DATE IN 1/31/11	SUSPENSE	ENGINEER WJ	LOGGED IN 2.1.11	TYPE SWD	APP NO pTGW 1103231977

6/23/11 Hearing
DISMISSED 7/5/11

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

Basic Energy Serv.
Belco State #2

ADMINISTRATIVE APPLICATION CHECKLIST 30-015-25433

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

No one showed
Case Dismissed
Hearing 6/23/11
Case 28/11

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX **X** SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] **X** For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

DAVID ALVARADO	David H Alvarado	SE NM DISTRICT MANAGER	1-25-11
Print or Type Name	Signature	Title	Date

david.alvarado@basicenergyservices.com
e-mail Address

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance ___XX_Disposal _____Storage
Application qualifies for administrative approval? __XX___Yes _____No

II. OPERATOR: _____Basic Energy Services, LP

ADDRESS: P. O. Box 10460 Midland Texas 79702

CONTACT PARTY: Lyn Sockwell PHONE: 432.620.5500

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? ___Yes __XX_No
If yes, give the Division order number authorizing the project:

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: DAVID ALVARADO TITLE: SE NM DISTRICT FLUID MANAGER

SIGNATURE: _____ DATE: 1/25/11

E-MAIL ADDRESS: david.alvarado@basicenergyservices.com 575.746.2072

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

BASiC Energy Services
Belco ~~Sate~~ # 002
API # 30-015-25433
2310 FNL – 1980 FWL
Unit "F", Section 20, T23S, R28E
Eddy County, New Mexico

Application for Authorization to Inject

I

The purpose of this application is for administrative approval for the conversion of the Belco ~~Sate~~ # 002, API # 30-015-25433 from a temporary abandon well to a South Loving Delaware Salt Water Disposal.

II

Operator:	BASiC Energy Services
Address:	P.O. Box 10460 Midland Texas
Contact Party:	Lyn Sockwell
Phone:	432.620.5500

III

Please see Exhibit "**A**" and well data sheets.

IV

This is not an expansion of any existing projects.

V

Please see Exhibit **"B"** wells with in two mile radius and half mile radius of proposed well.

BASiC Energy Services
Belco ~~State~~ # 002
API # 30-015-25433
2310 FNL – 1980 FWL
Unit "F", Section 20, T23S, R28E
Eddy County, New Mexico

VI

A total of five wells were recorded that do penetrate our proposed injection well with in the half mile radius of the Belco # 2 and one well that was proposed to be drilled but was not drilled due to expired allotted time.

Please see the tabulation of data on all wells of public record on Exhibit **"C"**

VII

This will be a closed system with an average of 1500 BWPD with an estimated amount 3400 barrels maximum disposal amount.
Basic Energy Services proposes an estimated pressure of 600 to 1000 PSI maximum amount at surface. Disposal fluid will be produced water trucked in from numerous producing formations in South Eastern New Mexico.

BJ services will conduct a full water analyzes with Chemical analysis of the disposal formation zone. A sample will be taken from the discharge side of the pump at the gathering system to compare its compatibility.

VIII

The disposal Zone is the Top South Delaware 2454 feet through perforations from 5846-5865 ft. The upper portion form 2454 to 2489 is salt and from 2489 to 3930 showed to be sand and shale. No record was given below 3930 ft.
Please see Exhibit **"D"**

See Original Revised Tally

IX

Basic Energy Services proposed intentions is to clean out to PBTD with bit and scraper then circulate hole clean set a RBP or CIBP @ 3780 ft isolating bottom from target perf shots.
Please see **Exhibit Procedure**

BASiC Energy Services
Belco ~~State~~ # 002
API # 30-015-25433
2310 FNL – 1980 FWL
Unit "F", Section 20, T23S, R28E
Eddy County, New Mexico

X

All appropriate logs and test data on the well have been filed with the Division.

XI

All water wells with in one mile radius of AOR are not being pumped at this time of this report. Agricultural watering is supplied by a cannel from Avalon Lake North of Carlsbad.
Domestic use of water is supplied via pipe line with meter in the area of review.

XII

Available geological data has been examined and shows no evidence of faults or any hydrological connection between the disposal zone and any underground source of drinking water.

XIII
Proof of Notice and Proof of Publication
Please see Exhibit E

Side 1

INJECTION WELL DATA SHEET

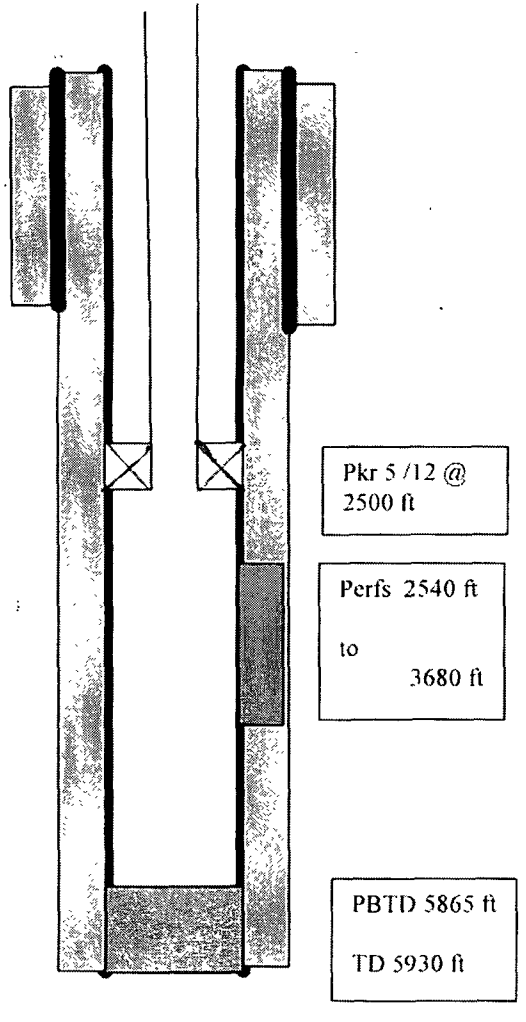
OPERATOR: BASiC Energy Services

WELL NAME & NUMBER: Belco ~~State~~ # 2 API # 3001525433

WELL LOCATION: 2310 FNL & 1980 FWL | F | 20 | 23S | 28E

FOOTAGE LOCATION | UNIT LETTER | SECTION | TOWNSHIP | RANGE

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 12 ¼ " Casing Size: 8 5/8 24# J-55

Cemented with: 200 sx. *or* _____ ft³

Top of Cement: Cir. to Surface 20sx to pit Method Determined: C-105 / C103

Intermediate Casing

Hole Size: N/A No intermediate Casing Size: _____

Cemented with: _____ sx. *or* _____ ft³

Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 7 7/8" Casing Size: 5 ½ 17# J-55

Cemented with 665 poz /780 pacesetter sx. *or* _____ ft³

Top of Cement: Cir. / CBL starts 400' Method Determined: C-105 CBL

Total Depth: 5930 ft. PBTD 5865 ft.

Injection Interval

2540 feet To 3680 ft. Perforated 2SPF

(Perforated or Open Hole: indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8 J-55 Lining Material: Plastic coated

Type of Packer: 5 ½ Arrow set stainless steel nickel plated with profile nipple and on and off tool

Packer Setting Depth: Between 2530 ft and 2440 ft.

Other Type of Tubing/Casing Seal (if applicable): Possible CIBP or RBP 2540 ft. to isolate btm perfs while testing.

Additional Data

1. Is this a new well drilled for injection? _____ Yes X No

   If no, for what purpose was the well originally drilled? Belco # 2 was drilled as an Oil well

2. Name of the Injection Formation: South Loving Delaware Bell Canyon & Cherry Canyon

3. Name of Field or Pool (if applicable): South Loving Delaware

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. _____

   Belco # 2 has been perforated from 5846 to 5865 ft it has not been plugged due to possible future injection.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Formation information from Nadel and Gussman's Cronos well in AOR

   Underlying injection is Bone Springs at 5955 ft. Overlaying injection is Lamar Limestone at 2452 ft

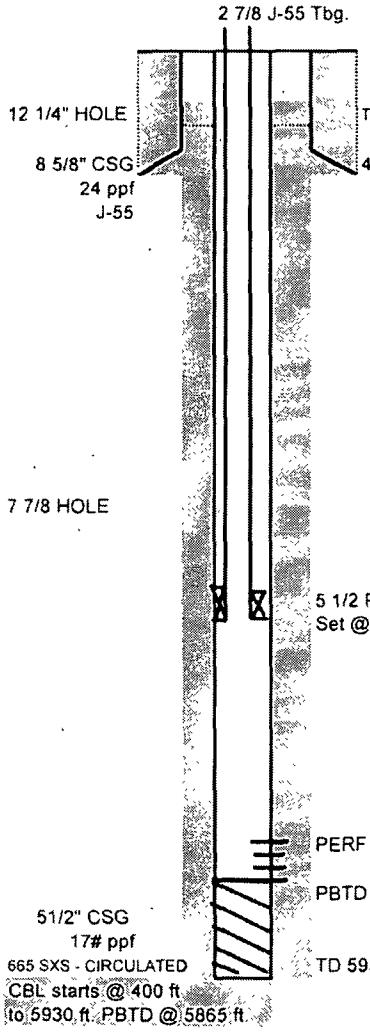
BASIC ENERGY SERVICES

BELCO ST. # 2

API # 3001525433

WELL BORE DIAGRAM

Lease/Well No	BELCO #2	ELEVATION	3057 GR	
Location	2310 FNL & 1980 FWL F, SEC 20, T23S, R28E EDDY CO, NM	FIELD	SOUTH LOVING DELAWARE	
LEASE NO	3001525433	Spudded	12/12/85	NEW WELL
API No.	3001525433	Completed	03/01/86	
		LAT		
		LONG		



TOC N/A FS BY TEMP 20SXS CS

475' W/ 200X CMT CIRC

TOPS IN CONFORMANCE

T SALT	1570
B SALT	2239
RED BED	0-1000
ANHYDRITE	1000-1570
SALT	1570-2489
SAND & SHALE	2489-3930
T DELAWARE	2454

COMMENTS

Acidized w / 3500 gal. 7 1/2 % acid.700# kcl, flush w / 200 bls fresh water
frac's w /40,000 gal. 70 quality foam
32,500 # 20/40 sand - flush w / 70 quality foam.

