Purvis Operating Co.

3101 N. Pecos Street - 79705

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

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February 11, 2010

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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

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

HOBBSOCD

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

RESULT OF WATER ANALYSES

ro: Mr. Donnie Brown PO Box 51990, Midland, TX 79710	SAMPLI	ATORY NOE RECEIVEDES REPORTED	210-43 1-26-10 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). 1-25-1	0	Sec 6, T15S&R35E	660' F South & East
NO 2 Windmill. 1-25-10 Sec 7, T15S&R35	5E		
NO. 3 Maximum contents for drinking water as recon	nmended b	y the Texas Dept. of He	alth.
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,	427	278					
Supersaturation as CaCO ₃							
Undersaturation as CaCO ₃							
Total Hardness as CaCO,	380	360					
Calcium as Ca	115	107					
Magnesium as Mg	22	22					
Sodium and/or Potassium	25	2					
Sulfate as SO.	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/i							
Valume Filtered, ml	The state of the s						
Nitrate, as N	13.8	7.3	10.0				
	Results Reported As Milligram	s Per Liter					

of his knowledge and belief.

Form No 3

Greg Ogden, B.S.