

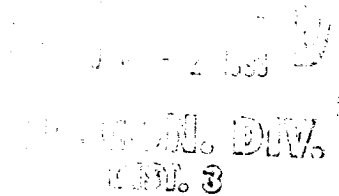
dugan production corp.



December 31, 1997

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

Re: *Dugan Production Corp.*
Huerfanito #5-E
API #30 045 29465
Unit J, Sec. 10, T26N, R9W
San Juan County, NM



Gentlemen:

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

1/2° @ 120'	1° @ 1599'	1/2° @ 3591'	1° @ 5591'
1/2° @ 304'	1° @ 2093'	1/2° @ 4091'	3/4° @ 5715'
3/4° @ 575'	3/4° @ 2525'	1/4° @ 4592'	1° @ 6218'
3/4° @ 1071'	1° @ 3091'	3/4° @ 5091'	1° @ 6716'

Sincerely,

John Alexander
John Alexander
Vice-President

JA/tmf

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

Subscribed and sworn to before me this 31st day of December, 1997.

Gracie K. Stetcher

Notary Public

My Commission Expires: 9/8/2001