

DRILLING



Scientific Drilling

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PRESTON EXPLORATION

Field: Palms
Site: Eddy County, NM
Well: Palms 20 Fed Com #1
Wellpath: VH - Job #32K1004652
Survey: 10/22/04

30-015-33582

This survey is correct to the best of my knowledge
and is supported by actual field data.

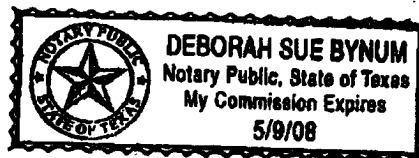
Randy Ford

Company Representative

Notorized this date 7th of December, 2004.

Deborah Sue Bynum

Notary Signature
County of Midland
State of Texas





Scientific Drilling International

Survey Report

Company: PRESTON EXPLORATION

Date: 12/5/2004

Time: 14:40:40

Page: 1

Field: Palms

Co-ordinate (NE) Reference:

Sta: Eddy County, NM, Grid North

Site: Eddy County, NM

Vertical (TVD) Reference:

SITE 0.0

Well: Palms 26 Fed Com #1

Section (VS) Reference:

Well (0.00N, 0.00E, 18.66A2)

Wellpath: V#1 - Job #32K1004852

Survey Calculation Method:

Minimum Curvature

Db: Sybase

Survey: 10/22/04

Start Date:

10/22/2004

KSRG 0-9247

Engineer:

Gonzales/Ledbetter

Company: Scientific Drilling Internatio

Tied-to:

From Surface

Tool: Keeper/Keeper Gyro

Survey

MD	Incl	Asm	TVD	VS	N/S	E/W	DES	Clad	OMA
ft	deg	deg	ft	ft	ft	ft	deg/100ft	ft	deg
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.0	0.00
100.0	0.63	341.47	100.0	0.4	0.5	-0.2	0.63	0.5	341.47
200.0	0.61	352.71	200.0	1.4	1.8	-0.4	0.12	1.6	345.13
300.0	0.75	359.05	300.0	2.5	2.8	-0.5	0.16	2.8	349.80
400.0	1.09	353.35	400.0	4.0	4.4	-0.6	0.35	4.4	351.94
500.0	1.25	357.00	500.0	5.9	6.4	-0.8	0.18	6.4	353.00
600.0	1.30	354.45	599.9	8.0	8.6	-1.0	0.08	8.7	353.70
700.0	1.35	353.57	699.9	10.1	10.9	-1.2	0.05	11.0	353.76
800.0	1.51	352.30	799.9	12.4	13.4	-1.5	0.16	13.5	353.60
900.0	1.62	347.75	899.8	14.8	16.1	-2.0	0.17	16.2	352.99
1000.0	1.73	344.58	999.8	17.3	18.9	-2.7	0.14	19.1	351.94
1100.0	2.11	344.08	1099.7	20.2	22.1	-3.6	0.38	22.4	350.80
1200.0	2.19	340.51	1199.7	23.3	25.7	-4.7	0.16	26.1	349.58
1300.0	2.13	341.70	1299.6	26.3	29.3	-5.9	0.07	29.9	348.51
