

Lessee: **Damon Petroleum Corp. Inc.**
Address: **P.O. Box 283, Woodburn, OR 97071**

We propose to use the following strings of casing and to land or cement them as herein indicated:

<table>
<thead>
<tr>
<th>Size of hole</th>
<th>Size of casing</th>
<th>Weight in pounds per foot</th>
<th>Grade/Type</th>
<th>Depth</th>
<th>Amount of cement</th>
</tr>
</thead>
<tbody>
<tr>
<td>12&quot;</td>
<td>8 1/2&quot;</td>
<td></td>
<td></td>
<td>300'</td>
<td>130.44 lbs</td>
</tr>
<tr>
<td>7 1/2&quot;</td>
<td>4 1/2&quot;</td>
<td>1/4&quot;</td>
<td></td>
<td>2800'</td>
<td>AS REQUIRED</td>
</tr>
</tbody>
</table>

Geologic Objectives **UPPER Eocene - Stauffer Formation**

Proposed Depth **2800'**

**DOGAMI Approved October 17, 1986**

The July 1986 stipulations approved by the State Geologist are conditions of this permit. Notify DOGAMI to witness the BOP test.

**By: Dennis L. Olmstead, Petroleum Engineer**

**Q&D: 358**
**API: 36-047-00020**

**NOTE:** (1) Issuance of this permit is not a finding of compliance with the Statewide Planning Goals or the acknowledged comprehensive plan. (2) Permit expires one year from date of issue. (3) Land use approval must be obtained from the county or city in which the drilling takes place. (4) Unless specifically exempted, permittee is obligated to comply with all current applicable statutes and rules including those adopted after permit issuance.