TBG DATA:		
SIZE	TYPE	JTS
2 7/8	J-55	103
2 7/8	S/N 1'	

DATE 9/3/2009

PACKER DATA

SIZE	TYPE
5 1/2	P C AD - 1

SET AT DEPTH Btm of PKR 3364 33

Notes:
9/23/09 RIH WITH 5 1/2 RBP-1X SET PLUG ABOVE PERFS COULD
MOVED RBP TO 5759'COULD NOT GET TEST. SDFN
9/24/09 RIH WITH PKR HUNTED HOLE IN CASING FOUND BTM.@ 5615'
TOP OF HOLES @ 4932' SET RBP @ 4932' POH WITH PKR SIFN
9/25/09 RUN RETRIEVING HEAD RIH WITH PIPE TO 4900' W O O VP'S SIFN
9/28/09 talk to OCD approval for 3 year T/A IN SOUTH LOVING DELAWARE
9/29/09 RELEASED,RBP POH, RIH WITH AD-1 PKR RAN CHART NO GOOD
PULLED ALL THE WAY UP TO 4306', WOULD NOT TEST SDFN
9/30/09 RELEASED AD-1 POH , RIH WITH PKR AND RBP TO HUNT SMALL
HOLE, FOUND HOLE BETWEEN 3368' - 3401, RELEASED TOOLS POH,
TESTED GOOD CSG, ABOVE 3368' RIH WITH AD-1, SET PKR TESTED
RELEASED PKR CIRCULATED PKR FLUID, SET PKR FLANGED UP.
RAN CHART FOR THIRTY MIN. RELEASED PSI TESTED GOOD SIFN
10/1/09 7:00 AM RAN CHART READY FOR INSPECTION RELEASED ANNULUS PSI
PSI ON TBG 24 HOURS 150# PSI CHECKED PSI AT BELCO # 1 @ 800#
NO SIGN OF PSI DROP WHEN #2 TBG PSI RELEASED
RIG DOWN MOVE EQUIPMENT OUT TBG ON GROUND TALLIED AND WILL BE
MOVED TO YARD 1206 ALSO 72 7/8 & 155 3/4 WERE WEAR HOUSED AT 1206
LOCATION WILL BE CLEANED AND BACK DRAGGED SAT OCD WILL BE NOTIFIED
ON 10-5-09 FOR TEST

Submit 1 Copy To Appropriate District Office
District I
1625 N French Dr , Hobbs, NM 88240
District II
1301 W Grand Ave , Artesia, NM 88210
District III
1000 Rio Brazos Rd , Aztec, NM 87410
District IV
1220 S St. Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
October 13, 2009

WELL API NO.
3001525433

5. Indicate Type of Lease
STATE ☐ FEE X☐

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

7. Lease Name or Unit Agreement Name
Belco

1. Type of Well: Oil Well XX☐ Gas Well ☐ Other

8. Well Number 002

RECEIVED
JUN 28 2010
NMOCD ARTESIA

2. Name of Operator
Basic Energy Services

9. OGRID Number
246368

3. Address of Operator
P.O.Box 10460 Midland Texas 79702

10. Pool name or Wildcat
South Loving Delaware

4. Well Location
Unit Letter F : 2310 feet from the North line and 1980 feet from the West line
Section 20 Township 21South Range 28 East NMPM County Eddy

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
OTHER: Conversion for oil well to SWD Well XX	☐			OTHER:			☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

To turn in C-108 for approval and then continue with the following
On the Belco # 2

CANNOT BE APPROVED UNTIL PERMIT IS SIGNED.

POH with Pkr. AD-1 PC 51/2
RIH with bit and scraper to PBTD circulate clean
Set pkr. at 3364.33 and establish rate and record with in guide line psig.
Possible select perfs. And perforate in South Delaware above existing perfs. 5846-5865
Treat perfs. With Exylene and 15% NEFE with scale and corrosion inhibitor.
Run PC tubing with PC Pkr. to legal depth set.
Fill annulus with pkr. Fluid test.
Call OCD for MIT

Accepted for record
NMOCD RF
6/29/10

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE David Alvarado TITLE District Manager DATE 6-28-10

Type or print name David Alvarado E-mail address: david.alvarado@basicenergyservices.com PHONE: 575.746.9663

For State Use Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any):

BASiC Energy Services
Belco ~~State~~ # 02
API # 3001525433
2310 FNL, 1980 FWL,
Unit F, Section 20, T23S, R28E

12-12-1985 spud 12 ¼ inch hole, 12-13-1985 run 11 jts. 463 ft. of 8 5/8 24 # PPF J-55 Csg. Cemented @ 475 ft. with 200 sacks of class C 2% CaCl. Circulated 20 sxs. Continued to drill 7 7/8 inch hole to TD.

12-22-1985 TD well at 5930 ft. 12-23- 1985 ran 148 jts. 5937 ft. of 5 ½ 17# J-55 Csg. Cemented @5930 with 665 sxs. Of 50/50 Poz 11, 6# salt, 4 /10%CFR -14 followed with 780 sks Pacesetter, 8 pounds salt and ¼ Ceilo seal.

1-6-86 Perforated 5846-5865 ft.
1-8-86 Acidized 35gal 7 ½ HCL acid.SRA additives 7 gal. , NE agent, 7 gal scale inhibitor. Flush with 200 bbls fresh H2O.

1-9-86 Fracture treated perfs. Via Tubing with 40,000 gal 70 quality west foam and 32, 500 # 20/40 , 36,000 # 12/20 and flush with 70 quality foam.

Exhibit A

BASiC Energy Services
Belco ~~State~~ # 02
API # 3001525433
2310 FNL, 1980 FWL,
Unit F, Section 20, T23S, R28E

Production Summary of API # 3001525433; Pool: South Loving Delaware

Producing Year	Oil (bbls)	Gas	Water	Co2
1994	0	0	0	0
1995	62	0	0	0
1996	291	0	156	0
1997	45	0	0	0
1998	114	0	0	0
1999	546	0	25,847	0
2000	1042	0	57,832	0
2001	1,334	0	94,124	0
2002	711	0	66,298	0
2003	343	0	59,932	0
2004	0	0	11565	0
2005	694	0	78,583	0
2006	29	0	1,187	0
2007	40	0	1343	0
2008	0	0	0	0
2009	0	0	0	0
2010 June	0	0	0	0
Summery	**5,251**	**0**	**396,867**	**0**

Exhibit A

Submit 1 Copy To Appropriate District Office
District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave , Artesia, NM 88210
District III
1000 Rio Brazos Rd , Aztec, NM 87410
District IV
1220 S St Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103 RM
October 13, 2009

WELL API NO.
30-015-25433

5. Indicate Type of Lease
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.
N/A

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

7. Lease Name or Unit Agreement Name
BELCO

1. Type of Well: Oil Well ☒ Gas Well ☐ Other

RECEIVED
NOV - 3 2009
NMOCD ARTESIA

8. Well Number #002

2. Name of Operator
Basic Energy Services LP

9. OGRID Number
246368

3. Address of Operator
P.O. BOX 10460 MIDLAND TEXAS 79702

10. Pool name or Wildcat
40380 LOVING; DELAWARE, SOUTH

4. Well Location
Unit Letter F : 2310 feet from the NORTH line and 1980 feet from the WEST line
Section 20 Township 23S Range 28E NMPM County EDDY

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☒	CHANGE PLANS	☐	COMMENCE DRILLING OPNS	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
OTHER: WITH POSSIBILATY OF C-108 WELL HAS PASSED M.I.T RICHARD INGE HAS CHART, ALLOWING 3 YEARS T/A ☒				OTHER:			☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

9-31-09 SET 5 ½ P.C. AD-1 PACKER @ 3361 CURCULATED 2% KCL
10-8-09 MIT BELCO # 2

Temporarily Abandoned Status Approved
Until 10/8/2012
LAST PROD REPORT 8/1/07

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE TITLE S.E.NM DISTRICT MANAGER DATE 10-28-09

Type or print name DAVID H. ALVARADO E-mail address: david.alvarado@basicenergyservices.com PHONE: 575.746.9663

For State Use Only

APPROVED BY: Richard Inge TITLE Compliance Officer DATE 11/17/2009
Conditions of Approval (if any):

EXHIBIT A

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

Form C-105
Revised 10-1-78

NO. OF COPIES RECEIVED		
DISTRIBUTION		
SANTA FE	✓	
FILE	✓	✓
U.S.G.S.	✓	
LAND OFFICE		
OPERATOR		

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease: State ☐ Fee ☒
5. State Oil & Gas Lease No.:

RECEIVED BY
JUL 29 1986
O. C. D.
ARTESIA, OFFICE

1a. TYPE OF WELL: Both
b. TYPE OF COMPLETION: OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ OTHER

7. Unit Agreement Name:
8. Farm or Lease Name: Belco
9. Well No.: 2
2. Name of Operator: Ray Westall ✓
10. Field and Pool, or Wildcat: ~~Und.~~ S. Loving Delaware
3. Address of Operator: P.O. Box 4 Loco Hills, New Mexico 88255
4. Location of Well: UNIT LETTER F LOCATED 2310 FEET FROM THE North LINE AND 1980 FEET FROM THE West LINE OF SEC. 20 TWP. 23S RGE. 28E NMPM
12. County: Eddy

15. Date Spudded	16. Date T.D. Reached	17. Date Compl. (Ready to Prod.)	18. Elevations (DF, RKB, RT, GR, etc.)	19. Elev. Cashinghead
12-12-85	12-22-86	3-1-86	3057, GR	3058'

20. Total Depth	21. Plug Back T.D.	22. If Multiple Compl., How Many	23. Intervals Drilled By	Rotary Tools	Cable Tools
5930'	5865		→	All	

24. Producing Interval(s), of this completion — Top, Bottom, Name: 5846-5865 Delaware
25. Was Directional Survey Made: Yes
26. Type Electric and Other Logs Run: CN/CDL/GR, DLL/MLL/GR, ACBD/VDL/GR
27. Was Well Cored: No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	24#	475'	12¼"	200 sxs - circulated	
5½"	17#	5930'	7 7/8"	665 sxs - circulated	

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2 7/8"	5880'	

31. Perforation Record (Interval, size and number): 5846-5865

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
5846-5865	Acidized w/3500 gal. 7½ % acid, 700# KCL, flush w/200 bbls fresh water frac's w/40,000 gal. 70 quality foam 32,500# 20/40 sand-flush w/70 qualit foam.

33. PRODUCTION

Date First Production	Production Method (Flowing, gas lift, pumping — Size and type pump)	Well Status (Prod. or Shut-in)
3-1-86	Pumping	Producing

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Gas—Oil Ratio
3-10-86	24			10	40	80	400:1

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Oil Gravity — API (Corr.)

