

INCLINATION REPORT

OPERATOR: TERRA RESOURCES, INC.
 ADDRESS: Suite 500 West, 10 Dasta Drive
 Midland, Texas 79705

WELL: ~~Terra State "26"~~ #1 *Center E*
 LOCATION: Section 26, T-18-S, R-34-E
 COUNTY: Lea County, New Mexico

RECORD OF INCLINATION

MEASURED DEPTH (feet)	COURSE LENGTH	ANGLE OF INCLINATION (Degrees)	DISPLACEMENT PER HUNDRED FEET (Sine of Angle X100)	COURSE DISPLACEMENT (feet)	ACCUMULATIVE DISPLACEMENT (feet)
240	240	1.00	1.75	4.20	4.20
466	226	0.75	1.31	2.97	7.17
910	444	1.00	1.75	7.77	14.94
1378	468	0.50	0.88	4.10	19.03
1873	495	0.50	0.88	4.33	23.36
2356	483	0.50	0.88	4.22	27.59
2856	500	2.50	4.33	21.88	49.46
3076	220	2.50	4.33	9.63	59.09
3272	196	2.50	4.33	8.58	67.66
3737	515	0.50	0.88	4.51	72.17
4280	493	0.75	1.31	6.47	78.64
4634	354	0.50	0.88	3.10	81.74
4773	139	0.75	1.31	1.82	83.56

Accumulative total displacement at well bore at total depth of 4,950' feet = 83.56 feet.
 Inclination measurements were made in - ___ Tubing ___ Casing ___ Open Hole X Drill Pipe.
 At No time was the subject well intentionally deviated from the vertical in any manner whatsoever.

INCLINATION DATA CERTIFICATION

I declare that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on this form and that such data and facts are true, correct, and complete to the best of my knowledge.

SEAL

M. D. Mosley
 Signature of Authorized Representative
M. D. Mosley, Vice President, Drilling Operations
 Name of Person and Title
TOI Drilling Corporation
 Name of Company
 Telephone: (915) 367-7361 or (915) 563-1948

Subscribed and sworn before me this
 30th Day of January, 1988.

Elizabeth Q. Knight
 Notary Public for the State of Texas
 My commission expires 06/10/89

RECEIVED
FEB 11 1988
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MORRIS OFFICE