



dugan production corp.

July 25, 2006

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

Re: Dugan Production Corp.
Pan American #3
API #30 045 33697
Unit N, Sec. 24, T30N, R14W
San Juan County, NM

Ladies/Gentlemen:

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

$\frac{1}{4}^{\circ}$ @ 500'
 $\frac{1}{4}^{\circ}$ @ 1000'
 $\frac{3}{4}^{\circ}$ @ 1540'

Sincerely,

John Alexander
Vice-President



JA/tmf

State of New Mexico)

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County of San Juan)

Subscribed and sworn to before me this 25th day of July, 2006.



Notary Public

My Commission Expires:

3/4/08