34. Disposition of Gas (Sold, used for fuel, vented, etc.): Transwestern Pipeline Company
Test Witnessed By: Bill Colwell

35. List of Attachments: Deviation Survey & Logs

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED Ray Westall TITLE Operator DATE 7-28-86

EXHIBIT A

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico				Northwestern New Mexico			
T. Anhy		T. Canyon		T. Ojo Alamo		T. Penn. "B"	
T. Salt	1570	T. Strawn		T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt	2239	T. Atoka		T. Fictured Cliffs		T. Penn. "D"	
T. Yates		T. Miss		T. Cliff House		T. Leadville	
T. 7 Rivers		T. Devonian		T. Menefee		T. Madison	
T. Queen		T. Silurian		T. Point Lookout		T. Elbert	
T. Grayburg		T. Montoya		T. Mancos		T. McCracken	
T. ~~San Andres~~ Delaware	2454	T. Simpson		T. Gallup		T. Ignacio Qtzte	
T. Glorieta		T. McKee		Base Greenhorn		T. Granite	
T. Paddock		T. Ellenburger		T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand		T. Entrada		T.	
T. Abo		T. Bone Springs		T. Wingate		T.	
T. Wolfcamp		T.		T. Chinle		T.	
T. Penn.		T.		T. Permian		T.	
T Cisco (Bough C)		T.		T. Penn. "A"		T.	

OIL OR GAS SANDS OR ZONES

No. 1, from ..... to ..... No. 4, from ..... to .....

No. 2, from ..... to ..... No. 5, from ..... to .....

No. 3, from ..... to ..... No. 6, from ..... to .....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from ..... to ..... feet. .....

No. 2, from ..... to ..... feet. .....

No. 3, from ..... to ..... feet. .....

No. 4, from ..... to ..... feet. .....

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	1000	1000	Red Beds				
1000	1570	570	Anhydrite				
1570	2489	919	Salt				
2489	3930	1441	Sand & Shale				

EXHIBIT A

Belco # 2 API 3001525433 Procedure

Rig days

1 RU move in Equipment

Racks	1- set
Working string	5925 ft 2 7/8 j-55
BOP / companion flange	2 7/8 X 8 5/8 900

Enviro pan with pit
Vac truck flow back well
RU reverse unit power swivel and pit
Fill pit up
1frac tank for brine storage
1 frac tank extra
1-blow down tank start to flow back and haul as needed

Rig day

2 Vac truck flow back well if over balanced
Release Pkr send with packer man to redress
Trip out of hole with existing tbg on rack
Trip in hole with working string scraper and 4 3/4 bit to TD
Trip out of hole with scraper and bit remove scraper
Trip in hole with tbg / two collars and bit to top of fill
RU swivel and break circulation reverse down to PBTD
Circulate clean for one hour
Trip out of hole with collars and bit
Trip in hole with RBP and set @ 3780 ft w/ 2 bags of sand
Place one joint of tbg. in hole with TIW valve close BOP

Rig day

3 Vac Truck flow back well if over balanced
Top csg. with H2O
RU Basic wire line and perf guns
Perf as Follows

2,540 to 2,620	=	80' net pay at 2 spf	= 160 perfs
2,648 to 2,680	=	32' net pay at 2 spf	= 64 perfs
2,696 to 2,780	=	84' net pay at 2 spf	= 168 perfs
2,840 to 2,900	=	60' net pay at 2 spf	= 120 perfs
2,970 to 3,020	=	50' net pay at 2 spf	= 100 perfs
3,056 to 3,070	=	14' net pay at 2 spf	= 28 perfs
3,135 to 3,145	=	10' net pay at 2 spf	= 20 perfs
3,354 to 3,364	=	10' net pay at 2 spf	= 20 perfs
3,380 to 3,430	=	50' net pay at 2 spf	= 100 perfs
3,595 to 3,680	=	85' net pay at 2 spf	= 170 perfs

ND wire line and release
Trip in hole with 5 1/2 casing mill shoe to 3690 ft
Circulate well bore one and half capacity @ 2.5 bpm

Rig day 4 ACID Stage 1 **2.5 to 3.5 bpm top PSI not to exceed regulated amount**
5 - 8 pounds salt block per perf.

Check for PSI bleed if needed
TIH with 5 1/2 RBP/ 5 1/2 Arrow set and set RBP @ 3711ft
Bring btm. of Arrow Pkr. To 3680 ft. string acid to 3354 w / 15% NEFE
Set Pkr. 3322.5 ft Treat perfs (3354 - 3364) (3380 - 3430) (3595 - 3680)
50 gal / foot

10ft / 20 holes	50 ft./ 100 holes	85 ft./ 170 holes
500 gal 15%	2500 gal 15%	4250 gal 15 %

Total Acid Stage one 7,250 gal 15 % W/ additives
Total Perf Holes 290 perf holes
2030bls rock salt

Rig day 5 Acid Stage 2

Check for PSI bleed if needed, TIH & Circulate top of RBP @ 3711ft. Release
TUH with 5 1/2 RBP/ 5 1/2 Arrow set and set RBP @ 3176 ft
Bring btm of Arrow Pkr. To 3145 ft. string acid to 2840 w / 15% NEFE
Set Pkr. @ 2808 5 Treat perfs (2840 - 2900) (2970 - 3020) (3056 - 3070) (3135 - 3145)

60ft / 120holes	50ft / 100 holes	14ft. / 28 holes	10 ft / 20 holes
3000 gal 15%	2500 gal 15%	700 gal 15%	500 gal 15%

Total Acid Stage two 10,400 gal 15% W/ Additives
Total Perf Holes 268 perf holes
1876bls rock salt

Rig day 6

Check for PSI bleed if needed, TIH & Circulate top of RBP @ 3176 ft Release
TUH with 5 1/2 RBP/ 5 1/2 Arrow set and set RBP @ 2811 ft
Bring btm. of Arrow Pkr. To 2780 ft string acid to 2540 w / 15% NEFE
Set Pkr @ 2508 Treat perfs (2540 - 2620) (2648 - 2680) (2696 - 2780)

80 ft 160 holes	32 ft 64 holes	84 ft 168 holes
4000 gal 15%	1600 gal 15%	4200 gal 15%

Total Acid Stage three 19,768 gal 15% w/Additives
Total Perf holes 392 perf holes
2744 lbs rock salt

Rig day 7

Bleed of PSI if needed TIH with Arrow set with on and off tool to RBP @ 2811
Circulate to reverse tank 20 min TOH with RBP Test and see what formation PSI will be and record.
Option #1 TIH with ON and OFF tool to top of sand circulate to top of RBP set at 3780 ft 30 min TOH with RBP
Option # 2 leave RBP in position and test upper perfs if formation PSI is less than bottom PSI
TIH with Arrow Set 5 1/2 Nickel plated stainless steal with on and off tool equipped with profile nipple to 2508 ft.
ND Enviro pan and BOP circulate packer fluid to surface and land tbg with required tension.
Pkr with top of master valve at 36" from ground level. Notify OCD MIT
RD service unit Release all unneeded equipment.

Rig day 8 MIT Csg. Clean up location

BJ SERVICES

Water Analysis

Date: 23-Jun-10

2708 West County Road, Hobbs NM 88240
Phone (505) 392-5556 Fax (505) 392-7307

Analyzed For

Company	Well Name	County	State
Basic	Belco 1	Lea	New Mexico

Sample Source	**Wellhead**	***Sample #***	1
Formation		***Depth***	

Specific Gravity	1.115	*SG @ 60 °F*	1.118
pH	7.15	*Sulfides*	Absent
Temperature (°F)	73	*Reducing Agents*	

Cations

Sodium (Calc)	*In Mg/L*	49,741	*In PPM*	44,507
Calcium	*In Mg/L*	4,000	*In PPM*	3,579
Magnesium	*In Mg/L*	1,200	*In PPM*	1,074
Soluable Iron (FE2)	*In Mg/L*	50.0	*In PPM*	45

Anions

Chlorides	*In Mg/L*	86,000	*In PPM*	76,951
Sulfates	*In Mg/L*	1,200	*In PPM*	1,074
Bicarbonates	*In Mg/L*	195	*In PPM*	175
Total Hardness (as CaCO3)	*In Mg/L*	15,000	*In PPM*	13,422
Total Dissolved Solids (Calc)	*In Mg/L*	142,387	*In PPM*	127,404
Equivalent NaCl Concentration	*In Mg/L*	127,590	*In PPM*	114,164

Scaling Tendencies

Calcium Carbonate Index* **780,800

Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

Calcium Sulfate (Gyp) Index* **4,800,000

Below 500,000 Remote / 500,000 - 10,000,00 Possible / Above 10,000,000 Probable

****This Calculation is only an approximation and is only valid before treatment of a well or several weeks after treatment.***

Remarks rw=.084@73f

Report # 3150

BJ SERVICES

Water Analysis

Date: 23-Jun-10

2708 West County Road, Hobbs NM 88240
Phone (505) 392-5556 Fax (505) 392-7307

Analyzed For

Company	Well Name	County	State
Basic	Belco 2	Lea	New Mexico

Sample Source **Wellhead** ***Sample #*** **1**

Formation ***Depth***

Specific Gravity	**1.195**	*SG @ 60 °F*	**1.198**
pH	**6.07**	*Sulfides*	**Absent**
Temperature (°F)	**73**	*Reducing Agents*	

Cations

Sodium (Calc)	*In Mg/L*	**66,545**	*In PPM*	**72,265**
Calcium	*In Mg/L*	**12,000**	*In PPM*	**10,020**
Magnesium	*In Mg/L*	**1,200**	*In PPM*	**1,002**
Soluable Iron (FE2)	*In Mg/L*	**50.0**	*In PPM*	**42**

Anions

Chlorides	*In Mg/L*	**156,000**	*In PPM*	**130,261**
Sulfates	*In Mg/L*	**2,100**	*In PPM*	**1,754**
Bicarbonates	*In Mg/L*	**98**	*In PPM*	**81**
Total Hardness (as CaCO3)	*In Mg/L*	**35,000**	*In PPM*	**29,225**
Total Dissolved Solids (Calc)	*In Mg/L*	**257,992**	*In PPM*	**215,425**
Equivalent NaCl Concentration	*In Mg/L*	**214,948**	*In PPM*	**179,482**

Scaling Tendencies

Calcium Carbonate Index* **1,171,200

Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

Calcium Sulfate (Gyp) Index* **28,200,000

Below 500,000 Remote / 500,000 - 10,000,00 Possible / Above 10,000,000 Probable

****This Calculation is only an approximation and is only valid before treatment of a well or several weeks after treatment.***

Remarks rw=.045@73f

Report # 3149

NM WAIDS

DATA MAPS HOME SCALE CORROSION

General Information About: Sample 10026			
Section/ Township/Range	20 / 23 S / 28 E	Lat/Long	32.29 / -104.1093
Elevation	3054	Depth	150
Date Collected	9/5/1985	Chlorides	1080
Collector / Point of Collection	SEO / DP	Use	Irrigation Water
Formation	OAL	TDS	0

