

# Permian Drilling Corporation

P. O. Box 726

(505)397-3798

Fax (505)393-2448

Hobbs, New Mexico 88241

## INCLINATION REPORT

DATE: 3/25/2005

RECEIVED  
JUL - 6 2006  
JUL-ATTEDM

WELL NAME AND NUMBER: San Remo #1  
LOCATION: Sec 32, T16S, R26E Eddy Co, NM  
OPERATOR: Preston Exploration LLC  
DRILLING CONTRACTOR: PERMIAN DRILLING CORPORATION

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 tests and obtained the following results:

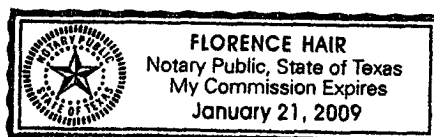
DEGREE	DEPTH	DEGREE	DEPTH	DEGREE	DEPTH
0.50	236	3.25	4747	0.75	7086
1.00	422	3.75	4823	1.00	7525
1.00	676	3.50	4912	1.00	7812
1.00	989	3.25	5067		
1.25	1400	2.50	5193		
0.75	1740	2.25	5320		
1.00	2019	1.50	5447		
1.00	2300	1.00	5571		
0.75	2772	1.00	5824		
1.00	3273	0.75	6011		
0.75	3745	1.25	6360		
1.25	4247	1.25	6758		

Drilling Contractor:  
Permian Drilling Incorporation

By: Sherry Coskrey  
Sherry Coskrey  
Regulatory Clerk

Subscribed and sworn to before me on this 5th day of July, 2006.

My Commission Expires:



Florence Hair