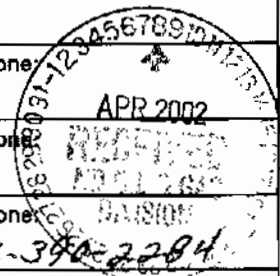




GEOPHYSICAL EXPLORATION PERMIT
INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
 SFM 51459 (11-97)

600 E BOULEVARD AVE
 BISMARCK, ND 58506

1) a. Company: <i>Coast Geophysical</i>		Address: <i>16850 Park Road Houston TX 77084</i>	
Contact: <i>Trent Middleton</i>		Telephone: <i>1-800-352-8253</i>	Fax: <i>403-255-4697</i>
Surety Company: <i>RLI Ins. Co.</i>		Bond Amount: <i>\$50,000⁰⁰</i>	Bond Number: <i>RL50002B17</i>
2) a. Subcontractor(s):		Address:	Telephone:
b. Subcontractor(s):		Address:	Telephone:
c. Subcontractor(s):		Address:	Telephone:
3) Party Manager: <i>Rick Scheetz</i>		Address: <i>Solid State Geophysical</i> <i>7309 Flat Rd SE Calgary AB</i>	Telephone: <i>406-390-2284</i>
4) Project Name or Line Numbers: <i>Myrtle Beach 3-0</i>			
5) Exploration Method (Shot Hole, Non-Explosive, 2D, 3D): <i>Non Explosive 3-0</i>			
6) Approximate Drilling Start Date:		Approximate Completion Date:	



THE COMMISSION MUST BE NOTIFIED AT LEAST 24 HOURS IN ADVANCE OF COMMENCEMENT OF DRILL/PLUG OPERATIONS

7) Location of Proposed Project - County <i>BURKE Co., North Dakota</i>				
Section(s), Township(s) & Range(s)		Sec. <i>15, 16, 17, 20, 21</i>	T <i>16 2</i>	R <i>9 4</i>
		Sec. <i>22, 27, 28, 29</i>	T <i>16 2</i>	R <i>9 4</i>
		Sec.	T	R
		Sec.	T	R
8) Size of Hole	Amt. of Charge	Depth	Shots per Mi. (sq. mi.)	No. of Mi. (sq. mi.)
Identifying Marks Used on Nonmetallic Plug Geophysical ID a. Plugger ID b. Plugger ID c. Plugger ID				
9) Anticipated special drilling and plugging procedures?				
10) Enclose a pre-plot map with proposed location of seismic program lines and powder mag.				

Signed: <i>[Signature]</i>	Title: <i>COEN MANAGER</i>	Date: <i>04-04-02</i>
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(This space for State office use) <i>reed</i>		Conditions of Approval if any: <i>This permit was issued after completion of the exploration program. Conditions of its approval are outlined in the attached letter. David C. Armoen 4/10/02</i>
Permit No.: <i>970071</i>	Approval Date: <i>4/10/02</i>	
Approved By: <i>[Signature]</i>		
Title: <i>Geophysical Regulatory Supervisor</i>		
County Approval Sent: <i>4/10/02 Burke Co. Teri Baumann</i>		

*See Instructions On Reverse Side

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

May 7, 2002

Mr. Trent Middleton
Grant Geophysical Corp.
7309 Flint Road SE
Calgary, AB, Canada T2H 1G3

Mr. Rick Scheetz
Solid State Geophysical Co.
7309 Flint Road SE
Calgary, AB, Canada T2H 1G3

RE: Myrtle Beach Prospect
Burke Co., ND
Permit Number 970071

Dear Mr. Middleton and Mr. Scheetz:

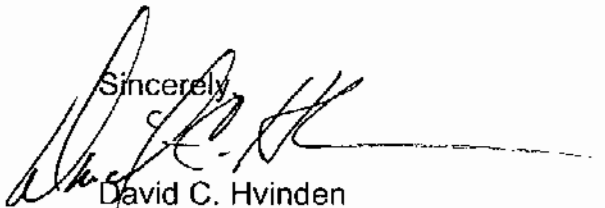
In reference to our letter of April 10, 2002, please be advised that all of the conditions have been met to "legally" permit the above captioned seismic program.

We are in receipt of a Seismic Completion report, affidavit, and post-plot map displaying the location of all source and receiver points for the prospect that was submitted by Mr. Scheetz. In addition, the above captioned prospect was given a cursory inspection and was found to be acceptable at this time. A more thorough inspection will be performed later this summer.

Therefore, we find that Grant Geophysical should not be assessed any civil penalty at this time, however, should Grant Geophysical want to perform geophysical exploration in North Dakota in the future, it must follow the rules and regulations of the Commission in their entirety.

Should you have any questions, feel free to contact our office at your convenience.

Sincerely,



David C. Hvinden
Geophysical Exploration Supervisor

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

April 10, 2002

Mr. Trent Middleton
Grant Geophysical Corp.
7309 Flint Road SE
Calgary, AB, Canada T2H 1G3

Mr. Rick Scheetz
Solid State Geophysical Co.
7309 Flint Road SE
Calgary, AB, Canada T2H 1G3

RE: Myrtle Beach Prospect
Burke Co., ND
Conditional Permit Number 970071

Dear Mr. Middleton and Mr. Scheetz:

In reference to my telephone conversation with Mr. Middleton on Wednesday, April 3, 2002 regarding the above captioned permit, please find enclosed the conditional approval of the Myrtle Beach 3-D prospect, permit number 970071.

The following conditions must be met to the satisfaction of the North Dakota Industrial Commission Oil and Gas Division in order to fully approve the Geophysical Exploration permit:

1. Grant Geophysical must submit a Seismic completion report, affidavit, and post-plot map displaying the location of all source and receiver points for the prospect.
2. The ND Industrial Commission Oil and Gas Division must perform an inspection of the Myrtle Beach prospect, that includes a review of the location of source points, interview of landowners in the area, and a review of the source point lines, receiver lines, and staging areas for flagging, lath, or any other debris that may have been left.
3. Grant Geophysical must submit in writing an explanation surrounding the circumstances as to why they did not notify State, County, or local authorities prior to commencing exploration operations.

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

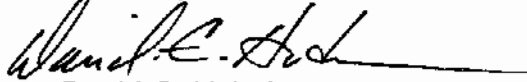
Lynn D. Helms
DIRECTOR

<http://explorer.ndic.state.nd.us>

Bruce E. Hicks
ASSISTANT DIRECTOR

When all the above conditions have been met, the ND Industrial Commission Oil and Gas Division will decide whether Grant Geophysical Corporation should be assessed a civil penalty not to exceed \$1000 per day per violation as allowed for in section 38-08.1-07 North Dakota Century Code. Should you have any questions regarding this matter, please feel free to contact our agency at your earliest convenience.

Sincerely,



David C. Hvinden
Geophysical Regulation Supervisor