



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Purvis Operating Company

P. O. Box 51990

Midland, Texas 79710-1990

Attention: Donnie E. Brown, P. E.
land@purvisop.com

July 28, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

RECEIVED

AUG 03 2005

OCU-ARTESIA

Administrative Order NSL-5244

Dear Mr. Brown:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on July 5, 2005 (*administrative application reference No. pSEM0-518729091*); and (ii) the Division's records in Artesia and Santa Fe: all concerning the circumstances that resulted in the location of Purvis Operating Company's ("Purvis") Deer Canyon Federal Well No. 1-Y to be drilled at an unorthodox deep gas well location within a standard 320-acre stand-up gas spacing unit for wildcat Morrow gas production comprising the W/2 of Section 8, Township 20 South, Range 21 East, NMPM, Eddy County, New Mexico, 1317 feet from the South line and 624 feet from the West line (Unit M) of Section 8.

It is the Division's understanding that shortly after June 14, 2005 circulation was lost at a depth of 56 feet within Purvis's Deer Canyon Federal "8" Well No. 1 (API No. 30-015-34100), located at a standard gas well location 1350 feet from the South line and 660 feet from the West line (Unit L) of Section 8, and due to sever caving this hole was abandoned and the rig was skidded to the southwest a distance of 49 feet.

The resulting replacement wellbore (being the above-described Deep Canyon Federal Well No. 1-Y) is 35 feet closer to the West line of Section 8 and seven feet closer to the quarter-quarter section line separating the NW/4 SW/4 (Unit L) and the SW/4 SW/4 (Unit M) of Section 8 then permitted by Division Rule 104.C (2) (a).

This application has been duly filed under the provisions of Division Rules 104.F and 1207.A (2).

From the information provided and the Division's records, all of Section 7; the W/2 of Section 8; and all of Section 17, all in Township 20 South, Range 21 East, NMPM, Eddy County, New Mexico, comprise a single Federal lease (U. S. Government lease No. NM-108922).

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox wildcat Morrow gas well location for Purvis's Deep Canyon Federal Well No. 1-Y is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P. E.

Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad