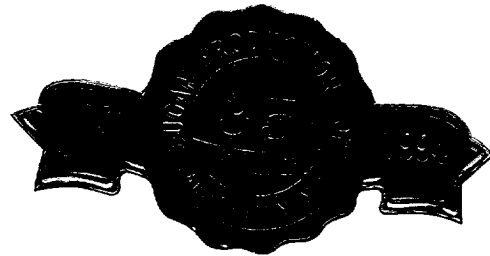




dugan production corp.



May 25, 1994



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

Re: DUGAN PRODUCTION CORP.
Billary #1
860' FSL & 900' FWL
Unit M, Sec. 31, T25N, R8W
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° @ 500'
3/4° @ 1000'
3/4° @ 1500'
1° @ 2000'

Sincerely,

Jim L. Jacobs

cg

State of New Mexico)
County of San Juan) ss

Subscribed and sworn to before me this 25th day of May, 1994.

Notary Public

My Commission Expires: August 11, 1996.

RECEIVED
MAY 26 1994
OIL CON. DIV.
DIST. 3