

DATE IN 12-28	SUSPENSE	ENGINEER Brooks	LOGGED IN 12-28-09	TYPE NSL	PTGW APP NO. 0936235195
---------------	----------	-----------------	--------------------	----------	----------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Purvis Op.
 (131559)

ADMINISTRATIVE APPLICATION CHECKLIST

5616-A
 Coyote State 1

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

30-025-38037

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

Lea Co.

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

NSL-5616

RECEIVED OGD
 2009 DEC 28 A 8:35

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
 P.O. Box 1056
 Santa Fe, New Mexico 87504

James Bruce

 Signature

Attorney for Applicant

 Title

12/21/09

 Date

jamesbruce@aol.com

 e-mail Address

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

December 21, 2009

Hand delivered

David K. Brooks
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Brooks:

Pursuant to Division Rule NMAC 19.15.15.13, Purvis Operating Co. applies for approval of an unorthodox oil well location for the following well:

<u>Well:</u>	Coyote State Well No. 1 (API No. 30-025-38037)
<u>Location:</u>	990 FNL & 1316 FWL
<u>Well Unit:</u>	NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico

The well was initially proposed to test the Morrow and Mississippian formations, and an unorthodox location order (NSL-5616) was obtained based on geological reasons. See Exhibit A. Applicant spudded the well and has been drilling the well slowly (i) awaiting results from an offset well in Section 7, and (ii) to maintain the lease in effect.

The offset well (the Antelope Well No. 1) was completed earlier this year, but was unsuccessful as a gas well. Recently the Antelope Well No. 1 was successfully completed uphole in the Upper Pennsylvanian formation, which is an oil zone.

As a result, applicant is abandoning its plans to drill the Coyote State Well No. 1 to test the Morrow formation, and now proposes to test the Upper Pennsylvanian formation (Undesignated North Morton-Permo Upper Pennsylvanian Pool). That pool is spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line. Using the existing wellbore will reduce costs, so applicant does not desire to abandon the wellbore

The NW¼ of Section 8 is a state tract, covered by Lease VB-563-2. Exhibit B. Interest ownership is uniform as to all depths and throughout the entire lease. Thus, the well's location does not adversely affect any offset interest owner, and notice has not been given to anyone.

Very truly yours,



James Bruce

Attorney for Purvis Operating Co.

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

April 25, 2007

Hand delivered

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Pursuant to Division Rule 104.F(2), Purvis Operating Co. applies for approval of an unorthodox gas well location for the following well:

<u>Well:</u>	Coyote State Com. Well No. 1 (API No. 30-025-38037)
<u>Location:</u>	990' FNL & 1316' FWL
<u>Well Unit:</u>	N½ of Section 8 Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico

The well was commenced earlier this year to comply with lease expiration deadlines, and is being drilled to a depth sufficient to test the Morrow and Mississippian formations. Both formations are spaced on statewide regulations (320 acre well units, with wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line).

The location was chosen for geological reasons. However, the Hobbs District Office erroneously approved the location even though the well is too close to a quarter-quarter section line. As a result, because the well is drilling, applicant requests unorthodox location approval (for both the Morrow and the Mississippian formations).

The well is internal to the 320 acre well unit. Also, in the event that production is encountered in shallower zones, equities will not be affected: The entire NW¼ of Section 8 is subject to a single state lease (VB-563-1), which has common ownership as to all depths. Thus, the well's does not adversely affect any offset owner.

EXHIBIT A

Please contact me if you need any further information.

Very truly yours,

James Bruce

Attorney for Purvis Operating Co.

8 Records found.

Lease Number:

VB-0563-0002

Company name: PURVIS OPERATING CO
 Company ID: 131559
 Assigned from: VB-0563-0001
 Total acres: 320.00
 Prod stat: N/A

Lease term:

Lease term: FIVE(5) YEAR TERM, 3/16th ROYALTY
 Issue date: 1/1/2004
 Termination date: Active
 Termination reason: N/A
 Current term: Extended Primary Term

Billing information:

Bill to: PURVIS OPERATING CO
 Rent per acre: 0.50
 Billing frequency: Annual
 Minimum annual rent: 160.00
 Last bill date: 12/3/2009
 Next bill date: 1/1/2011
 Escalation: 0

Land information:

Section	Township	Range	Unit Letter	Lot	Tract	Acreage
8	15S	35E	C			40.00
			D			40.00
			E			40.00
			F			40.00
			K			40.00
			L			40.00
			M			40.00
			N			40.00

EXHIBIT B



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.

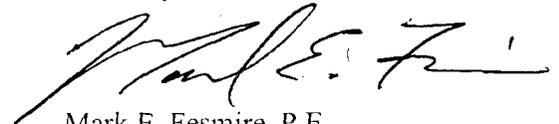
The Morton-Mississippian, East Morton-Morrow and Southwest Austin-Morrow Gas Pools are all currently governed by Division Rule 19.15.3.104(C).

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

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, January 12, 2010 10:42 AM
To: 'jamesbruc@aol.com'
Cc: Kautz, Paul, EMNRD; 'jay_spielman@nm.blm.gov'; 'llrwb@austin.rr.com'
Subject: Purvis Operating Co. - Coyote State #1, Lea County NM; NSL Application
Attachments: Purvis Coyote St #1.doc

Dear Jim

The referenced application was granted under date of Jan 8, 2010 by Order NSL-5616-A.

The signed original order will be posted on OCD's website.

Sincerely
David K. Brooks
Legal Examiner