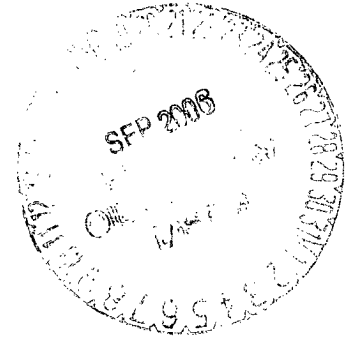


dugan production corp.



September 14, 2006

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

Re: Dugan Production Corp.
Zappa #3S
API #30 045 33855
Unit L, Sec. 27, T22N, R8W
San Juan County, NM

Ladies/Gentlemen:

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

1/2° @ 500'
3/4° @ 940'

Sincerely,

John Alexander
Vice-President

JA/tmf

State of New Mexico)

ss

County of San Juan)

Subscribed and sworn to before me this 14th day of September, 2006.



Notary Public

My Commission Expires: 3/4/08