



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



January 8, 2010

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5616-A

**Re: Purvis Operating Co.
Coyote State Well No. 1
API No. 30-025-38037
990 FNL and 1316 FWL
Unit D, Section 8-15S-35E
Lea County, New Mexico**

Dear M:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-36235195**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Purvis Operating Co. [OGRID 131559] (Purvis), on December 28, 2009, and

(b) the Division's records pertinent to this request, including the Division's records pertaining to Administrative Order NSL-5616, issued on May 7, 2007.

Purvis has requested to complete the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NW/4 NW/4 of Section 8 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated North Morton-Permo Upper Pennsylvanian Pool (47350). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern unit boundary.

Your application on behalf of Purvis has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).



It is our understanding that you are seeking this location, in order to utilize an existing wellbore that was originally drilled to test another formation.

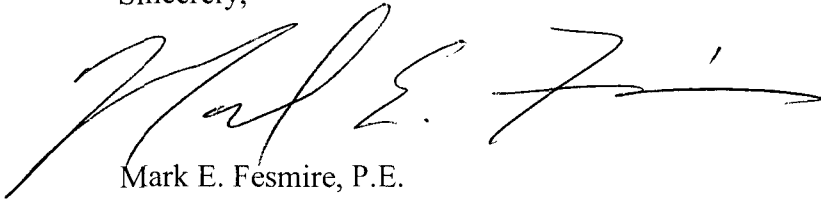
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe