Purvis Operating Co.

3101 N. Pecos Street – 79705

HOBBS OCD

AUG 18 2011

RECEIVED

August 16, 2011

Mr. Larry "Buddy" Hill
    District 1 Supervisor
Mr. Maxey Brown
    District 1 Inspector
New Mexico Energy, Minerals
    and Natural Resources Dept.
Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

Ms. Gail MacQuesten, OCD Attorney
Mr. Daniel Sanchez
    Compliance and Enforcement Manager
New Mexico Energy, Minerals
  and Natural Resources Dept.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Purvis Operating Co., OGRID 131559, ACO 264
       Armadillo State #001, 30-025-38035
       Badger State #001, 30-025-38036
       Coyote State Com #001, 30-025-38037

Gentlemen:

On August 12, 2011, water samples were attempted on the Armadillo State #1. The bottom of the hole was dry and no water was available.

The Coyote State Com #001 has been drilled and 5 ½" production casing was set at 11,205' kB. It is now waiting for completion attempts. The Badger State #001 is presently drilling at 5994'. Surface casing was set at 450' kB and intermediate casing was set at 4665' kB. Therefore, concerns about fresh water contamination in the Coyote State Com #1 and the Badger State #1 is now a non-issue.

Below is a history of spud holes and current conditions.

Well	Maximum Depth Drilling with 12 ¼" hole	Current Measured Depth	Current Reaming Depth with 20" Bit	Current Hole Condition
Armadillo State #1	78'	57'	18'	Dry
Coyote State #1	--	--	--	Production casing set @ 11,205' kB
Badger State #1	--	--	--	Drilling 8 ¾" hole at 5994'

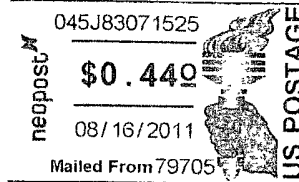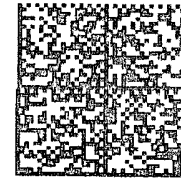If there is any additional information or questions, please call.

Very truly yours,

Donnie E. Brown
Petroleum Engineer

C: Mr. James Bruce
      PO Box 1056
      Santa Fe, NM 87504

PURVIS OPERATING CO.

P.O. Box 51990

MIDLAND, TEXAS 79710-1990

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