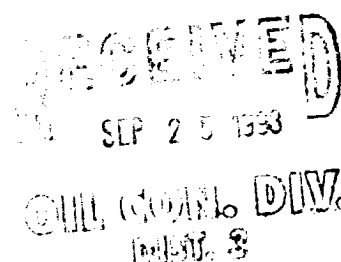


dugan production corp.

September 24, 1998

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

Re: Dugan Production Corp.
Merry Chase #90
API #30 045 29650
Unit N, Sec. 10, T24N, R9W
San Juan County, NM



Gentlemen:

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

1/2° @ 500'
3/4° @ 1000'
3/4° @ 1500'
1° @ 1800'

Sincerely,

John Alexander
Vice-President

JA/tmf

State of New Mexico)
County of San Juan)^{ss}

Subscribed and sworn to before me this 24th day of September, 1998.

Notary Public

My Commission Expires: 9/8/2001