



dugan production corp.

October 12, 2004

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



Re: Dugan Production Corp.
Chaco #5
API #30 045 32272
Unit P, Sec. 6, T24N, R8W
San Juan County, NM

Ladies/Gentlemen:

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

¼° @ 500'
¾° @ 1000'
1° @ 1500'

Sincerely,

John Alexander
Vice-President

JA/tmf

State of New Mexico)

ss

County of San Juan)

Subscribed and sworn to before me this 12th day of October, 2004.

Notary Public

My Commission Expires: 03/07/07