

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

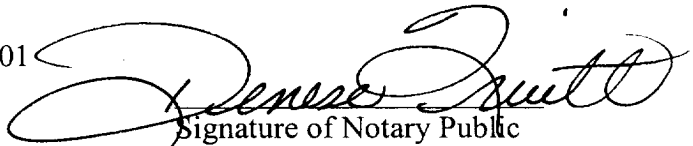
Lease Name: CANNER AUF
Well Number: STATE #1
County/State: CHAVES, N.M.
Operator: YATES PETROLEUM CORPORATION
Address: 105 SOUTH 4TH ST.; P. O. BOX 840
Address: ARTESIA, N.M. 88210
Location: ,

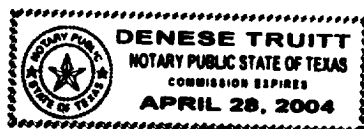
I, **CHOYR GILBERT**, Contract Manager for Key Energy Drilling, Inc., PO Box 1295, Midland, TX 79702, declare that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on this form and that such data and facts are true, correct, and complete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

Sworn to and Subscribed Before Me by the said


CHOYR GILBERT
Contract Manager

This the 16th day of April, 2001


Signature of Notary Public
In and for the State of Texas



DENESE TRUITT
Print Name of Notary Public

**STATE OF NEW MEXICO
OIL AND GAS DIVISION**

INCLINATION REPORT

FIELD NAME	LEASE NAME CANNER AUF	WELL NUMBER STATE #1
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OPERATOR YATES PETROLEUM CORPORATION	COUNTY CHAVES
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ADDRESS 105 SOUTH 4TH STREET, P. O. BOX 840; ARTESIA, N.M. 88210
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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
292	2.92	0.250	0.44	1.27	1.27
612	3.20	0.750	1.31	4.19	5.46
1024	4.12	0.750	1.31	5.39	10.86
1559	5.35	0.750	1.31	7.00	17.86
1680	1.21	0.500	0.87	1.06	18.91
2133	4.53	0.250	0.44	1.98	20.89
2608	4.75	0.250	0.44	2.07	22.96
3049	4.41	0.500	0.87	3.85	26.81
3494	4.45	1.000	1.75	7.77	34.58
3749	2.55	0.750	1.31	3.34	37.92
4003	2.54	1.000	1.75	4.43	42.35
4257	2.54	0.500	0.87	2.22	44.57
4605	3.48	0.500	0.87	3.04	47.60
4953	3.48	0.500	0.87	3.04	50.64
5364	4.11	2.000	3.49	14.34	64.98
5468	1.04	3.000	5.23	5.44	70.43
5554	0.86	3.250	5.67	4.88	75.30
5641	0.87	2.250	3.93	3.42	78.72
5681	0.40	2.250	3.93	1.57	80.29
5804	1.23	1.750	3.05	3.76	84.04
5963	1.59	2.000	3.49	5.55	89.59
6199	2.36	2.000	3.49	8.24	97.83
6214	0.15	2.000	3.49	0.52	98.35
6341	1.27	1.000	1.75	2.22	100.57
6657	3.16	1.750	3.05	9.65	110.22
6858	2.01	2.000	3.49	7.01	117.23
	-68.58		0.00	0.00	117.23
	0.00		0.00	0.00	117.23
	0.00		0.00	0.00	117.23
	0.00		0.00	0.00	117.23
	0.00		0.00	0.00	117.23
	0.00		0.00	0.00	117.23
	0.00		0.00	0.00	117.23

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