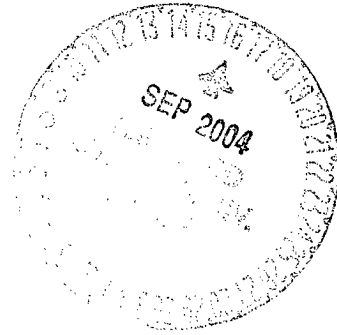




dugan production corp.

September 14, 2004

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



Re: Dugan Production Corp.
Lisbon #3
API #30 045 32257
Unit N, Sec. 11, T30N, R14W
San Juan County, NM

Ladies/Gentlemen:

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

1/4° @ 500'
1/2° @ 1,000'
1/2° @ 1,500'
1° @ 1,900'

Sincerely,

John Alexander
Vice-President

JA/tmf

State of New Mexico)

ss

County of San Juan)

Subscribed and sworn to before me this 14th day of September, 2004.

Notary Public

My Commission Expires: 03/07/07