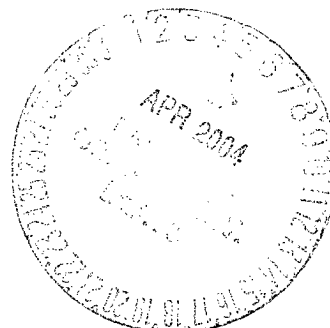


dugan production corp.

April 1, 2004

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



Re: Dugan Production Corp.
Salge Federal A #95S
API #30 045 31350
Unit I, Sec. 33, T26N, R13W
San Juan County, NM

Gentlemen:

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

$\frac{1}{4}^{\circ}$ @ 500'
 $\frac{1}{4}^{\circ}$ @ 1000'
 $\frac{3}{4}^{\circ}$ @ 1470'

Sincerely,

John Alexander
Vice-President

JA/tmf

State of New Mexico)

ss

County of San Juan)

Subscribed and sworn to before me this 1st day of April, 2004.

Notary Public

My Commission Expires:

03/07/07