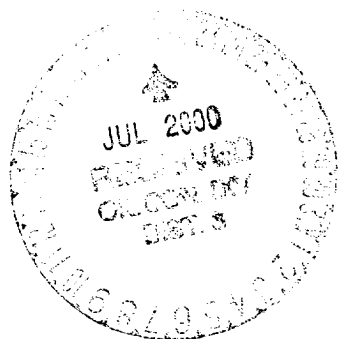


dugan production corp.

July 20, 2000

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



Re: Dugan Production Corp.
Federal I #98
API #30 045 30180
Unit B, Sec. 10, T29N, R14W
San Juan County, New Mexico

Gentlemen:

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

1/4° @ 500'
1/2° @ 1000'
1/2° @ 1100'

Sincerely,

John Alexander
Vice-President

JA/tmf

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

Subscribed and sworn to before me this 20th day of July, 2000.

Notary Public

My Commission Expires: 9/8/01