1400.0	1.96	340.35	1399.5	29.2	32.6	-7.1	0.18	33.4	347.72
1500.0	1.87	344.68	1499.5	32.0	35.8	-8.1	0.17	36.7	347.24
1600.0	1.57	339.04	1599.4	34.5	38.7	-9.0	0.34	39.7	346.85
1700.0	1.44	340.93	1699.4	36.6	41.1	-9.9	0.14	42.3	346.43
1800.0	1.21	347.50	1799.4	38.5	43.4	-10.6	0.28	44.6	346.30
1900.0	1.16	346.14	1899.3	40.3	45.4	-11.0	0.06	46.7	346.32
2000.0	0.92	337.30	1999.3	41.8	47.1	-11.6	0.29	48.5	346.17
2100.0	0.49	358.50	2099.3	42.8	48.3	-11.9	0.50	49.7	346.13
2200.0	0.66	356.93	2199.3	43.8	49.3	-12.0	0.17	50.7	346.36
2300.0	0.48	10.82	2299.3	44.7	50.3	-11.9	0.23	51.6	346.67
2400.0	0.49	11.19	2399.3	45.6	51.1	-11.8	0.01	52.4	347.05
2500.0	0.52	36.63	2499.3	46.4	51.9	-11.4	0.22	53.1	347.61
2600.0	0.68	36.68	2599.3	47.4	52.7	-10.8	0.16	53.8	348.45
2700.0	0.87	50.25	2699.3	48.6	53.7	-9.8	0.26	54.6	349.62
2800.0	1.29	43.83	2799.3	50.2	55.0	-8.5	0.44	55.6	351.24
2900.0	1.78	50.25	2899.2	52.5	56.8	-6.5	0.52	57.1	353.47
3000.0	2.60	62.76	2999.2	55.4	58.8	-3.3	0.94	58.9	356.80
3100.0	2.80	65.79	3099.0	58.6	60.8	1.0	0.25	60.9	0.90
3200.0	2.83	60.91	3198.9	61.9	63.0	5.3	0.24	63.3	4.64
3300.0	2.87	63.70	3298.8	65.4	65.4	9.7	0.14	66.1	8.48
3400.0	2.94	64.76	3398.7	68.8	67.6	14.3	0.09	69.1	11.96
3500.0	2.66	62.44	3498.6	72.2	69.7	18.7	0.30	72.2	15.00
3600.0	2.41	61.45	3598.5	75.3	71.8	22.6	0.25	75.3	17.48
3700.0	2.50	61.76	3698.4	78.3	73.8	26.4	0.09	78.4	19.64
3800.0	2.25	55.14	3798.3	81.4	76.0	29.9	0.37	81.7	21.47
3900.0	1.77	41.66	3898.2	84.3	78.3	32.5	0.67	84.8	22.57
4000.0	1.87	37.36	3998.2	87.1	80.6	34.4	0.16	87.6	23.14
4100.0	1.72	41.05	4098.1	89.8	82.9	36.3	0.12	90.5	23.66
4200.0	1.62	47.43	4198.1	92.4	85.0	38.3	0.21	93.2	24.28
4300.0	1.38	44.91	4298.1	94.7	86.8	40.2	0.25	95.6	24.87
4400.0	0.88	27.09	4398.0	96.5	88.3	41.4	0.61	97.5	25.13
4500.0	0.74	347.06	4498.0	97.8	89.6	41.6	0.57	98.8	24.92
4600.0	1.04	344.75	4598.0	99.1	91.1	41.2	0.30	100.0	24.35
4700.0	1.60	335.37	4698.0	100.9	93.3	40.4	0.60	101.7	23.43
4800.0	2.24	339.86	4797.9	103.6	96.4	39.2	0.66	104.0	22.12



