



# dugan production corp.

April 29, 2014

Mr. Charlie Perrin  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

Dear Mr. Perrin,

This is to inform the NMOCD that we observed wellbore communication in the below mentioned Dugan Production Corp.'s wells after the stimulation operations of offsetting wells. The well details and type of wellbore communication noted are listed in the following table.

	Well Name	API #	Location	Formation	Type of Communication Noted
1	M.F. # 1	300-45- <del>23415</del> 24636	L18-24N-09W	Gallup	Nitrogen
2	September # 15	300-45-26518	A24-24N-10W	Gallup	Nitrogen
3	April Surprise # 3	300-45-25122	D19-24N-09W	Gallup	Nitrogen
4	Bitsili # 1	300-45-33186	G19-24N-09W	Gallup	Nitrogen
5	Merry May # 1	300-45-24421	I24-24N-10W	Gallup	Nitrogen
6	Pac Ten # 1	300-45-25917	P07-24N-09W	Gallup	Nitrogen
7	Wac # 1	300-45-25918	D17-24N-09W	Gallup	Nitrogen

The wellbore communication was noted and confirmed by 04/16/14. In case of any questions or need additional information, please contact Marty Foutz, with Dugan production at 505-326-4548.

Regards,

*Marty Foutz*

Marty Foutz  
Production Analyst

OIL CONS. DIV DIST. 3

APR 30 2014