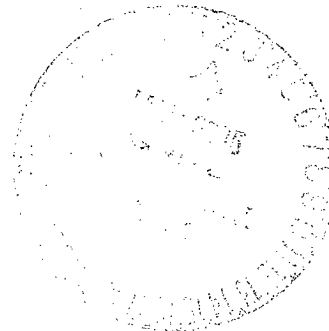


dugan production corp.

March 1, 2005

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

Re: Dugan Production Corp.
State Com #2C
API #30 045 32458
Unit B Sec. 16, T32N, R12W
San Juan County, NM



Surface: 460/N 1980/E
BHL: 726/ 2088/E

Ladies/Gentlemen:

Attached is the survey made by the steering company while drilling this well.

If you have any questions, please contact me at 325-1821.

Sincerely,

John Alexander
John Alexander
Vice-President

JA/tmf

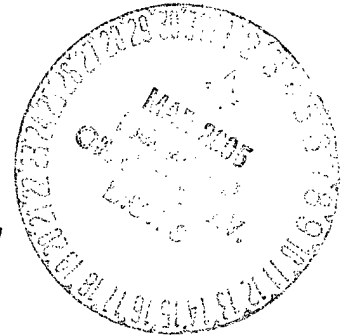
State of New Mexico) ss
County of San Juan)

Subscribed and sworn to before me this 1st day of March, 2005.

John Alexander
Notary Public

My Commission Expires: 03/07/07

State/Country: New Mexico, USA
Declination: 11.12
Grid: 0
File name: E:\WINSERVE\LDUGAN2C.SVY
Date/Time: 25-Feb-05 / 18:16
Curve Name: AsDrilled



Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E Distance FT	Direction Deg	Dogleg Severity Deg/100
1699.00	1.49	245.35	1698.41	-14.78	-32.30	-14.78	35.53	245.41	1.03
1760.00	1.41	233.48	1759.39	-15.56	-33.63	-15.56	37.05	245.17	.51
1822.00	.79	189.10	1821.38	-16.44	-34.31	-16.44	38.04	244.40	1.63
1885.00	.70	190.33	1884.38	-17.25	-34.45	-17.25	38.52	243.40	.15
1946.00	.79	247.72	1945.37	-17.77	-34.90	-17.77	39.17	243.02	1.18
2009.00	1.06	268.82	2008.36	-17.95	-35.89	-17.95	40.12	243.43	.68
2135.00	.79	232.08	2134.35	-18.51	-37.74	-18.51	42.03	243.88	.51
2197.00	.88	258.62	2196.34	-18.86	-38.54	-18.86	42.91	243.92	.63
2261.00	.79	250.01	2260.33	-19.11	-39.44	-19.11	43.82	244.15	.24
2324.00	1.49	217.05	2323.32	-19.91	-40.34	-19.91	44.99	243.73	1.48
2387.00	2.55	214.85	2386.28	-21.72	-41.63	-21.72	46.96	242.45	1.69
2450.00	2.73	230.06	2449.22	-23.83	-43.58	-23.83	49.67	241.33	1.14
2513.00	2.73	252.38	2512.15	-25.25	-46.16	-25.25	52.62	241.33	1.68
2575.00	2.55	260.38	2574.08	-25.92	-48.93	-25.92	55.38	242.08	.66
2637.00	2.37	268.82	2636.02	-26.18	-51.57	-26.18	57.84	243.08	.65
2700.00	1.76	203.86	2698.99	-27.09	-53.27	-27.09	59.76	243.04	3.61
2763.00	2.02	176.97	2761.96	-29.09	-53.60	-29.09	60.98	241.51	1.45
2826.00	.70	150.16	2824.94	-30.53	-53.35	-30.53	61.47	240.22	2.27
2889.00	.53	329.37	2887.94	-30.61	-53.31	-30.61	61.47	240.13	1.95
2951.00	1.32	313.82	2949.93	-29.87	-53.97	-29.87	61.68	241.04	1.33
3014.00	2.29	258.53	3012.90	-29.62	-55.73	-29.62	63.11	242.01	2.99
3076.00	3.25	250.53	3074.83	-30.45	-58.60	-30.45	66.04	242.54	1.67
3141.00	3.34	242.62	3139.72	-31.94	-62.01	-31.94	69.75	242.75	.71
3204.00	3.25	233.40	3202.62	-33.85	-65.08	-33.85	73.35	242.52	.85
3266.00	3.08	220.04	3264.52	-36.17	-67.56	-36.17	76.63	241.84	1.22
3328.00	2.46	218.37	3326.45	-38.49	-69.46	-38.49	79.41	241.01	1.01
3391.00	2.11	229.62	3389.40	-40.30	-71.18	-40.30	81.80	240.48	.90
3455.00	1.32	236.56	3453.37	-41.47	-72.69	-41.47	83.69	240.30	1.27
3517.00	1.58	256.95	3515.35	-42.05	-74.12	-42.05	85.22	240.43	.92
3580.00	1.41	258.62	3578.33	-42.40	-75.73	-42.40	86.79	240.75	.28
3643.00	1.49	265.12	3641.31	-42.63	-77.30	-42.63	88.28	241.13	.29
3705.00	1.58	264.25	3703.29	-42.78	-78.96	-42.78	89.80	241.55	.15
3767.00	1.93	231.29	3765.26	-43.52	-80.62	-43.52	91.62	241.64	1.69
3826.00	1.93	219.86	3824.23	-44.90	-82.03	-44.90	93.52	241.31	.65
3890.00	2.02	194.02	3888.19	-46.82	-83.00	-46.82	95.30	240.57	1.39
3956.00	1.97	203.05	3954.15	-49.00	-83.72	-49.00	97.01	239.66	.48
4018.00	1.76	214.51	4016.12	-50.76	-84.68	-50.76	98.73	239.06	.69
4079.00	1.91	226.37	4077.09	-52.24	-85.95	-52.24	100.58	238.71	.67
4142.00	1.86	252.85	4140.05	-53.26	-87.68	-53.26	102.59	238.72	1.37
4205.00	2.21	243.65	4203.01	-54.10	-89.75	-54.10	104.80	238.92	.76
4266.00	2.92	227.84	4263.95	-55.67	-91.96	-55.67	107.49	238.81	1.63
4328.00	2.52	234.84	4325.88	-57.51	-94.24	-57.51	110.40	238.61	.84

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
4391.00	2.47	256.82	4388.83	-58.62	-96.70	-58.62	113.08	238.77	1.51
4453.00	3.08	246.87	4450.75	-59.58	-99.53	-59.58	116.00	239.10	1.25
4516.00	3.33	231.83	4513.66	-61.37	-102.52	-61.37	119.49	239.09	1.39
4579.00	3.20	234.42	4576.55	-63.53	-105.39	-63.53	123.06	238.92	.31

Projection of Last MWD Survey to 4642 ft.

4642.00	3.20	234.42	4639.46	-65.57	-108.25	-65.57	126.56	238.79	.00
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