



dugan production corp.



April 29, 2004

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

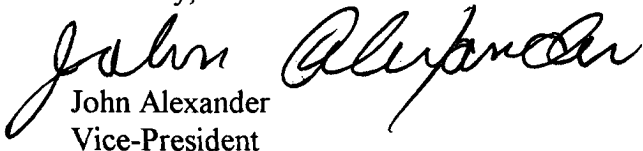
**Re: Dugan Production Corp.**  
*Jeter #3S*  
*API #30 045 31351*  
*Unit K, Sec. 35, T26N, R13W*  
*San Juan County, NM*

Ladies/Gentlemen:

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

Bulls-eye @ 500'  
1/4° @ 1000'  
3/4° @ 1340'

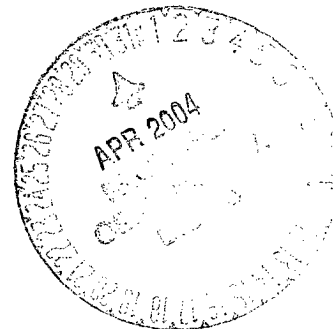
Sincerely,

  
John Alexander  
Vice-President

JA/tmf

State of New Mexico)

County of San Juan )  
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Subscribed and sworn to before me this 29th day of April, 2004.

  
Notary Public

My Commission Expires: 03/07/07