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# Purvis Operating Co.

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HOBBS OCD

AUG 18 2011

August 16, 2011

RECEIVED

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 1/2" 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<br>Drilling with<br>12 1/4" hole | Current<br>Measured<br>Depth | Current Reaming<br>Depth with<br>20" Bit | Current<br>Hole<br>Condition       |
|--------------------|--|------------------------------|--|------------------------------------|
| Armadillo State #1 | 78'  | 57'                          | 18'                                      | Dry                                |
| Coyote State #1    | --   | --                           | --                                       | Production casing set @ 11,205' kB |
| Badger State #1    | --   | --                           | --                                       | Drilling 8 3/4" hole at 5994'      |

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

Very truly yours,

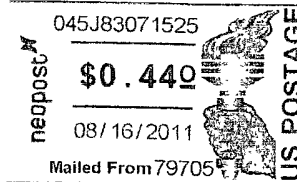
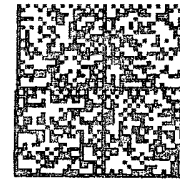


Donnie E. Brown  
Petroleum Engineer

C: Mr. James Bruce  
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**PURVIS OPERATING CO.**

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