



dugan production corp.

August 15, 2005

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

Re: Yates Petroleum Corp.
Hone Mesa "BAE" Federal #1
API #30 045 30893
Unit D, Sec. 35, T25N, R13W
San Juan County, NM

Ladies/Gentlemen:

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

¼° @ 500'
1° @ 1000'

Sincerely,

Bill Armenta
for Yates Petroleum Corp.

BA/tmf

State of New Mexico)

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County of San Juan)

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

Notary Public

My Commission Expires: 03/07/07

