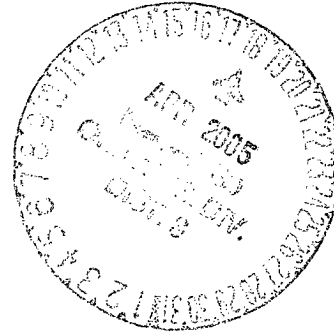


dugan production corp.

April 15, 2005

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

Re: Dugan Production Corp.
State Com #1C
API #30 045 32630
Unit J Sec. 16, T32N, R12W
San Juan County, NM



Ladies/Gentlemen:

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

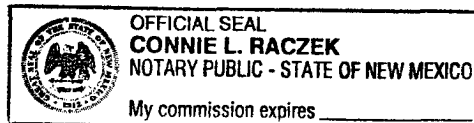
1¼° @ 70'	1° @ 1101'	2° @ 2418'	4° @ 3569'
3/4° @ 101'	1° @ 1198'	2½° @ 2512'	3½° @ 3663'
1° @ 161'	1° @ 1291'	2½° @ 2601'	3° @ 3880'
1° @ 240'	1¼° @ 1385'	3° @ 2693'	3½° @ 3973'
1½° @ 300'	1½° @ 1478'	3¼° @ 2789'	3° @ 4037'
1° @ 360'	1-3/4° @ 1572'	3¼° @ 2881'	3° @ 4131'
1° @ 390'	2° @ 1672'	3° @ 2943'	2½° @ 4256'
3/4° @ 470'	2¼° @ 1821'	3¼° @ 3069'	2½° @ 4352'
1° @ 511'	2½° @ 1884'	4° @ 3132'	2½° @ 4446'
1° @ 663'	2° @ 1976'	4° @ 3225'	3° @ 4666'
1¼° @ 756'	2½° @ 2071'	3½° @ 3318'	1¼° @ 4768'
1½° @ 811'	2¼° @ 2166'	3½° @ 3413'	1½° @ 4851'
1¼° @ 944'	1-3/4° @ 2290'	3½° @ 3445'	1¼° @ 4944'
1° @ 1007'	1-3/4° @ 2385'	4° @ 3538'	

Sincerely,

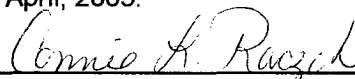

John Alexander
Vice-President

JA/tmf

State of New Mexico) ss
County of San Juan)



Subscribed and sworn to before me this 15th day of April, 2005.


Notary Public

My Commission Expires: 3/4/08