Purvis Operating Co.

3101 N. Pecos Street – 79705

Email: eng@purvisop.com
PO Box 51990
Midland, TX 79710-1990
432-682-7346

February 11, 2010

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
Buzzard State #001, 30-015-36344
Segrest State Com #001, 30-015-36391

Gentlemen:

All requirements of the agreed compliance order signed December 18, 2009 by Purvis Operating Co. have been completed.

The Segrest State Com #001 and the Buzzard State #001 were both plugged and abandoned on January 22, 2010 as per approval from the District II office. Subsequent report for P&A was submitted on January 27, 2010. Therefore, these two wells should not be of anymore concern with regard to the Compliance Agreement.

Water samples were taken on the Badger State #001 on January 25, 2010. The measured depth of the well was 60 feet and there were only about 3" of water at the bottom of the hole. A thief was used to obtain a water sample. A water analysis when compared to the analysis of a producing fresh water well in the south offset section and when compared to standard drinking water show no contaminants. See attached analysis.

Water samples were attempted on the Armadillo State #001 and the Coyote State Com #001, however, the bottom of the hole was dry and no water was available for sampling. While reaming a larger hole, the cuttings must have fallen to the bottom and packed off any fresh water zone if any such zone was ever penetrated. Measured depth for the Coyote State Com #001 and the Armadillo State #001 was 36' and 46', respectively.

For the Armadillo State #001, Coyote State Com #001 and the Badger State #001, a 42" hole was reamed over the existing holes and a 36" diameter x 4 ft. tin horn was installed and cemented in place. The tin horn extends 4"-6" above ground level. Metal covers with locks were welded on top of the tin holes. These installations are ready for OCD inspection.

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

P.O. BOX 98
MIDLAND, TX. 79702
PHONE (432) 683-4521

Martin Water Laboratories, Inc.

709 W. INDIANA
MIDLAND, TEXAS 79701
FAX (432) 682-8819

RESULT OF WATER ANALYSES

LABORATORY NO. 210-43
TO: Mr. Donnie Brown
PO Box 51990, Midland, TX 79710
SAMPLE RECEIVED 1-26-10
RESULTS REPORTED 2-3-10

COMPANY Purvis Operating Co. LEASE As listed
FIELD OR POOL
SECTION ____ BLOCK ____ SURVEY ____ COUNTY Lea STATE NM
SOURCE OF SAMPLE AND DATE TAKEN:
NO. 1 Badger State #1 (60' deep fresh water). 1-25-10 Sec 6, T15S&R35E -- 660' F South & East
NO. 2 Windmill. 1-25-10 Sec 7, T15S&R35E
NO. 3 Maximum contents for drinking water as recommended by the Texas Dept. of Health.
NO. 4
REMARKS:

CHEMICAL AND PHYSICAL PROPERTIES	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F	1.0011	1.0013		
pH When Sampled				
pH When Received	6.45	6.86		
Bicarbonate as HCO_3	427	278		
Supersaturation as $CaCO_3$				
Undersaturation as $CaCO_3$				
Total Hardness as $CaCO_3$	380	360		
Calcium as Ca	115	107		
Magnesium as Mg	22	22		
Sodium and/or Potassium	25	2		
Sulfate as SO_4	43	72	300	
Chloride as Cl	28	37	300	
Iron as Fe	0.59	0.35	0.30	
Barium as Ba				
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	662	519	1,000	
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen,				
Hydrogen Sulfide	0.0	0.0		
Resistivity, ohms/m at 77° F.	14.70	16.65		
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				
Nitrate, as N	13.8	7.3	10.0	

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks

The undersigned certifies the above to be true and correct to the best of his knowledge and belief.

Form No. 3

By _____
Greg Ogden, B.S.

LATHAM PRINTING CO - 333-1292