

TEACO DRILLING INC.

P.O. BOX 1500 (505) 3910699 FAX (505) 391-3824 HOBBS, NEW MEXICO 88241

INCLINATION REPORT

DATE: 10/1/2008

WELL NAME AND NUMBER	ARTHUR #1
LOCATION	EDDY COUNTY
OPERATOR:	CHI OPERATING
DRILLING CONTRACTOR:	TEACO DRILLING INC.

THE UNDERSIGNED HEREBY CERTIFIES THAT HE IS AN AUTHORIZED REPRESENTATIVE OF THE DRILLING CONTRACTOR WHO DRILLED THE ABOVE DESCRIBED WELL AND THAT HE HAS CONDUCTED DEVIATION TEST AND OBTAINED THE FOLLOWING RESULTS:

DEGREE	DEPTH	DEGREE	DEPTH	DEGREE	DEPTH
<u>1</u>	<u>454</u>	<u>1</u>	<u>2680</u>		
<u>3</u>	<u>982</u>	<u>1</u>	<u>2877</u>		
<u>2.75</u>	<u>1110</u>	<u>0.5</u>	<u>3367</u>		
<u>2.5</u>	<u>1236</u>	<u>1</u>	<u>3880</u>		
<u>2.25</u>	<u>1330</u>	<u>0.75</u>	<u>4326</u>		
<u>2.25</u>	<u>1457</u>	<u>0.5</u>	<u>4821</u>		
<u>2</u>	<u>1608</u>	<u>1</u>	<u>5300</u>		
<u>1.5</u>	<u>1703</u>				
<u>1</u>	<u>1925</u>				
<u>0.75</u>	<u>2180</u>				

DRILLING CONTRACTOR:
TEACO DRILLING INCORPORATED

BY: Bob Wegner
BOB WEGNER
DRILLING SUPERINTENDENT

SUBSCRIBED AND SWORN TO BEFORE ME ON THE 11th DAY OF July, 2008

MY COMMISSION EXPIRES:

08/01/11 [Signature]



OFFICIAL SEAL
JESSICA BUENO
NOTARY PUBLIC - STATE OF NEW MEXICO
My commission expires: 08/01/11

7/1/2