

dugan production corp.

January 3, 1989

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

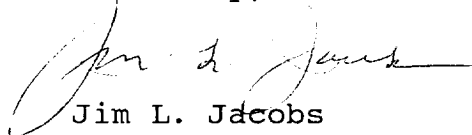
Re: Dugan Production Corp.  
Champ #5  
2150' FSL & 800' FEL  
Sec. 5, T23N, R10W, NMPM  
San Juan County, NM

Gentlemen:

This is to certify that deviation tests were run on the captioned well and the following is a true report of those tests:

|                |                |
|----------------|----------------|
| 1/4° @ 188'    | 1-3/4° @ 2734' |
| 1/2° @ 706'    | 1-3/4° @ 3049' |
| 1-1/4° @ 1228' | 2-3/4° @ 3562' |
| 1-1/4° @ 1726' | 3-1/4° @ 3685' |
| 1-1/2° @ 2265' | 2-3/4° @ 3779' |
| 1-1/2° @ 2463' | 2° @ 3864'     |
| 1-1/2° @ 2674' | 2° @ 4135'     |

Sincerely,

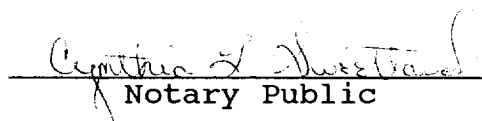
  
Jim L. Jacobs

cg

**RECEIVED**  
JAN 23 1989  
OIL CON. DIV.  
DIST. 3

State of New Mexico)  
County of San Juan) ss

Subscribed and sworn to before me this 3rd day of January, 1989.

  
Notary Public

My Commission Expires 8/11/92.