Scientific Drilling International Survey Report

Company: PRESTON EXPLORATION	Date: 12/5/2004	Time: 14:40:40	Page: 2
Field: Palms	Co-ordinate (N/S) Reference: SITE 0.9	Site: Eddy County, NM, Grid North	
Site: Eddy County, NM	Vertical (TVD) Reference: Well (0.00N, 0.00E, 16.66A2)		
Well: Palms 28 Fed Com #1	Section (V/S) Reference: Survey Calculation Method: Minimum Curvature	Db: Sybase	
Wellpath: VH - Job #32K1004652			

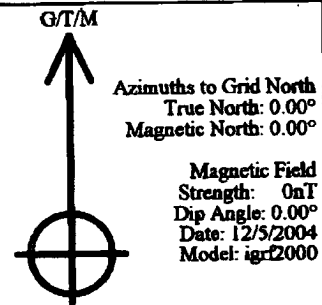
Survey

MD ft	Incl deg	Azim deg	TVD ft	Vs ft	N/S ft	E/W ft	DLS deg/100ft	Clad ft	Clad deg
4900.0	2.22	345.60	4897.9	106.8	100.1	38.0	0.22	107.1	20.80
5000.0	2.33	1.25	4897.8	110.4	104.0	37.6	0.63	110.6	19.87
5100.0	2.38	7.24	5097.7	114.4	108.1	37.9	0.25	114.5	19.32
5200.0	1.98	0.25	5197.6	118.1	111.9	38.2	0.48	118.2	18.83
5300.0	1.48	2.25	5297.6	121.0	114.9	38.2	0.50	121.1	18.40
5400.0	1.27	4.56	5397.5	123.4	117.3	38.4	0.22	123.4	18.11
5500.0	1.08	10.74	5497.5	125.4	119.3	38.6	0.23	125.4	17.93
5600.0	0.97	3.80	5597.5	127.1	121.1	38.8	0.17	127.2	17.79
5700.0	0.49	38.55	5697.5	128.4	122.3	39.2	0.63	128.4	17.76
5800.0	1.58	132.88	5797.5	128.2	121.7	40.4	1.69	128.2	18.39
5900.0	2.49	141.12	5897.4	126.3	119.0	42.8	0.95	126.5	19.79
6000.0	3.25	147.27	5997.3	123.2	115.0	45.7	0.82	123.7	21.68
6100.0	2.99	148.78	6097.1	119.6	110.3	48.6	0.27	120.6	23.77
6200.0	3.67	148.34	6197.0	115.8	105.4	51.6	0.68	117.4	26.10
6300.0	3.21	155.74	6296.8	111.5	100.1	54.5	0.84	114.0	28.55
6400.0	3.22	157.23	6396.6	107.2	95.0	56.7	0.08	110.6	30.84
6500.0	2.85	158.52	6496.5	103.1	90.1	58.7	0.38	107.5	33.09
6600.0	2.59	159.54	6596.4	99.4	85.6	60.4	0.26	104.8	35.20
6700.0	1.51	147.83	6696.3	96.7	82.4	61.9	1.15	103.7	36.91
6800.0	0.74	138.04	6796.3	95.5	80.8	63.0	0.79	102.5	37.95
6900.0	0.65	332.37	6896.3	95.6	80.8	63.2	1.38	102.6	38.02
7000.0	0.57	317.41	6996.3	96.2	81.7	62.6	0.18	102.9	37.46
7100.0	0.69	308.95	7096.3	96.7	82.4	61.8	0.15	103.0	36.85
7200.0	0.87	308.91	7196.3	97.2	83.3	60.7	0.18	103.1	36.09
7300.0	0.97	294.46	7296.3	97.6	84.1	59.4	0.27	103.0	35.21
7400.0	0.99	274.75	7396.3	97.6	84.6	57.8	0.34	102.4	34.33
7500.0	0.83	268.06	7496.2	97.2	84.6	56.2	0.19	101.6	33.58
7600.0	1.04	254.98	7596.2	96.5	84.4	54.6	0.30	100.5	32.90
7700.0	0.91	244.20	7696.2	95.4	83.8	53.0	0.22	99.1	32.31
7800.0	1.49	214.20	7796.2	93.7	82.4	51.5	0.84	97.1	32.04
7900.0	2.21	201.45	7896.1	90.5	79.5	50.1	0.83	94.0	32.22
8000.0	1.84	205.37	7996.1	87.0	76.2	48.7	0.39	90.5	32.57
8100.0	1.94	325.86	8096.0	86.5	76.2	47.1	3.28	89.6	31.70
8200.0	3.81	343.19	8195.9	90.3	80.8	45.2	2.04	92.5	29.21
8300.0	3.45	347.86	8295.7	95.7	86.9	43.6	0.47	97.2	26.62
8400.0	2.97	349.38	8395.6	100.7	92.4	42.5	0.49	101.7	24.68
8500.0	2.55	352.61	8495.4	105.0	97.1	41.7	0.45	105.7	23.23
8600.0	2.69	358.96	8595.3	109.3	101.7	41.4	0.32	109.8	22.13
8700.0	2.47	346.13	8695.2	113.4	106.1	40.8	0.62	113.7	21.03
8800.0	2.78	348.19	8795.1	117.4	110.6	39.8	0.32	117.5	19.79
8900.0	2.54	345.83	8895.0	121.4	115.1	38.7	0.26	121.5	18.60
9000.0	2.03	353.76	8994.9	124.9	119.0	38.0	0.60	124.9	17.71
9100.0	1.66	355.82	9094.9	127.9	122.2	37.7	0.38	127.9	17.15
9200.0	1.46	0.40	9194.9	130.5	124.9	37.6	0.23	130.5	16.76
9247.0	1.19	10.49	9241.8	131.5	126.0	37.7	0.76	131.5	16.66

