

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

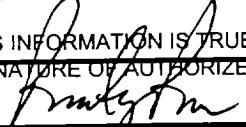
INCLINATION REPORT

FIELD NAME Hobbs; Grayburg - San Andres	LEASE NAME NORTH HOBBS G/SA Unit	WELL NUMBER 32-531
OPERATOR ALTURA ENERGY LTD.		COUNTY LEA
<i>3D-D25-34374</i>		
ADDRESS P.O. Box 4294, Houston, Texas 77210-4294		
<i>2120/S 9 1500/E</i>		
LOCATION Letter J, Sec. 32, T-18-S, R-38-E, Lea Co., NM		

RECORD OF INCLINATION

MEASURED DEPTH FEET	COURSE LENGTH HUNDREDS OF FEET	ANGLE OF INCLINATION DEGREE	DISPLACEMENT PER HUNDRED FEET	COURSE DISPLACEMENT FEET	ACCUMULATIVE DISPLACEMENT
484	4.84	1.00	1.75	8.45	8.45
980	4.96	1.00	1.75	8.66	17.10
1474	4.94	1.25	2.18	10.78	27.88
1552	0.78	1.25	2.18	1.70	29.58
2048	4.96	0.75	1.31	6.49	36.07
2544	4.96	2.25	3.93	19.47	55.55
2698	1.54	2.25	3.93	6.05	61.59
2855	1.57	1.75	3.05	4.79	66.39
3108	2.53	1.50	2.62	6.62	73.01
3364	2.56	1.00	1.75	4.47	77.48
3863	4.99	1.00	1.75	8.71	86.19
4021	1.58	0.75	1.31	2.07	88.25
4400	3.79	0.75	1.31	4.96	93.22

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 RUSTY ROSE - CONTRACT MANAGER	TELEPHONE NUMBER (806) 894-7386