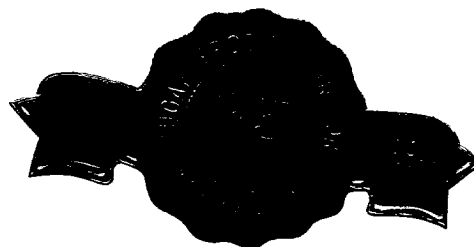


dugan production corp.

May 25, 1994



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

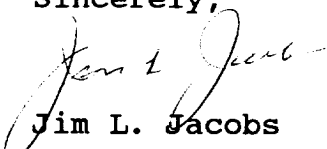
Re: DUGAN PRODUCTION CORP.
South Seas #2
1850' FSL & 1850' FWL
Unit K, Sec. 6, T22N, R7W
Sandoval County, NM

Gentlemen:

This is to certify that deviation tests were run on the captioned well and the following is a true report of those tests:

1/2° @ 500'
3/4° @ 1000'
1° @ 1500'
3/4° @ 1810'
3/4° @ 1855'

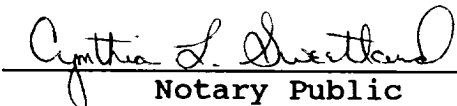
Sincerely,


Jim L. Jacobs

cg

State of New Mexico)
County of San Juan) ss

Subscribed and sworn to before me this 25th day of May, 1994.


Notary Public

My Commission Expires: August 11, 1996.