New Mexico Tech PRRC

EXHIBIT D

SID:		13529			
Latitude:		32.29	Longitude:	-104.1093	
Section:		20	Township:	23S	Range:
WBF:	QAL		Formation:	OAL	
Depth:		150	Elevation:	3054	
Temperature:		0			
Date Collected:	Thu Jul 16 00:00:00 MDT 1953		Collector:	USG	Point of Collection:
Use:	Irrigation Water				
Conductivity:		2000			
Chlorides(mg/L):		245			

SID:		13190			
Latitude:		32.29	Longitude:	-104.1093	
Section:		20	Township:	23S	Range:
WBF:	QAL		Formation:	OAL	
Depth:		200	Elevation:	3054	
Temperature:		0			
Date Collected:	Tue Sep 7 00:00:00 MDT 1954		Collector:	USG	Point of Collection:
Use:	Irrigation Water				
Conductivity:		4090			
Chlorides(mg/L):		725			

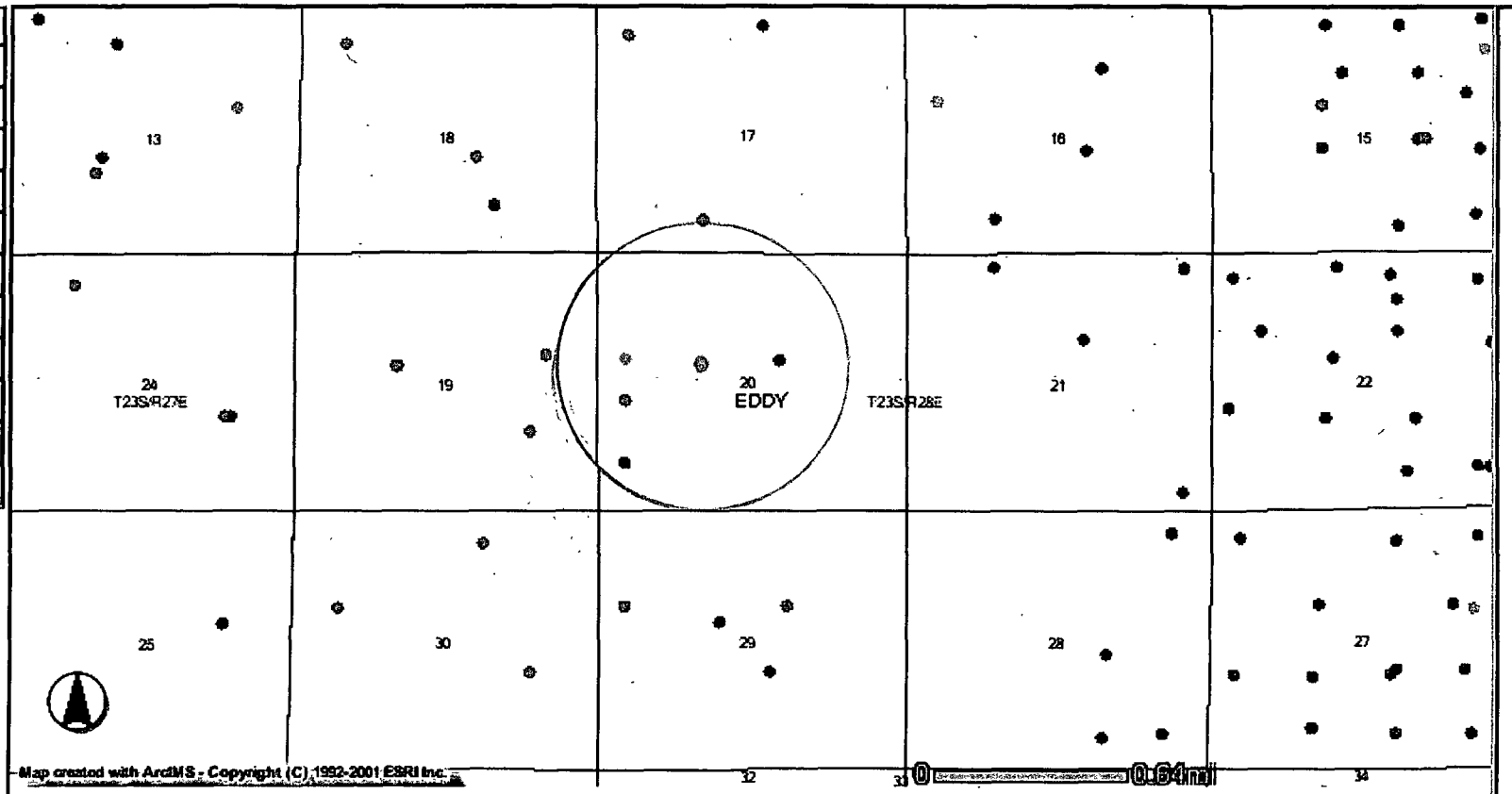
SID:		10026			
Latitude:		32.29	Longitude:	-104.1093	
Section:		20	Township:	23S	Range:
WBF:	QAL		Formation:	OAL	
Depth:		150	Elevation:	3054	
Temperature:		0			
Date Collected:	Thu Sep 5 00:00:00 MDT 1985		Collector:	SEO	Point of Collection:
Use:	Irrigation Water				
Conductivity:		4906			
Chlorides(mg/L):		1080			

SID:		13468			
Latitude:		32.29	Longitude:	-104.1093	
Section:		20	Township:	23S	Range:
WBF:	QAL		Formation:	OAL	
Depth:		200	Elevation:	3054	
Temperature:		0			
Date Collected:	Mon Dec 16 00:00:00 MST 1946		Collector:	USG	Point of Collection:
Use:	Irrigation Water				

Conductivity:	7770
Chlorides(mg/L):	1620

EXHIBIT D

New Mexico Oil & Gas Wells



Legend
- Selected Features
- Counties
- Wells
- CO2
- Gas
- Injection
- Miscellaneous
- Oil
- SWD
- Water
- Township
- Section

Wells

Rec	API	POOLNAME	FIELD	FORMATION	WELLID	PROPERTYNAME	OGRIDNAME	COUNTYNAME	TOWNSHIP	RANGE	UNIT	NS
1	3001525433	LOVING;DELAWARE, SOUTH			002	BELCO	RAY WESTALL	Eddy	23.0S	28E	F	N

Find

EXHIBIT B

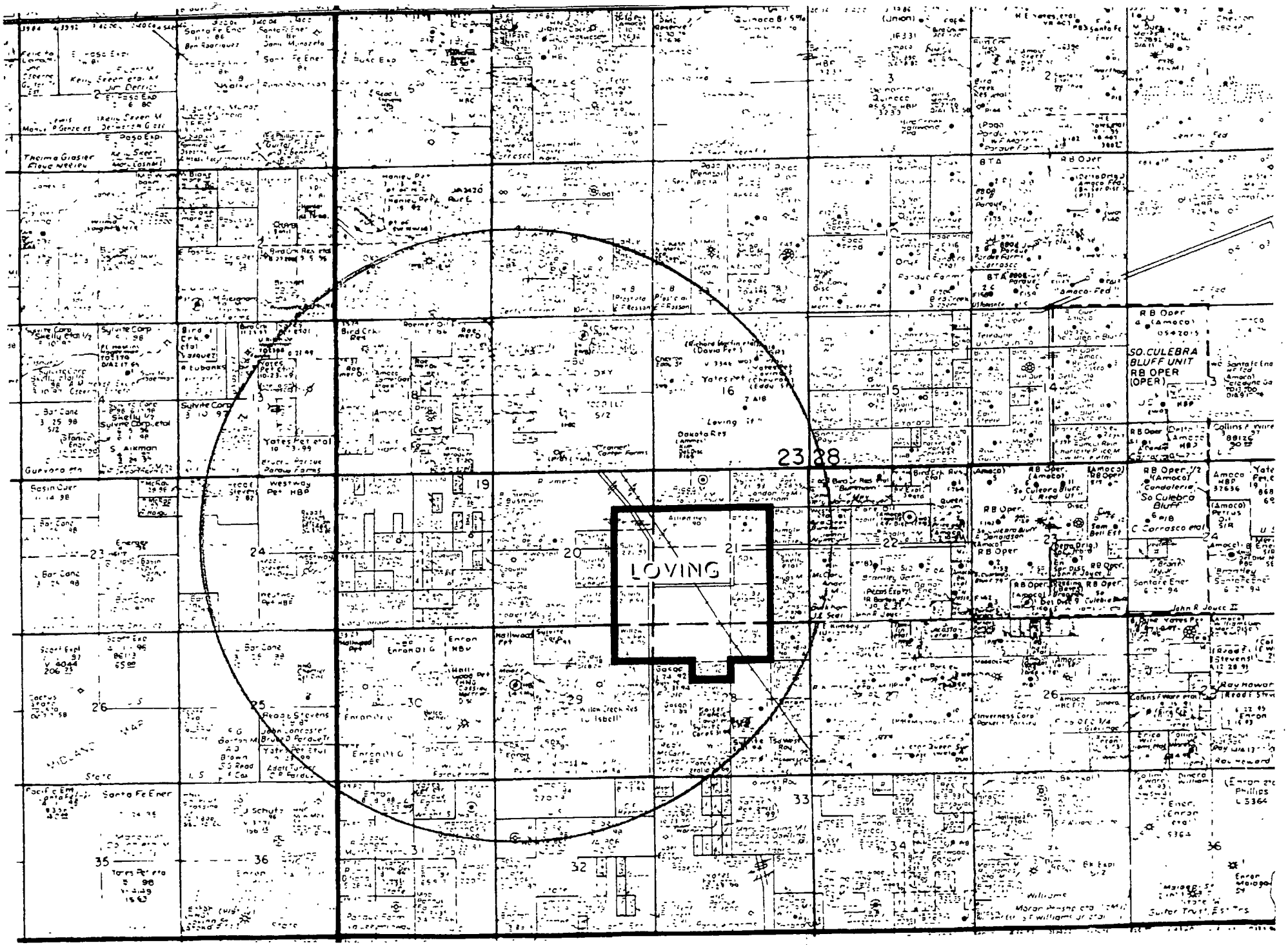
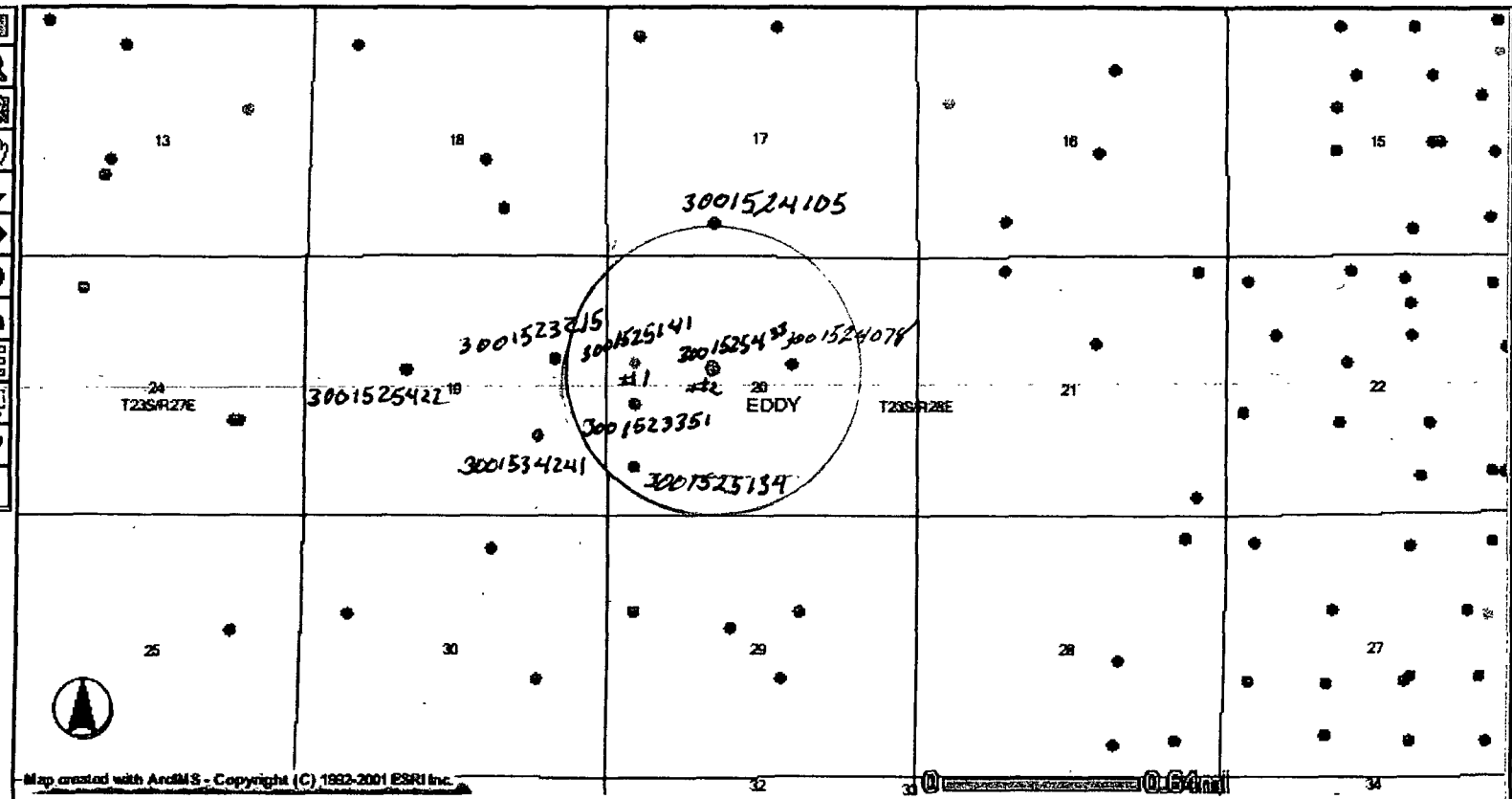


