



dugan production corp.

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

December 23, 2013

RCVD DEC 26 '13
OIL CONS. DIV.
DIST. 3

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	Bronze Medal # 1	300-45-26435	D-3-23N-10W	Gallup	Nitrogen
2	Bronze Medal #2	300-45-26925	E-3-23N-10W	Gallup	Nitrogen
3	Gold Medal #1	300-45-26035	H-34-24N-10W	Gallup	Nitrogen
4	Jim Thorpe #1	300-45-26587	G-3-23N-10W	Gallup	Nitrogen
5	Marathon #1	300-45-26436	A-4-23N-10W	Gallup	Nitrogen
6	Marathon #2	300-45-26927	G-4-23N-10W	Gallup	Nitrogen
7	Montreal #1	300-45-26627	C-4-23N-10W	Gallup	Nitrogen
8	Montreal #2	300-45-26926	E-4-23N-10W	Gallup	Nitrogen

The wellbore communication was noted and confirmed by 12/13/2013. In case of any questions or need additional information, please contact Marty Foutz, with Dugan production at 505-326-4548.

Regards,
Marty Foutz
Production Analyst
Dugan Production Corp.