Scorpion Drilling Company

PO Box 1951 Farmington New Mexico 87490 scorpiondrilling@advantas.net AP (505) 326-5601 Fax (505) 325-1786

August 5th 2006

Reference:

McKay Oil & Gas LLC

Red River #1

Sec. 2, T30N, R12W

San Juan County, New Mexico

API No. 045-33727

A total of six (9) deviation surveys were run using a SURE SHOT tool. These surveys were as follows:

Surface:

120' = 1 degree

Production hole:

350' = 1/2 degree

600' = 3/4 degree

 $1100' = 1 \frac{3}{4}$ degrees

1300' = 1 degree

1700'= 3 ½ degrees

1870'= 3 ½ degrees

2070'= 1 1/2 degrees

2280'= 1 degree

These surveys were given to the McKay Oil & Gas representative for placement in the well file.

Henry Valdez

President

Scorpion Drilling Company

Physical Address -- 1313 W. Murray Drive, Farmington New Mexico, 87401 Henry Valdez (508) 320-5740 Vic Morroy (508) 320-6922

Commission Expires February 24,2010

B