

KEN REYNOLDS-PRESIDENT  
GARY W. CHAPPELL-VICE PRESIDENT

DRILLING CO., INC. - OIL WELL DRILLING CONTRACTORS

P. O. Box 1498 ROSWELL, NEW MEXICO 88202-1498  
505/623-5070 505/746-2719  
ROSWELL, NM ARTESIA, NM

June 2, 1997

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


RE: Cottonwood "36" State #1

Gentlemen:

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

353' - 3/4°	1250' - 4 3/4°	1691' - 4 1/2°	3219' - 1°	5603' - 1 3/4°
750' - 2 3/4°	1364' - 4 1/2°	1773' - 4 1/2°	3700' - 1/4°	5850' - 1 3/4°
870' - 2 1/4°	1427' - 4 1/4°	1988' - 2°	4174' - 1°	
1115' - 5°	1491' - 4 1/4°	2237' - 1 1/4°	4695' - 1 1/2°	
1176' - 4 3/4°	1591' - 4 3/4°	2740' - 1 1/4°	5188' - 1 1/4°	

Sincerely,



Gary W. Chappell  
Contracts Manager

STATE OF NEW MEXICO)

COUNTY OF CHAVES )

The foregoing was acknowledged before me this 2nd day of June 1997 by Gary W. Chappell.

MY COMMISSION EXPIRES

JUNE 20, 2000



NOTARY PUBLIC