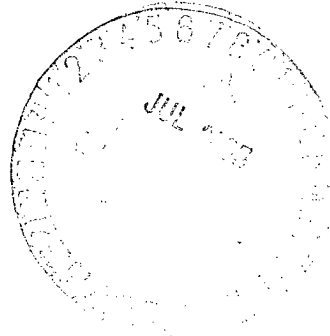


dugan production corp.

July 6, 2005

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



Re: Dugan Production Corp.
Sesamee Street #90
API #30 045 32702
Unit L, Sec. 1, T24N, R11W
San Juan County, NM

Ladies/Gentlemen:

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

3/4° @ 500'
1° @ 1000'
1½° @ 1580'

Sincerely,

John Alexander
John Alexander
Vice-President

JA/tmf

State of New Mexico)

ss

County of San Juan)

Subscribed and sworn to before me this 6th day of July, 2005.



Connie L. Raczek
Notary Public

My Commission Expires: 3/4/08