

Purvis Operating Co.

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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.

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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,

A handwritten signature in black ink, appearing to read "Donnie E. Brown". The signature is fluid and cursive, with the first name "Donnie" being more prominent and the last name "Brown" following in a similar style.

Donnie E. Brown
Petroleum Engineer

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

