

INCLINATION REPORT

OPERATOR Grace Petroleum Corporation ADDRESS Broadway Executive Park, 6501 N. Broadway
Oklahoma City, Oklahoma 73116
 LEASE NAME Hi-Yo Silver #1 WELL NO. #1 FIELD _____
 LOCATION Section 25, T-19S, R-32E, Lea County

DEPTH	ANGLE INCLINATION DEGREES	DISPLACEMENT	DISPLACEMENT ACCUMULATED
415	1/2	3.6104	3.6105
887	1/2	4.1064	7.7169
1180	3/4	3.8383	11.5552
1663	3/4	6.3273	17.8825
2150	3/4	6.3797	24.2622
2643	1	8.6275	32.8897
2909	3/4	3.4846	36.3743
3074	3/4	2.1615	38.5358
3300	1/2	1.9662	40.5020

I hereby certify that the above data as set forth is true and correct to the best of my knowledge and belief.

CACTUS DRILLING COMPANY

John Ayers

TITLE John Ayers, Office Manager

AFFIDAVIT:

Before me, the undersigned authority, appeared John Ayers
 known to me to be the person whose name is subscribed herebelow, who, on making
 deposition, under oath states that he is acting for and in behalf of the operator
 of the well identified above, and that to the best of his knowledge and belief such
 well was not intentionally deviated from the true vertical whatsoever.

John Ayers

AFFIANT'S SIGNATURE

Sworn and subscribed to in my presence on this the 9th day of August, 1978

MY COMMISSION EXPIRES MARCH 1, 1980

SEAL

James L. Myrial
 Notary Public in and for the County
 of Lea, State of New Mexico