EXHIBIT B

New Mexico Oil & Gas Wells



Wells

Rec	API	POOLNAME	FIELD	FORMATION	WELLID	PROPERTYNAME	OGRIDNAME	COUNTYNAME	TOWNSHIP	RANGE	UNIT	NS
1	3001525433	LOVING;DELAWARE, SOUTH			002	BELCO	RAY WESTALL	Eddy	23.0S	28E	F	N

Find

EXHIBIT B

Tabulation of data on all wells of public record AOR

Operator	Well Name	API # / Location	Location type	Spud date	Sur. Csg.	Int. Csg.	Production Csg.	Completion
Nadel & Gussman	Mercury Fee # 1	3001534241	G	8/2/2005	13 3/8 48# H-40	9 5/8 40# N-80 /	5 1/2 17# HCP-110	9/11/2005
		I-19-23S-28E			420' 400sx.	P110 6100'	SP-110, / Q-125	12382'-12394
						1800 sxs circ	12730'-11428'	Morrow
							1410'-11319'	
							surf 1410'	
Nadel & Gussman	Lakey Com # 1	3001523351	G	6/15/1980	20" 65# 450'	10 3/4 2,415'	5" 12,330'	10/28/1980
		L-20-23S-28E			750 sxs Circ.	2,175 sxs Circ.	730 sxs	12,408-16
			SI/TA well			7 5/8 9,615'		12419-26
						1,610 sxs T/ 2030		12,498-505
								Morrow
Ray Westall	Belco # 3	3001525134	O/G	N/A	N/A	N/A	N/A	South Culebra
		M-20-23S-28E						Bluff BS
Nadel & Gussman	Cronos Fee # 1	3001535569	G	6/13/2007	13 -3/8 48#	9-5/8 40# N-80	5-1/2 17# P110LTC	Loving Morrow
		E-20-23S-28E			H-40	6,000'	12,650'	
					400' 225sxs Circ.	1,725 sxs	1207sxs	
						368sxs Circ.	TOC 7,650'	
Basic Energy Services	Belco # 1	3001525141	S	1/11/1985	8-5/8 24# J-55	N/A	5-1/2 17# J-55	South Culebra
		E-20-23S-28E			473' 280sxs class c		6500'	Bluff BS
					20sxs to pit		1st stage 575sxs	11/23/1999
							2nd stage 1050sxs	convret to SWD
Basic Energy Services	Belco # 2	3001525433	O	12/12/1985	8-5/8 24#	N/A	5-1/2 17#	S.Loving Delaware
		F-20-23S-28E			475' 200sxs Circ.		5930' 665sxs Circ.	

Subject Well

5726'-5809'

EXHIBIT C

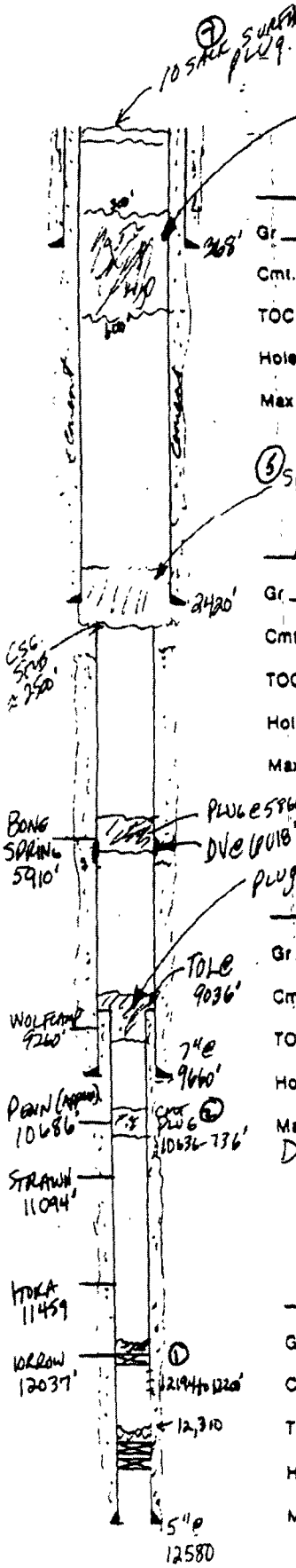
OCD Records

Hallwood Energy Companies

PxA'd STATUS

Well History Record

WELLBORE STATUS



WELL: GUITAR ESTATE #1

LOCATION: SE NE SECTION 19 - T23S-R28E

(2108' FNL x 710' FEL), EDDY Co. NEW MEXICO

SPUD DATE: 4-2-80

COMPL. DATE: 7-18-80

T.D.: 12580 PBTD:

FIELD: LOVING (MORROW) FIELD

ZONES: MORROW

PERFS: 12,194 to 12,200' (open)

ELEVATIONS: 3083' KB & 3067' GL

TOTAL HOURS:

STIMULATION:

Surface

16 : 65 #

Gr H-40 @ 368'

Cmt.w/ 400 Sxs.

TOC @ SURFACE

Hole Size 20"

Max Mud Wt. 8.6 #

⑤ Stub & stub plug 2370' to 2500' TAG IT

Intermediate

10 3/4 : 40.5 #

Gr K-55 @ 2420'

Cmt.w/ 2300 Sxs.

TOC @ SURFACE

Hole Size 14 3/4"

Max Mud Wt. 9.5 #

④ Plug @ 5860-5960' TAG IT

③ Plug @ 9310' to 9000'

Production

7 : 29 #

Gr N-80 @ 9660'

Cmt.w/ 1350 Sxs.

TOC @ 2780'

Hole Size 9 1/2"

Max Mud Wt. 9.5#

DV TOOL @ 6018'

Production Liner

5 : 23 #

Gr N-80 @ 9036-12580

Cmt.w/ 500 Sxs.

TOC @ 9036'

Hole Size 6"

Max Mud Wt. 12.5 PPG #

FORMATION TOPS:

BONE SPRING	5910'
WOLFCAMP	9260'
STRAWN	11094'
ATOKA	11459
MORROW	12037

MORROW PERFS 12509 - 12536'

(OLD) 12410 - 12428'

CIBP SET @ 12417' ON 5/4/89

CIBP SET AT 12350' ON 5/4/89

AND CAPPED WITH 40' CEMENT

PBTD AT 12310'

2 3/8" TBG & PACKER SET AT 12,126'

Proposed PxA plugs

#	DEPTH
1	CIBP @ 12150', cap w/ 35' cement
2	10636' - 10736' Across Penn. top
3	9000' - 9310' Wolfcamp & liner top
4	5860' - 5960' Bone Spring (TAG)
5	2370' - 2500' stub & shoe plug (TAG

KED 1/20/93

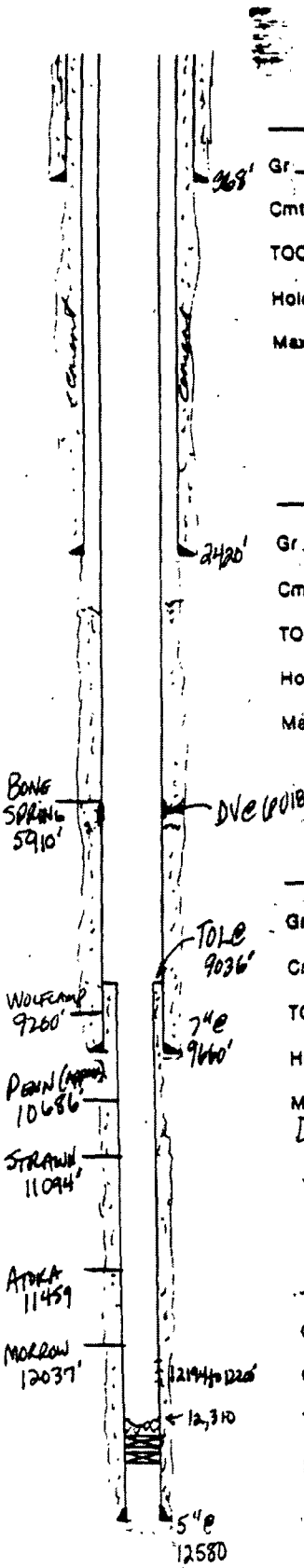
Recorded with OCD

Hallwood Energy Companies

Well History Record

CURRENT WELLBORE STATUS

API 30015232 15



Surface

16 : 65 #

Gr H-40 @ 368'

Cmt.w/ 900 Sxs.

