John Dean may have helped expose the Watergate cover-up, but this past summer his Beverly Hills neighbors felt a bit exposed as well. Charging that a second-story room above Dean's garage violated local height restrictions, a group & of local residents demanded that it be removed. A case of Peeping John? "Of course not," protests Novelist Gwen Davis, who used to skinnydip in her nearby pool. "Still, the federal marshals stayed up there," adds Davis, who has since moved. Last week in a Santa Monjica court the matter was settled poor rully when the builders of Dean's Spanish-style stucco home agreed to construct a fence and add a little judicious landscaping. The room will remain, presumably to service after him. fice after his release from prison.