



dugan production corp.

January 23, 2004

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

Re: Dugan Production Corp.
Jeter #5S
API #30 045 31361
Unit D, Sec. 35, T26N, R13W
San Juan County, NM

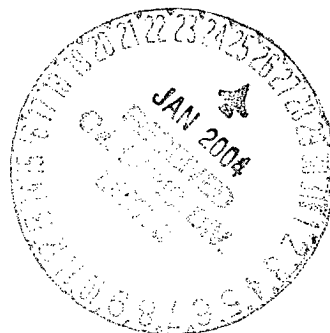
Ladies/Gentlemen:

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

1/4° @ 500'
1/2° @ 1000'
1° @ 1400'

Sincerely,

John Alexander
Vice-President



JA/tmf

State of New Mexico)

ss

County of San Juan)

Subscribed and sworn to before me this 23rd day of January, 2004.

Notary Public

My Commission Expires: 8-11-04