



dugan production corp.

July 8, 2004

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410



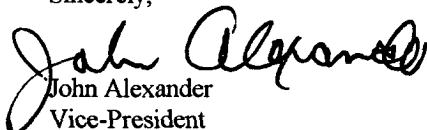
Re: Dugan Production Corp.
State Com #2A
API #30 045 32242
Unit F Sec. 16, T32N, R12W
San Juan County, NM

Ladies/Gentlemen:

Below are the deviations reported by the drilling contractor for the subject well:

Bullseye @ 90'	6° @ 1400'	6-1/4° @ 1837'	8° @ 2458'	9-3/4° @ 3201'	10° @ 3953'
3/4° @ 220'	6° @ 1463'	6° @ 1869'	9° @ 2514'	9-1/2° @ 3263'	10° @ 3984'
3/4° @ 291'	7° @ 1495'	5-1/2° @ 1901'	9° @ 2572'	9-3/4° @ 3326'	10° @ 4015'
1/2° @ 391'	6-3/4° @ 1527'	5-3/4° @ 1936'	9° @ 2590'	10° @ 3387'	10-1/4° @ 4077'
1° @ 432'	6-1/4° @ 1558'	5-3/4° @ 1954'	9° @ 2645'	10° @ 3450'	10-1/4° @ 4108'
2° @ 561'	6-3/4° @ 1590'	5-1/2° @ 1996'	8-1/2° @ 2678'	10-1/4° @ 3512'	10° @ 4171'
2-3/4° @ 651'	6-1/4° @ 1622'	5-1/2° @ 2060'	8-1/4° @ 2738'	10° @ 3576'	10° @ 4205'
2-1/2° @ 741'	6-1/4° @ 1629'	5-3/4° @ 2091'	8° @ 2770'	10° @ 3642'	10-1/4° @ 4264'
3° @ 838'	7° @ 1661'	5-1/2° @ 2155'	8-1/2° @ 2831'	10° @ 3673'	10° @ 4325'
2-1/2° @ 943'	7-3/4° @ 1692'	5-3/4° @ 2192'	8-1/2° @ 2893'	9-3/4° @ 3703'	9-3/4° @ 4388'
2-3/4° @ 1020'	7-1/2° @ 1711'	5-1/4° @ 2280'	8-1/2° @ 2956'	9-3/4° @ 3733'	8° @ 4450'
3° @ 1115'	7-3/4° @ 1742'	6° @ 2336'	9° @ 3017'	9-1/2° @ 3797'	8° @ 4511'
3-1/4° @ 1210'	7-3/4° @ 1774'	7° @ 2397'	9° @ 3079'	10° @ 3858'	8-1/4° @ 4540'
4-3/4° @ 1305'	6-3/4° @ 1806'	8° @ 2453'	9° @ 3140'	9-1/2° @ 3921'	

Sincerely,


John Alexander
Vice-President

JA/tmf

State of New Mexico) ss
County of San Juan)

Subscribed and sworn to before me this 8th day of July, 2004.

My Commission Expires:

03/07/07


Notary Public