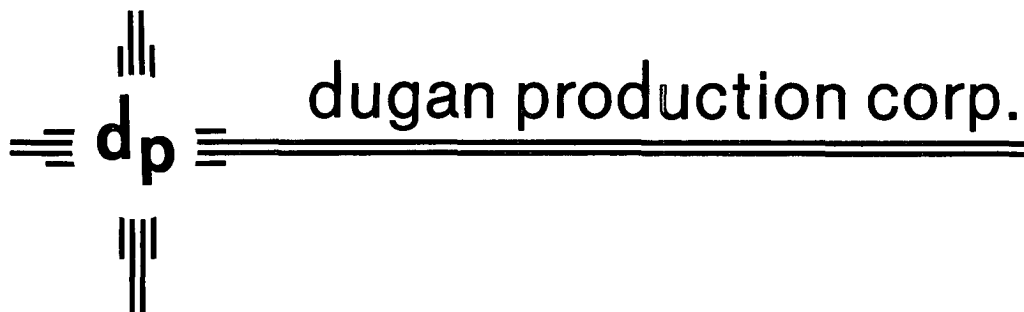




November 16, 2006

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

Re: Dugan Production Corp.
Zappa #92
API #30 045 33857
Unit I, Sec. 21, T22N, R8W
San Juan County, NM

Ladies/Gentlemen:

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

1/2° @ 500'
3/4° @ 880'

Sincerely,

A handwritten signature in cursive script that reads 'John Alexander'.

John Alexander
Vice-President

JA/tmf

State of New Mexico)

ss

County of San Juan)

Subscribed and sworn to before me this 16th day of November, 2006.

A handwritten signature in cursive script that reads 'Connie L. Raczek'.

Notary Public

My Commission Expires: 3/4/08

B 11/20