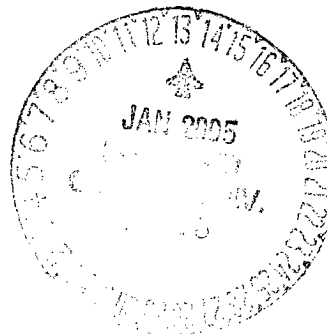


dugan production corp.

January 12, 2005

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

Re: Dugan Production Corp.
Salge Federal A #96
API #30 045 32039
Unit F, Sec. 33, T26N, R13W
San Juan County, NM



Ladies, Gentlemen:

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

1/4° @ 500'
1/4° @ 1000'
3/4° @ 1500'

Sincerely,



John Alexander
Vice-President

JA/tmf

State of New Mexico)

ss

County of San Juan)

Subscribed and sworn to before me this 12th day of January, 2005.


Notary Public

My Commission Expires:

03/07/07