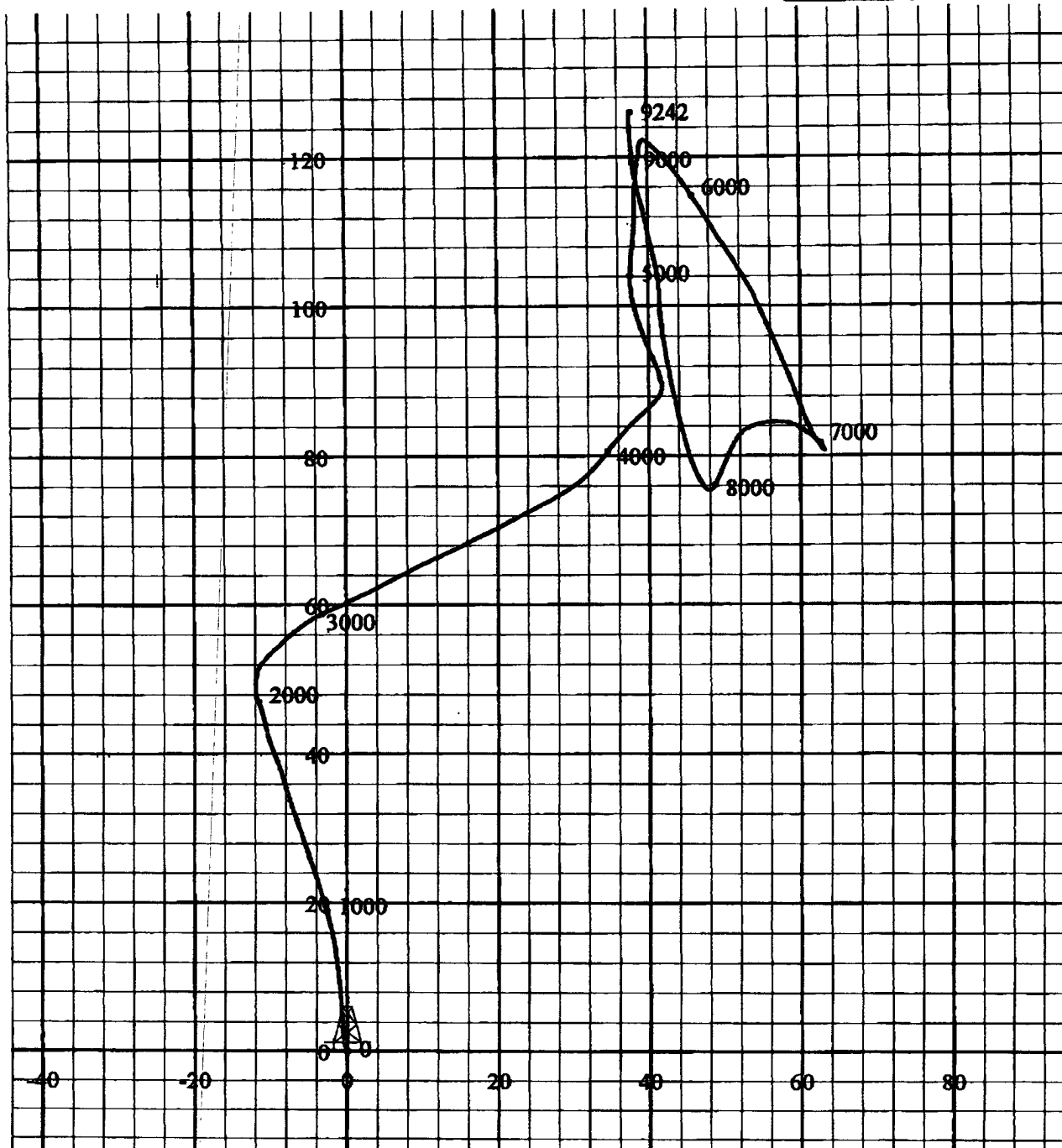


**Scientific
Drilling**

Field: Palms
Site: Eddy County, NM
Well: Palms 20 Fed Com #1
Wellpath: VH - Job #32K1004652
Survey: 10/22/04



South(-)/North(+) [20ft/in]



West(-)/East(+) [20ft/in]