TOC @ SURFACE

Hole Size ____"

Max Mud Wt. ____#

Intermediate

10 3/4 : 40.5 #

Gr K-55 @ 2420'

Cmt.w/ 2300 Sxs.

TOC @ SURFACE

Hole Size ____"

Max Mud Wt. ____#

Production

7 : 29 #

Gr N-80 @ 9660'

Cmt.w/ 1350 Sxs.

TOC @ 2780'

Hole Size ____"

Max Mud Wt. ____#

DV TOOL @ 6018'

Production LINER

5 : 23 #

Gr N-80 @ 9036 - 12580

Cmt.w/ 500 Sxs.

TOC @ ____'

Hole Size ____"

Max Mud Wt. ____#

WELL: GUITAR ESTATE #1

LOCATION: SE NE Section 19 - T23S-R28E

(2100' FNL x 710' FEL), EDDY Co. NEW MEXICO

SPUD DATE: 4-2-80

COMPL. DATE: 7-18-80

T.D.: 12580 PBTD:

FIELD: LOVING (MORROW) FIELD

ZONES: MORROW

PERFS: 12,194 to 12,200'

ELEVATIONS: 3083'KB & 3067'GL

TOTAL HOURS:

STIMULATION:

FORMATION TOPS:

BONE SPRING	5910'
WOLFCAMP	9260'
STRAWN	11094'
ATOKA	11459
MORROW	12037

MORROW PERFS 12509 - 12536'
12410 - 12428'

CIBP SET @ 12417' ON 5/4/89
CIBP SET AT 12350' ON 5/4/89
AND CAPPED WITH 40' CEMENT

PBTD AT 12310'

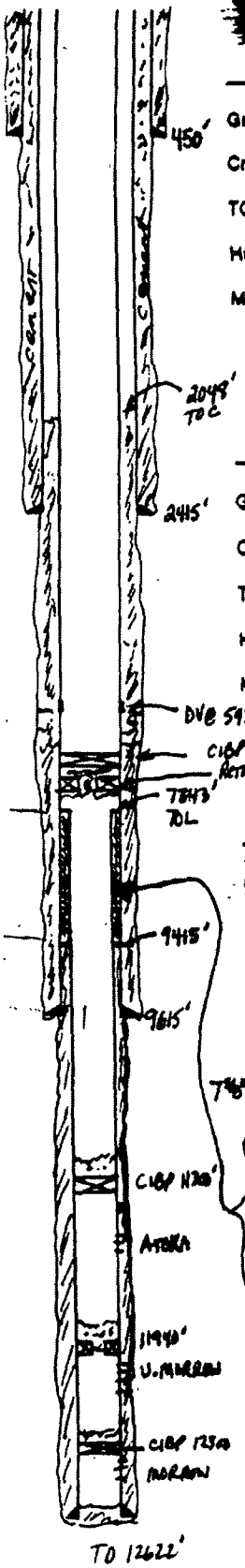
2 3/8" TBG & PACKER SET AT 12,126'

OCD Records

H[redacted]wood Energy Companies

Well History Record

CURRENT WELLBORE STATUS



Surface

16" : 65# Gr K-55 @ 450'
Cmt.w/ 750 Sxs.
TOC @ SURFACE
Hole Size 20"
Max Mud Wt. 8.6 #

DEEP SURFACE PIPE

10 3/4 : 40.5 #
Gr K-55 @ 2415'
Cmt.w/ 1875 sx LITE 300 sx CLASS "C" Sxs.
TOC @ SURFACE
Hole Size 14 3/4
Max Mud Wt. 10.1 #

INTERMEDIATE

7 5/8 : 29.7 #
[redacted]-80 @ 9615
@ 500 + 310 SXS
Cmt.w/ @ 700 + 100 SX Sxs.
TOC @ 2048'
Hole Size 9 1/2
Max Mud Wt. 9.5 #
7 5/8" DV TOOL AT 5934'

TIE-BACK LINER

5" : 18 #
Gr N-80 @ 7343-9415'
Cmt.w/ 230 Sxs.
TOC @ 7343'

PRODUCTION LINER

5" : 23.2 #
Gr N-80 @ 9415-12621'
Cmt.w/ 500 SXS Sxs.
TOC @ 9415'
Hole Size 6 1/2"
Max Mud Wt. 12.2 #

WELL: LAKEY #1
LOCATION: UNIT L, 2280' FSL x 660' FWL
NW SW OF SEC. 20 - T23S - R28E, EDDY CO.
SPUD DATE: 6-15-80
COMPL. DATE: 10-28-80
T.D.: 12,622 PBTD: 6400
FIELD: NORTH LOVING (BONE SPRING)
ZONES: BONE SPRING
PERFS: 6346 - 6370'
ELEVATIONS: 3060' GL & 3076' KB

DELAWARE SAND	2460'
BONE SPRING	6052'
WOLFCAMP	8936'
STRAWN	11,083'
ATOKA	11,330'
MORROW	12,036'

- ORIGINAL PBTD OF 12579'

10-18-80: PERF MORROW 12408-12416'
12419-12426'
12498-12505'

9-19-81: SET CIBP AT 12300', CAP W/ 35' CEMENT, NEW PBTD = 12265'

9-20-81: PERF UPPER MORROW 12088-94'
12170-181'

5-83: SET PLUG & PACKER AT 11940' AND ABANDON U. MORROW

5/5/83: PERF ATOKA AT 11347-358'

11/17/89: CAP OTIS WB PACKER AT 11940' WITH 35' CEMENT

SET CIBP (5") AT 11300' AND CAP WITH 35' CEMENT.

RECOMPLETE TO BONE SPRING 6346-6370'

NON-COMMERCIAL & SHUT-IN

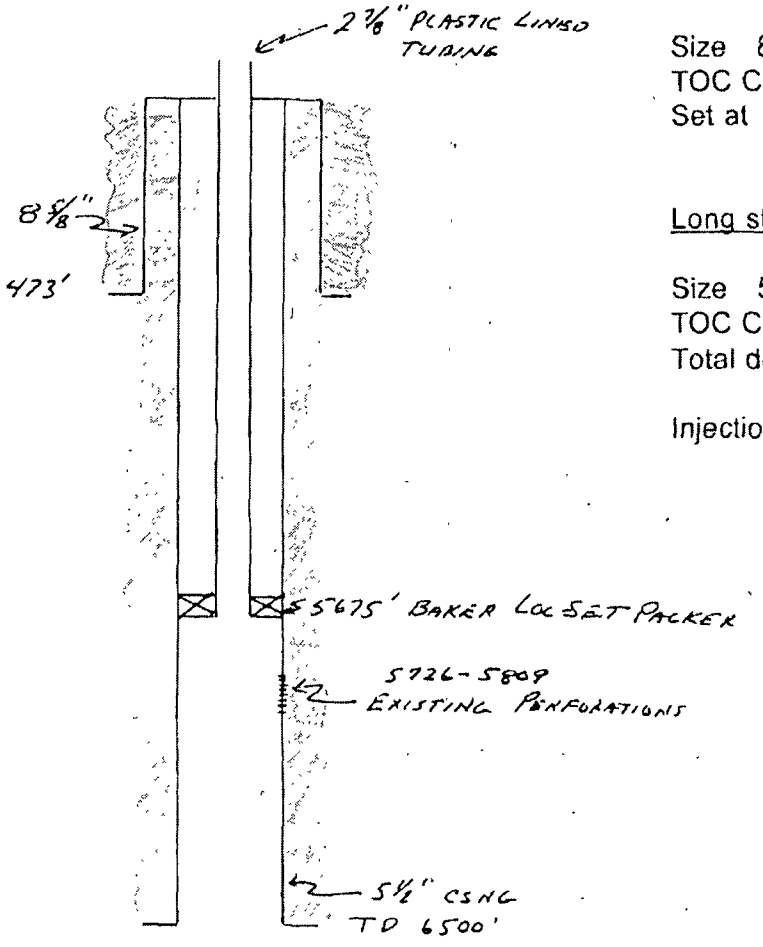
OK

[redacted] 1/20/93

INJECTION WELL DATA SHEET

RAY WESTALL OPERATOR BELCO #1
2200' FNL & 660' FWL SECTION 20, TOWNSHIP-23-SOUTH, RANGE-28-EAST
OCD well file on Record

Schematic



Tabular data

Surface Casing

Size 8 5/8" Cemented with 280 sxs
TOC Circulated Hole size 12 1/4"
Set at 473'

Long string

Size 51/2" Cemented with 1820 SXS
TOC Circulated
Total depth 6500'

Injection Interval 5726-5809' perforated

Tubing size 2 7/8" lined with plastic set in a BAKER LOC-SET packer at 5675'.

Other Data

1. Name of the injection formation: DELAWARE
2. Name of Pool: LOVING SOUTH DELAWARE.
3. Origional purpose of well: OIL & GAS PRODUCTION
4. Well has been perforated 5218-5254, 4184-4195 both cement squeezed.
5. Loving, North Morrow underlys this area at approximately 12,300'.

