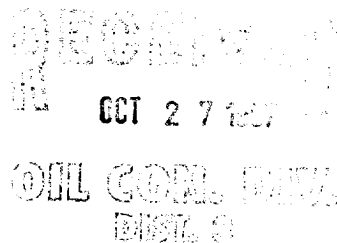


dugan production corp.

October 27, 1997

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

Re: Dugan Production Corp.
Mona Lisa #1
API #30 039 25739
Unit P, Sec. 14, T26N, R7W
Rio Arriba County, NM

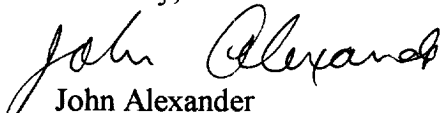


Gentlemen:

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

| | |
|----------------|--------------|
| 1° @ 212' | 1° @ 2240' |
| 3/4° @ 753' | 3/4° @ 2743' |
| 3/4° @ 1241' | 3/4° @ 2963' |
| 1-1/4° @ 1741' | 1/2° @ 3435' |


Sincerely,


John Alexander
Vice-President

JA/tmf

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

Subscribed and sworn to before me this 27th day of October, 1997.



Notary Public

My Commission Expires: Aug 11, 2000