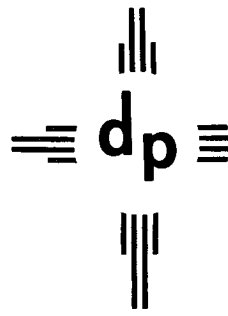


RECD NOV 1 '06
OIL CONS. DIV.
DIST. 3



dugan production corp.

November 1, 2006

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

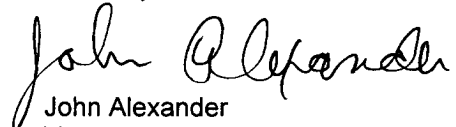
Re: Dugan Production Corp.
Sponge Bob #1 SWD
API #30 045 33927
Unit K Sec. 36, T30N, R14W
San Juan County, NM

Ladies/Gentlemen:

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

1° @ 100'	1¼° @ 2764'	1¾° @ 6850'
1¼° @ 360'	1° @ 3269'	2¾° @ 7425'
1¼° @ 451'	2° @ 3825'	
¾° @ 725'	½° @ 4390'	
1° @ 1258'	1° @ 5800'	
¾° @ 1693'	5° @ 6350'	
¾° @ 2290'	5° @ 6510'	

Sincerely,

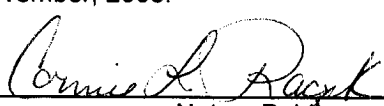

John Alexander
Vice-President

JA/tmf

State of New Mexico)
ss
County of San Juan)

Subscribed and sworn to before me this 1st day of November, 2006.





Notary Public

My Commission Expires: 3/4/08

