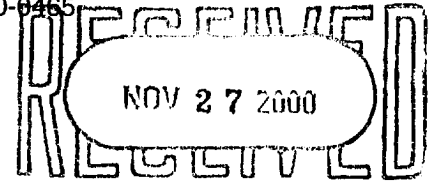




KEY ENERGY DRILLING, INC.
P.O. Box 1295
Midland, Texas 79702
Phone 915-570-0494
Fax 915-570-0465



To Whom It May Concern:

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

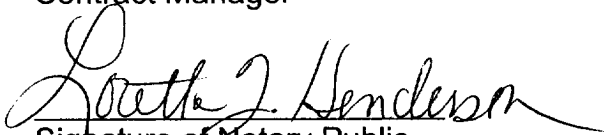
Lease Name: SANDELWOOD AEW STATE
Well Number: #2
County/State: CHAVES, NM
Operator: YATES PETROLEUM CORPORATION
Address: 105 SOUTH 4TH STREET
Address: ARTESIA, NM 88210
Location:

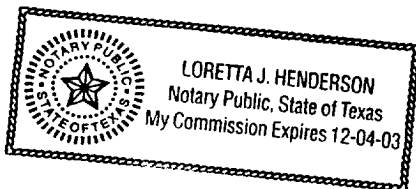
I, **CHOYR GILBERT**, Contract Manager for Key Energy Drilling, Inc., PO Box 1295, Midland, TX 79702, declare that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on this form and that such data and facts are true, correct, and complete to the best of my knowledge.

Sworn to and Subscribed Before Me by the said


CHOYR GILBERT
Contract Manager

This the 20TH day of November 2000


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 SANDELWOOD AEW STATE	WELL NUMBER 2
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OPERATOR YATES PETROLEUM CORP	COUNTY CHAVES
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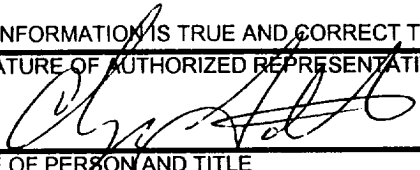
ADDRESS 105 SOUTH 4TH STREET, ARTESIA, NM 88210

LOCATION

RECORD OF INCLINATION

MEASURED DEPTH FEET	COURSE LENGTH HUNDREDS OF FEET	ANGLE OF INCLINATION DEGREE	DISPLACEMENT PER HUNDRED FEET	COURSE DISPLACEMENT FEET	ACCUMULATIVE DISPLACEMENT
408	4.08	0.50	0.87	3.56	3.56
789	3.81	1.50	2.62	9.97	13.53
985	1.96	3.00	5.23	10.26	23.79
1045	0.60	3.00	5.23	3.14	26.93
1140	0.95	2.50	4.36	4.14	31.08
1264	1.24	2.00	3.49	4.33	35.40
1357	0.93	1.50	2.62	2.43	37.84
1671	3.14	0.50	0.87	2.74	40.58
2071	4.00	0.50	0.87	3.49	44.07
2512	4.41	0.25	0.44	1.92	45.99
2984	4.72	0.50	0.87	4.12	50.11
3462	4.78	0.00	0.00	0.00	50.11
3844	3.82	0.75	1.31	5.00	55.11
4639	7.95	0.50	0.87	6.94	62.05
4289	-3.50	0.50	0.87	-3.05	59.00
5084	7.95	1.00	1.75	13.87	72.87
5398	3.14	1.75	3.05	9.59	82.46
5556	1.58	1.00	1.75	2.76	85.22
5963	4.07	1.00	1.75	7.10	92.32
6483	5.20	1.00	1.75	9.08	101.39
6880	3.97	1.00	1.75	6.93	108.32
	-68.80		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32
	0.00		0.00	0.00	108.32

THIS INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

SIGNATURE OF AUTHORIZED REPRESENTATIVE 	NAME OF COMPANY KEY ENERGY DRILLING, INC.
NAME OF PERSON AND TITLE CHOYR GILBERT - CONTRACT MANAGER	TELEPHONE NUMBER (915) 570-0494