



KEY ENERGY DRILLING, INC.
6 Desta Drive
Suite 4400
Midland, Texas 79705
Phone 915-570-0494
Fax 915-570-0465

To: Whom It May Concern: *30-015-33061*

RE: STATE OF NEW MEXICO
OIL AND GAS DIVISION
INCLINATION REPORT

RECEIVED

MAR 26 2004

OCD-ARTESIA

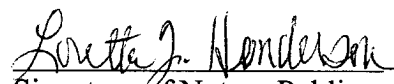
Lease Name: CIGAR BCM STATE
Well Number: #2
County/State: CHAVES COUNTY, NEW MEXICO
Operator: YATES PETROLEUM CORPORATION
Address: 105 S 4TH STREET
Address: ARTESIA NM 88210
Location:

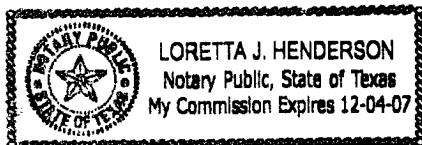
I, **CHOYR GILBERT**, Contract Manager for Key Energy Drilling, Inc., 6 Desta Drive, Suite 4400, Midland, TX 79705, declare that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on this form and that such data and facts are true, correct, and complete to the best of my knowledge.

Sworn to and Subscribed Before Me by the said


CHOYR GILBERT
Contract Manager

This the 24TH day of MARCH, 2004


Signature of Notary Public
In and for the State of Texas



LORETTA J HENDERSON
Print Name of Notary Public

STATE OF NEW MEXICO
OIL AND GAS DIVISION

INCLINATION REPORT

FIELD NAME	LEASE NAME CIGAR BCM STATE	WELL NUMBER #2
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OPERATOR YATES PETROLEUM CORPORATION	COUNTY CHAVES
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ADDRESS 105 S 4TH STREET, ARTESIA NM 88210

LOCATION

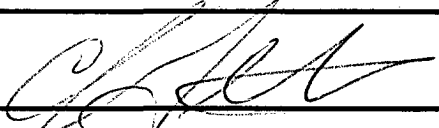
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OGD-ARTESIA

RECORD OF INCLINATION

MEASURED DEPTH FEET	COURSE LENGTH HUNDREDS OF FEET	ANGLE OF INCLINATION DEGREE	DISPLACEMENT PER HUNDRED FEET	COURSE DISPLACEMENT FEET	ACCUMULATIVE DISPLACEMENT
494	4.94	2.500	4.36	21.55	21.55
659	1.65	1.500	2.62	4.32	25.87
778	1.19	1.750	3.05	3.63	29.50
900	1.22	2.000	3.49	4.26	33.76
974	0.74	1.750	3.05	2.26	36.02
1148	1.74	1.000	1.75	3.04	39.06
1272	1.24	1.000	1.75	2.16	41.22
1395	1.23	0.750	1.31	1.61	42.83
1550	1.55	1.000	1.75	2.71	45.53
1643	0.93	1.000	1.75	1.62	47.16
1767	1.24	1.000	1.75	2.16	49.32
1921	1.54	1.750	3.05	4.70	54.02
2076	1.55	1.500	2.62	4.06	58.08
2169	0.93	1.750	3.05	2.84	60.92
2387	2.18	1.750	3.05	6.66	67.58
2621	2.34	2.000	3.49	8.17	75.75
2838	2.17	1.750	3.05	6.63	82.37
3148	3.10	1.500	2.62	8.11	90.49
3644	4.96	1.500	2.62	12.98	103.47
4141	4.97	1.000	1.75	8.67	112.15
4575	4.34	1.000	1.75	7.57	119.72
5073	4.98	1.000	1.75	8.69	128.41
5566	4.93	1.000	1.75	8.60	137.02
6062	4.96	1.500	2.62	12.98	150.00
6148	0.86	1.000	1.75	1.50	151.50
6774	6.26	0.500	0.87	5.46	156.96
7271	4.97	0.750	1.31	6.51	163.47
7768	4.97	1.000	1.75	8.67	172.14
8265	4.97	0.750	1.31	6.51	178.65
8760	4.95	1.750	3.05	15.12	193.76
8884	1.24	1.500	2.62	3.25	197.01
9008	1.24	1.750	3.05	3.79	200.80
9132	1.24	2.000	3.49	4.33	205.12

	NAME OF COMPANY KEY ENERGY DRILLING, INC.
CHOYR GILBERT - CONTRACT MANAGER	TELEPHONE NUMBER (915) 620-0300

INCLINATION REPORT

LOCATION

	NAME OF COMPANY
	KEY ENERGY DRILLING, INC.
	TELEPHONE NUMBER