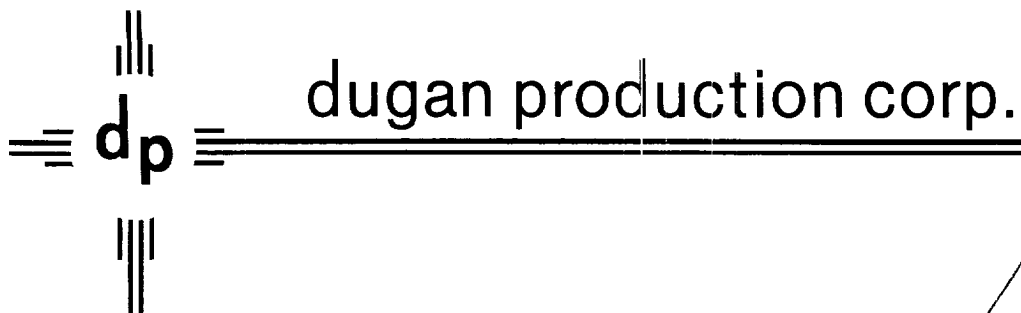




August 9, 2002

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

Re: Dugan Production Corp.
Federal I #90
API #30 045 31032
Unit E, Sec. 11, T29N, R14W
San Juan County, NM

Gentlemen:

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

1/4° @ 500'
3/4° @ 1,160'

Sincerely,

John Alexander
Vice-President

JA:sh

State of New Mexico) ss
County of San Juan)

Subscribed and sworn to before me this 9th day of August, 2002.

Notary Public

My Commission Expires: 9/5/02