

INCLINATION REPORT

OPERATOR: Meridian Oil Inc.

ADDRESS: 21 Desta Drive
Midland, Texas 79705

LEASE NAME: Federal "AF"

WELL#: 2

FIELD: _____

LOCATION: Lea, New Mexico

560/A + 1880/W 8-18-32

Measured Depth	Angle of Inc.	Displacement Per 100 ft.	Accumulative Displacement
97 *	0.75	1.31 *	1.2707
222 *	0.50	0.87 *	2.3582
406 *	0.50	0.87 *	3.9590
880 *	0.75	1.31 *	10.1684
1380 *	0.50	0.87 *	14.5184
2338 *	0.25	0.44 *	18.7336
2720 *	0.50	0.87 *	22.0570
2805 *	0.50	0.87 *	22.7965
3283 *	0.75	1.31 *	29.0583
3738 *	1.25	2.18 *	38.9773
4274 *	1.25	2.18 *	50.6621
4767 *	1.50	2.62 *	63.5787
5264 *	1.75	3.05 *	78.7372
5755 *	1.25	2.18 *	89.4410
6248 *	1.75	3.05 *	104.4775
6740 *	1.75	3.05 *	119.4835
7001 *	1.50	2.62 *	126.3217
7350 *	1.25	2.18 *	133.9299
7848 *	1.00	1.75 *	142.6449
8097 *	1.25	2.18 *	148.0731
8590 *	1.00	1.75 *	156.7006
9020 *	2.00	3.49 *	171.7076
9517 *	3.00	5.23 *	197.7007
9765 *	2.75	4.80 *	209.6047
9865 *	2.50	4.36 *	213.9647
10351 *	2.75	4.80 *	237.2927
10800 *	2.00	3.49 *	252.9628

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

CACTUS DRILLING COMPANYRebecca Edwards

TITLE: DRILLING SECRETARY

AFFIDAVIT:

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

Rose McCollum
AFFIANT'S SIGNATURESworn and subscribed to in my presence on this 24 day of June, 1989.Rana West
Notary Public in and for
the County of Midland,
State of Texas.My Commission Expires: 7-9-89

SEAL