



DRILLING CO., INC. - OIL WELL DRILLING CONTRACTORS

KEN REYNOLDS-PRESIDENT
GARY W. CHAPPELL-VICE PRESIDENT

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ROSWELL, NM
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May 4, 1998

Penwell Energy, Inc.
600 N. Marienfeld, Suite 1100
Midland, Texas 79701

RE: Checkers "24" Federal #7 Unit θ 24-22s-32e
760/S & 1980/E

30-025-34023

Gentlemen:

The following is a Deviation Survey on the above referenced well located in Lea County, New Mexico.

| | | | | |
|---------------|-----------------|-----------------|-----------------|-----------------|
| 241' - 1/2° | 2,432' - 3/4° | 3,589' - 1 3/4° | 4,473' - 4° | 5,817' - 3/4° |
| 426' - 1/4° | 2,651' - 1/2° | 3,775' - 3 1/4° | 4,531' - 3 1/2° | 6,220' - 1/4° |
| 612' - 1/4° | 2,807' - 1 3/4° | 3,869' - 3 1/4° | 4,624' - 3° | 6,720' - 1 1/2° |
| 850' - 3/4° | 2,963' - 2° | 3,964' - 3 1/4° | 4,718' - 3° | 7,220' - 1° |
| 1,217' - 1/2° | 3,117' - 2 1/4° | 4,082' - 3° | 4,810' - 1 1/2° | 7,695' - 1 1/4° |
| 1,535' - 1° | 3,274' - 1 3/4° | 4,189' - 2 3/4° | 4,875' - 1 1/4° | 8,055' - 1° |
| 2,154' - 3/4° | 3,432' - 2° | 4,353' - 4° | 5,288' - 3/4° | 8,519' - 1 1/4° |
| | | | | 9,012' - 1 1/4° |
| | | | | 9,066' - 1 1/4° |

Sincerely,

Gary W. Chappell
Contracts Manager

STATE OF NEW MEXICO)
)
COUNTY OF CHAVES)

The foregoing was acknowledged before me this 4th day of May 1998 by Gary W. Chappell.

MY COMMISSION EXPIRES
JUNE 20, 2000

NOTARY PUBLIC