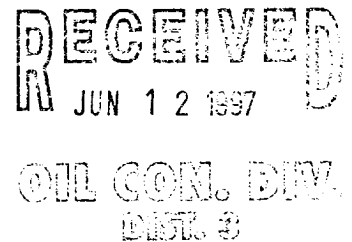


dugan production corp.

June 11, 1997

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

Re: *Dugan Production Corp.*
Flo Jo #7
API # 30 045 29368
Unit M, Sec. 1, T23N, R11W
San Juan County, NM



Gentlemen:

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

3/4° @ 43'	1° @ 2592'
3/4° @ 219'	1½° @ 2891'
1-1/2° @ 537'	2° @ 3372'
1-3/4° @ 1099'	1° @ 3870'
1-3/4° @ 1595'	1° @ 4372'
1° @ 2091'	1° @ 4590'

Sincerely,

Gary Brink
Operations Manager

GB/cg

State of New Mexico) §
County of San Juan)

Subscribed and sworn to before me this 11th day of June 1997.

SPECIAL SEAL
DAVID CUNNINGHAM

NOTARY PUBLIC - NEW MEXICO

Notary Bond filed with Secretary of State

My commission expires: 3/7/99

Notary Public