APPLICATION FOR PERMIT TO DRILL AN OIL AND GAS WELL OR STRATIGRAPHIC HOLE
(To be accompanied by a $100 permit fee for new wells only and a surety bond conditioned as provided by law.)

____ St. Helens, Oregon 1982

In compliance with rules and regulations pursuant to ORE 520 (Chapter 296 OR 1977) application is hereby made for permit to drill a (new well) (stratigraphic hole) to be known as REICHHOLD ENERGY WERNER
(company or operator) (lease)

Well No. 14-21 in SW/4 of Sec. 21, T. 5 S, R. 2 W, W.E.M., Marion County.

Survey Coordinates: 550' N. & 550' E. of SW/4 of Sec. 21

Actual from SW corner: 609' N., 417' E.

Elevation of ground above sea level is 182 feet. All depth measurements are taken from top of Kelly Bushing, which is 11.4 feet above ground.

Lessor: REICHHOLD ENERGY CORPORATION
Address: P. O. Box 810, St. Helens, Oregon 97051

Lessee: Carl Werner, ET AL
Address: Rt. 1, Box 250 A, Gervais, Oregon 97026

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 and type</th>
<th>New or second hand</th>
<th>Depth</th>
<th>Landed or cemented No. sacks cement</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 1/2</td>
<td>8 5/8</td>
<td>24</td>
<td>K</td>
<td>N</td>
<td>650'</td>
<td>350 Sacks</td>
</tr>
<tr>
<td>7 7/8</td>
<td>5 1/2</td>
<td>15.5</td>
<td>K</td>
<td>N</td>
<td>3000'</td>
<td>400 Sacks</td>
</tr>
</tbody>
</table>

Proposed Depth: 3000

Objectives: Spencer Sands @ 2200'

REICHHOLD ENERGY CORPORATION

M. T. Covert, Manager Oregon Operations

Position
Send communications regarding well to:
Name
Address
St. Helens, Oregon 97051

NOTE: This permit is valid only if land use approval is obtained from the county or city in which the drilling takes place, and provided those authorities make a determination of compliance with statewide goals.