



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

May 7, 2007

Purvis Operating Company
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Attention: Mr. James Bruce, Attorney

Re: **Coyote State Com Well No. 1**
API No. 30-025-38037
990' FNL & 1316' FWL, Unit D,
Section 8, T-15 South, R-35 East, NMPM,
Lea County, New Mexico

Administrative Order NSL-5616

Dear Mr. Bruce:

Reference is made to the following:

- (a) your application on behalf of Purvis Operating Company ("Purvis" or "applicant") for a non-standard well location (*administrative application referenece No. pCLP0711651623*) for the Coyote State Com Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on April 25, 2007; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox gas well location for its Coyote State Com Well No. 1 in the Undesignated Morton-Mississippian Gas Pool (Gas – 96593), Undesignated East Morton-Morrow Gas Pool (Gas – 96395) and the Undesignated Southwest Austin-Morrow Gas Pool (Gas – 96664) which is currently being drilled 990 feet from the North line and 1316 feet from the West line (Unit D) of Section 8, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico. The N/2 of Section 8 is to be dedicated to the well in the Mississippian and Morrow formations forming a standard 320-acre gas spacing and proration unit.

The applicant stated that the subject well location was chosen for geologic reasons.

The Morton-Mississippian, East Morton-Morrow and Southwest Austin-Morrow Gas Pools are all currently governed by Division Rule 19.15.3.104(C).

The subject location is unorthodox only with respect to the interior quarter-quarter section line, and does not encroach towards the outer boundary of the proposed spacing unit. Consequently, the applicant is not required, and did not provide notice of this application to any party. In addition, the applicant stated that the NW/4 of Section 8 is a single State of New Mexico lease (Lease No. VB-563-1) that is commonly owned.

Division records show that there are no other wells currently producing from the Mississippian or Morrow formations within the N/2 of Section 8.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Undesignated Morton-Mississippian Gas Pool, Undesignated East Morton-Morrow Gas Pool and the Undesignated Southwest Austin-Morrow Gas Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.

Division Director

MEF/drc

cc: State Land Office-Oil & Gas Division
OCD-Hobbs