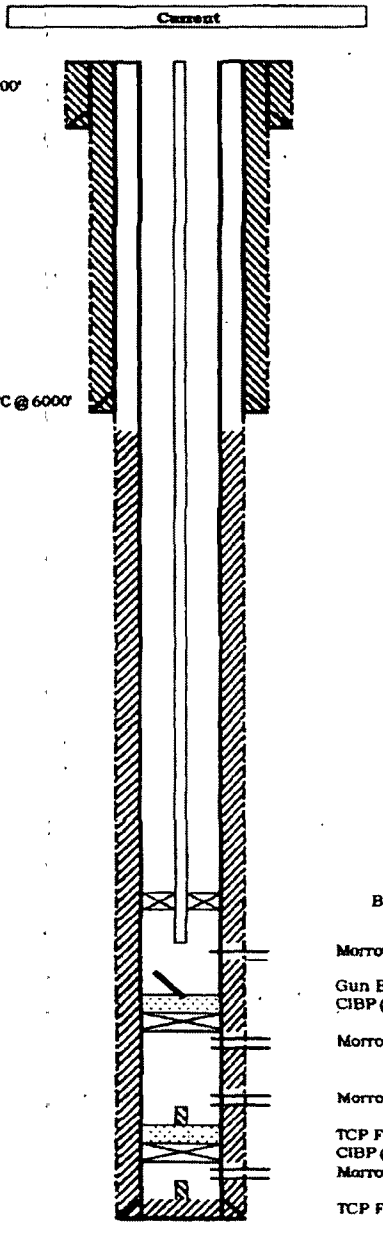
OCD Records

NADEL AND GUSSMAN PERMIAN

CRONOS FEE #1

SHL '1950' FNL, 660' FWL — **API # 30 - 015 - 35869-0** — **UL B Sec 20, 23S, 28E ,Eddy County, NM**

Elev: 3059', KB: 19 AGL'



TBG Detail	ID	OD	Length	Depth
Notes				
1 jt 2-7/8" tbg	2.441	3.668	31.00	31.00
1 2.75" pup jt	2.441	3.668	4'	35.00
384 jts 2-7/8" tbg	2.441	3.668	11844.00	11879.00
2.25 F on - off tool	2.250	4.000	6'	11885.00
Baker Hornet 10K pkr	2.470	4.625	6'	11891.00'
1 6' 2-7/8" sub	2.441	3.668	4.00	11895.00
2.25 FN nipple	2.250	3.668	1.50	11896.50
1 6' 2-7/8" sub	2.441	3.668	4.00	11900.50
2.25 R nipple	2.197	3.668	1.50	11902.00
WLEG	2.441	3.668	1.00	11903.00

DEC 20 2007
OCD-ARTESIA

Baker Hornet pkr @ 11,883'
EOT @ 11,903

Morrow 11,960'-11,970'
6 spf 60 holes
Gun Bar on btm TOF 12,309'
CIBP @ 12,495 cap w\ 35' cmt
PBTD 12,315'
Morrow Yellow 12,370'-12,380'
6 spf 60 holes

Morrow Red 12,400-12,420
6 spf 120 holes
TCP Fish TOF @ 12,463
CIBP @ 12,495 cap w\ 10' cmt
Morrow Brown 12,500-12,516
6 spf 96 holes
TCP Fish on btm

KEM

12/7/2007

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE
July 8, 1985

TONEY ANAYA
GOVERNOR

P.O. DRAWER DD
ARTESIA, NEW MEXICO 88210
(505) 748-1283

Ray Westall
Box 4
Loco Hills, NM 88255

RE: Belco
#3-M-20-23S-28E
Und. South Culebra Bluff-Bone Springs

Gentlemen:

One-hundred eighty days have elapsed since approval of Division Form C-101. Application For Permit To Drill for the subject well, and to date no progress reports, Forms C-103 have been received.

Therefore, Division approval of Form C-101 has now expired and no drilling operations are to be initiated or continued without further notice to and approval by the Division. Pending such approval, this will be considered an abandoned location.

Very truly yours

Les A. Clements

Les A. Clements
Supervisor District II

Post ID-2
7-26-85
Exp. Int.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RECEIVED
NOV 8 1984
O. C. D.
ARTESIA, OFFICE

Form C-101 30-015-25134
Revised 10-1-78

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	✓
FILE	✓
U.S.G.S.	2
LAND OFFICE	
OPERATOR	✓

5A. Indicate Type of Lease: STATE [ ] FEE [X]

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

1b. Type of Well: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

7. Unit Agreement Name

8. Farm or Lease Name: Belco

2. Name of Operator: Ray Westall ✓

9. Well No.: 3

3. Address of Operator: Box 4, Loco Hills, New Mexico 88255

10. Field and Pool, or Wildcat: South Culebra Bluff-PS

4. Location of Well: UNIT LETTER M LOCATED 990 FEET FROM THE South LINE AND 660 FEET FROM THE West LINE OF SEC. 20 TWP. 23S RGE. 28E NMPM

12. County: Eddy

19. Proposed Depth	19A. Formation	20. Rotary or C.T.
6500	Bone Springs	Rotary

21. Elevations (Show whether DF, RT, etc.)	21A. Kind & Status Plug. Bond	21B. Drilling Contractor	22. Approx. Date Work will start
3072	Blanket	WEK	ASAP

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12¼	8 5/8	24#	450'	Circulate	
8"	5½"	17#	6500'	Circulate	

We propose to drill and test the Bone Springs and Deleware Formations. Approzimately 450' of 8 5/8" surface casing will be set to shut off gravel and caving. 5½" production casing will be run perforated and frac'd for production.

BOP PROGRAM: A 10" Series 900 Shaffer Type F Double BOP will be used in drilling this well.

MUD PROGRAM: Fresh water will be used to drill the surface. Brine water to within 150' of TD and mud up to log and run casing.

APPROVAL VALID FOR 180 DAYS
PERMIT EXPIRES 6-19-85
UNLESS DRILLING UNDERWAY

Partial to Apx 4 NL 12-31-84

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Ray Westall Title Operator Date 11/28/84

(This space for State Use)

APPROVED BY ORIGINAL SIGNED BY LARRY BROOKS GEOLOGIST - NMOCD TITLE _____ DATE DEC 19 1984

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
RAY WESTALL	Belco No.	3

Unit Letter	Section	Township	Range	County
M	20	23 South	28 East	Eddy

Actual Footage Location of Well:
990 feet from the South line and 660 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3072	Bone Springs	South Culebra Bluff ~~Gas~~	80 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

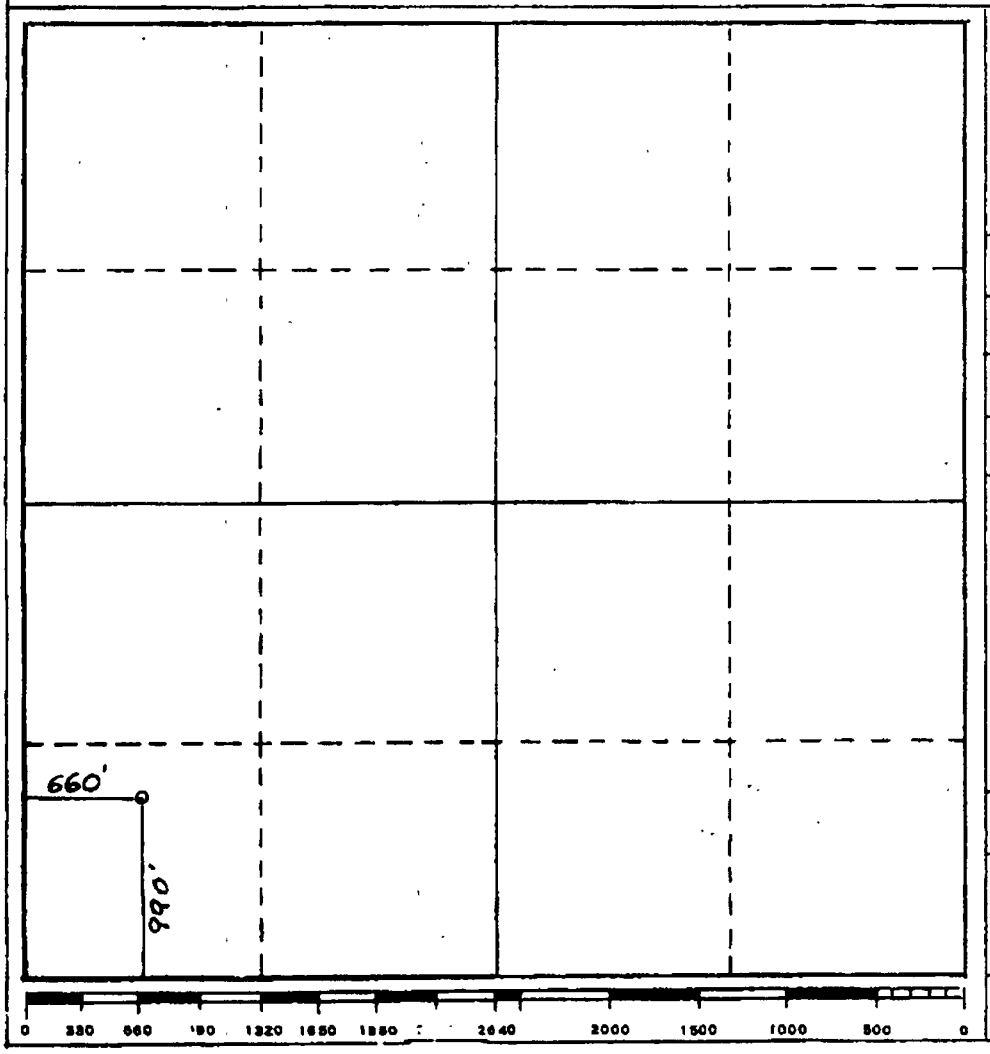
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: Ray Westall

Position: Operator

Company:

