

January 14, 1982



Southland Royalty Company

Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

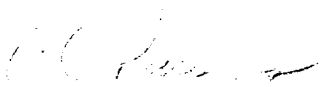
Gentlemen:

The following is the deviation record for Southland Royalty Company's Medio Canyon #3 well located in Section 36, T24N, R4W, Rio Arriba County, New Mexico.

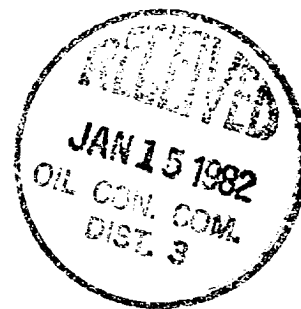
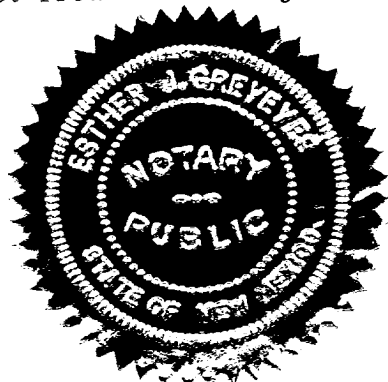
<u>Depth</u>	<u>Deviation</u>	<u>Depth</u>	<u>Deviation</u>
240'	1/4 deg.	4651'	1 deg.
1670'	3/4 deg.	5138'	1 deg.
2177'	1-1/4 deg.	5635'	1 deg.
2689'	1-1/4 deg.	6130'	1 deg.
3429'	1 deg.	6635'	1 deg.
3674'	1 deg.	6712'	1-1/2 deg.
4600'	1 deg.	7230'	1-1/2 deg.
		7289'	2 deg.

Sincerely,

SOUTHLAND ROYALTY COMPANY


C. C. Parsons
District Production Manager

CCP/eg

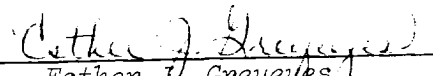


STATE OF NEW MEXICO
County of San Juan

The foregoing instrument was acknowledged before me this 14th day of January, 1982, by C. C. Parsons of Southland Royalty Company on behalf of said Company.

NOTARY BOND FILED WITH SECRETARY OF STATE

My Commission Expires: 4-27-85


Esther J. Greeyes,
Notary Public - NM