

PURVIS OPERATING CO.

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February 27, 1995

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

Re: SWD-576
Houston "A" #1-L
2310' FS & 330' FWL Section 19,
T-12-S, R-38-E,
Lea County, New Mexico

Gentlemen:

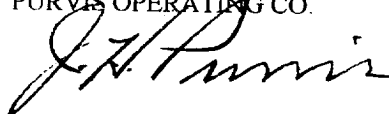
Reference is made to the C-104, dated February 15, 1995, filed in connection with the above captioned re-entry and recompletion to salt water disposal well, and my telephone conversation with Ms. Donna Pitzer of the District I office on February 24, regarding same. In the course of this re-entry, approximately 450 barrels of oil has been recovered. The purpose of the C-104 is to obtain permission to dispose of the recovered oil.

We have consulted with Stubbeman, McRae, Sealy, Laughlin & Browder regarding the disposition of the recovered oil. Since we do not have an oil and gas lease, but do have a valid agreement to make a salt water disposal well at this site, we are a "good-faith" trespasser. Our attorneys have advised that we are entitled to recover the costs of the re-entry of this well and all associated costs of the production of the oil until such time as we have recovered 100% of such costs. In view of the fact that we have spent many times the value of the 450 barrels oil produced, we are in the process of selling the oil and would appreciate approval of the C-104.

Thank you for all your assistance in this matter.

Yours very truly,

PURVIS OPERATING CO.



J. H. Purvis

SSB

cc: State of New Mexico
Oil Conservation Division
District I
P. O. Box 1980
Hobbs, NM 88241