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Purvis Operating Co.

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432-682-7346

February 17, 2011

Mr. Larry "Buddy" Hill, Dist. 1 Supervisor
Mr. Maxey Brown, Dist. 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 February 13, 2011, water samples were attempted on the Badger State #001, Coyote State Com #001 and the Armadillo State #1. The bottom of the hole was dry and no water was available for the Badger State #001 and Coyote State Com #001. There was about 3' of water in the Armadillo and a water sample was obtained for analysis (see attached). The water analysis, when compared to the analysis of a producing fresh water well in the west offset section and when compared to standard drinking water, show no contaminants.

Below is a history of these spud holes and current conditions:

| Well | Maximum Depth Drilling with 12 1/4" Bit | Current Measured Depth | Current Reaming Depth with 18" Bit | Current Hole Condition |
|---------------------------|---|------------------------------|--|------------------------------|
| Badger State #1 | 80 ft. | 46' | 46' | Dry |
| <u>Armadillo State #1</u> | 78 ft. | 70' | 57' | Wet |
| Coyote State #1 | 81 ft. | 58' | 58' | Dry |

We plan to start with a 20" bit on our next spud date.

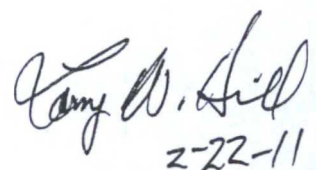
If there is any additional information or questions, please call.

Very truly yours,



Donnie E. Brown
Petroleum Engineer

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


2-22-11