

INCLINATION REPORT

OPERATOR: Meridian Oil Inc.

ADDRESS: 21 Desta Drive
Midland, TX 79705

LEASE NAME: North Shugart Federal
LOCATION: Eddy County, New Mexico

WELL#: 1

FIELD: _____

Measured Depth	Angle of Inc.	Displacement Per 100 ft.	Accumulative Displacement
150 *	0.25	0.44 *	0.6600
392 *	1.00	1.75 *	4.8950
890 *	1.00	1.75 *	13.6100
1364 *	0.25	0.44 *	15.6956
1861 *	0.50	0.87 *	20.0195
2354 *	0.75	1.31 *	26.4778
2848 *	1.00	1.75 *	35.1228
2911 *	0.50	0.87 *	35.6709
3409 *	0.75	1.31 *	42.1947
3495 *	0.75	1.31 *	43.3213
3995 *	1.00	1.75 *	52.0713
4494 *	1.25	2.18 *	62.9495
4988 *	1.50	2.62 *	75.8923
5479 *	0.75	1.31 *	82.3244
5978 *	2.00	3.49 *	99.7395
6472 *	1.50	2.62 *	112.6823
6968 *	1.50	2.62 *	125.6775
7463 *	1.25	2.18 *	136.4685
7893 *	0.75	1.31 *	142.1015
8387 *	1.25	2.18 *	152.8707
8531 *	1.00	1.75 *	155.3907
9031 *	0.25	0.44 *	157.5907
9283 *	0.50	0.87 *	159.7831
9775 *	1.00	1.75 *	168.3931
10274 *	1.25	2.18 *	179.2713
10769 *	1.50	2.62 *	192.2403
10993 *	1.25	2.18 *	197.1235
11238 *	0.50	0.87 *	199.2550
11752 *	0.25	0.44 *	201.5166

I hereby certify that the above data as set forth is true and correct to the best of my knowledge and belief.

CACTUS DRILLING COMPANY

Rebecca Edwards

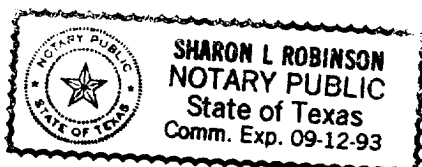
TITLE: DRILLING SECRETARY

AFFIDAVIT:

Before me, the undersigned authority, appeared Rebecca Edwards known to me to be the person whose name is subscribed hereabove, who, on making deposition, under oath states that she is acting for and in behalf of the Operator of the well identified above, and that to the best of her knowledge and belief such well was not intentionally deviated from the true vertical whatsoever.

Laura Deines
AFFIANT'S SIGNATURE

Sworn and subscribed to in my presence on this 27 day of August, 19 90.



Sharon L. Robinson
Notary Public in and for the
County of Midland, State of Texas.