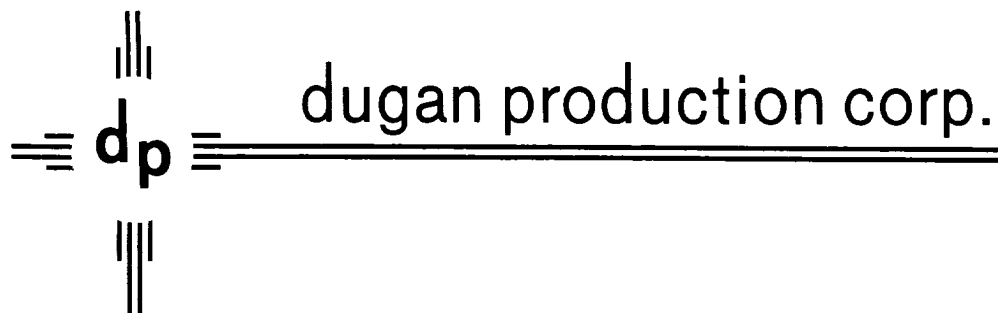
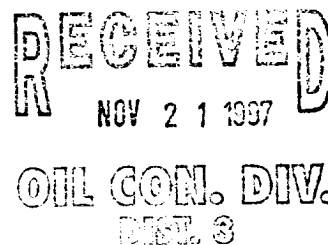




November 19, 1997

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

Re: Dugan Production Corp.
Salge Federal A #94
API #30 045 29501
Unit H, Sec. 34, T26N, R13W
San Juan County, NM



Gentlemen:

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

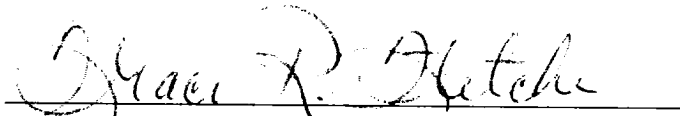
1/2° @ 500'
3/4° @ 1000'
3/4° @ 1360'

Sincerely,


John Alexander
Vice-President

State of New Mexico)
County of San Juan)^{ss}

Subscribed and sworn to before me this 19th day of November, 1997.


Notary Public

My Commission Expires: 9/8/2001