



dugan production corp.

September 15, 2004

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



Re: Dugan Production Corp.
Rusty Nail Com #90
API #30 043 20988
Unit C, Sec. 34, T22N, R6W
Sandoval County, NM

Ladies/Gentlemen:

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

$\frac{1}{4}^{\circ}$ @ 500'
 $\frac{1}{2}^{\circ}$ @ 1000'
 1° @ 1500'

Sincerely,

John Alexander
Vice-President

JA/tmf

State of New Mexico)

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County of San Juan)

Subscribed and sworn to before me this 15th day of September, 2004.

Notary Public

My Commission Expires: 03/07/07