Date: 11/28/84

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

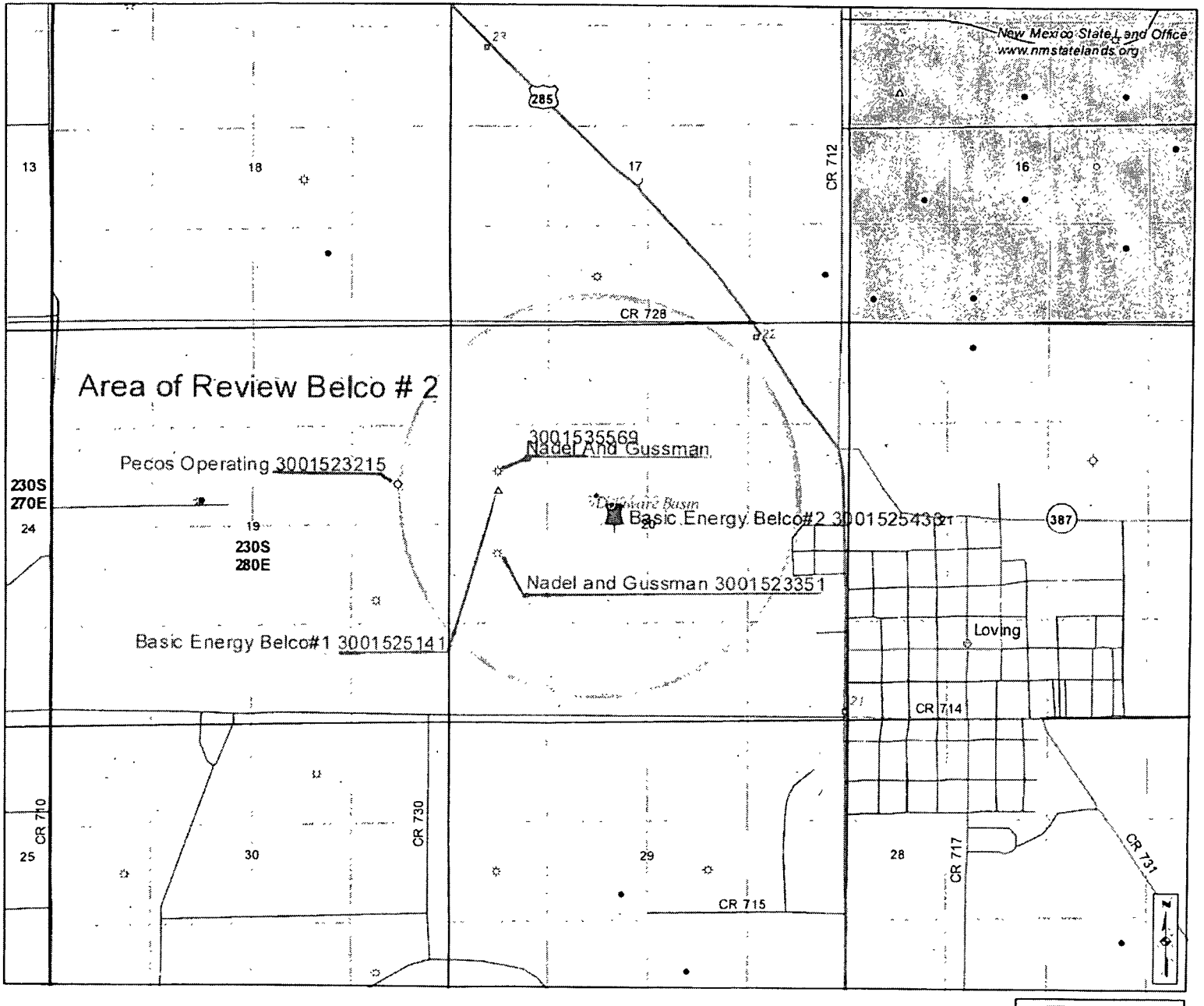
DAN R. REDDY
NEW MEXICO
5412
REGISTERED PROFESSIONAL ENGINEER
AND LAND SURVEYOR

Date Surveyed: Oct. 11, 1984

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No. NMPE&LS #5412



New Mexico State Land Office

Oil, Gas, and Minerals Land/Lease Information Map

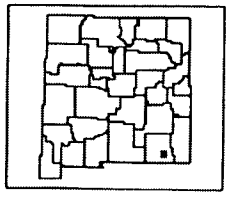
0 0.05 0.1 0.2 0.3 0.4 Miles

Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here in State Land Office data layers or any other data layer.

Land Office Geographic Information Center
logic@slo.state.nm.us

Created On 2/21/2011 8:10:12 AM



LEGEND

- County Seats
- SLO District Offices
- City, Town or Village
- Volcanic Vents
- Highway Mileposts

NMOCD Oil, Gas Wells

- Carbon Dioxide
- Gas
- Injection
- Miscellaneous
- Oil
- Salt Water Disposal
- Water
- DA or PA

Federal Subsurface Ownership

- All Minerals
- Coal Only
- Oil and Gas Only
- Oil, Gas and Coal Only
- Other Minerals

State Trust Lands Ownership

- Surface Estate
- Subsurface Estate
- Both Estates

State Lease Types

- Commercial Leases
- Minerals Leases
- Oil and Gas Leases
- Agricultural Leases
- Oil, Gas Leasing Influenced By Restriction
- Not Available for Oil, Gas Leasing

Other Boundaries

- Continental Divide
- State Boundary
- County Boundaries
- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- NMOCD Order R-111-P Potash Enclave Outline

For detailed legend of the Geologic Map of New Mexico, please see http://geoinfo.nmt.edu/

BASIC ENERGY SERVICES

Legal Notice

BASiC Energy Services P.O. Box 10460, Midland Texas 79702 has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division.

BASiC Energy Services is seeking administrative approval of the conversion of the Belco State # 002 API # 30-015-25433, 2310 FNL & 1980 FWL, Unit "F" , Section 20, Township 23 South, Range 28 East, Eddy County New Mexico from a temporarily abandon oil well to a South Loving Delaware commercial salt water disposal well. The disposal interval would be from the top of the South Loving Delaware from 2454 – 5865 feet.

Disposal fluid would be produced water trucked in from numerous producing formations in South Eastern New Mexico only by BASiC Energy Services trucking department. BASiC Energy Services anticipates a disposal rate of 1500 BWPD with a maximum disposal rate of 3400 BWPD.

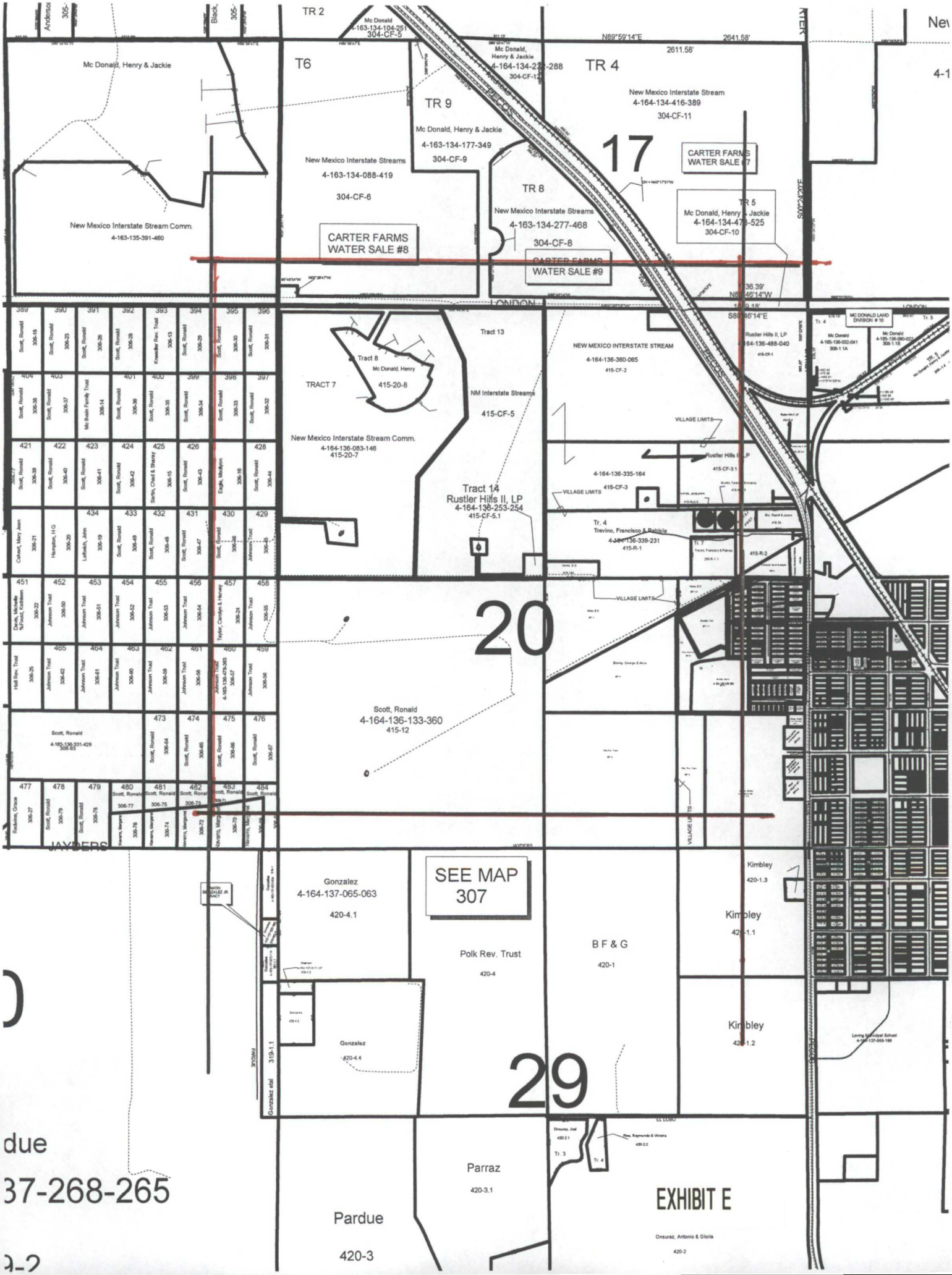
Anticipated disposal pressure of 600 psi with a maximum disposal pressure of 1000 psi. Well is located half mile to the North of Loving and half mile West on London road from Hwy 285.

All interested parties opposing the aforementioned must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 within 15 days. Additional information can be obtained by contacting Lyn Sockwell at 432.620.5500

Legal Notice will be published in the Carlsbad Current Argus

Affidavit of Publication will be sent to the NMOCD when received

Exhibit E


TR 2
Mc Donald
4-163-134-104-251
304-CF-5
Mc Donald, Henry & Jackie
T6
TR 9
Mc Donald, Henry & Jackie
4-163-134-177-349
304-CF-9
New Mexico Interstate Streams
4-163-134-088-419
304-CF-6
New Mexico Interstate Stream Comm.
4-163-135-391-460
CARTER FARMS
WATER SALE #8
N89°59'14"E
2641.58'
Mc Donald, Henry & Jackie
4-164-134-232-288
304-CF-12
TR 4
New Mexico Interstate Stream
4-164-134-416-389
304-CF-11
17
CARTER FARMS
WATER SALE #7
TR 8
New Mexico Interstate Streams
4-163-134-277-468
304-CF-8
TR 5
Mc Donald, Henry & Jackie
4-164-134-479-525
304-CF-10
CARTER FARMS
WATER SALE #9
PECOS
LONDON
Tract 13
Tract 8
Mc Donald, Henry
415-20-8
TRACT 7
NM Interstate Streams
415-CF-5
New Mexico Interstate Stream Comm.
4-164-136-083-146
415-20-7
NEW MEXICO INTERSTATE STREAM
4-164-136-360-065
415-CF-2
Rustler Hills II, LP
4-164-136-488-040
415-CF-1
MC DONALD LAND
DIVISION # 10
Mc Donald
4-165-136-032-041
309-1.1A
Mc Donald
4-165-136-080-023
309-1.1B
VILLAGE LIMITS
Rustler Hills II, LP
415-CF-3.1
4-164-136-335-164
415-CF-3
Tract 14
Rustler Hills II, LP
4-164-136-253-254
415-CF-5.1
Tr. 4
Trevino, Francisco & Patricia
4-164-136-339-231
415-R-1
415-R-2
20
Scott, Ronald
4-164-136-133-360
415-12
SEE MAP
307
Gonzalez
4-164-137-065-063
420-4.1
Polk Rev. Trust
420-4
B F & G
420-1
Kimbley
420-1.3
Kimbley
420-1.1
Kimbley
420-1.2
Gonzalez
420-4.4
29
Parraz
420-3.1
Pardue
420-3
Onsurez, Antonio & Gloria
420-2
EXHIBIT E
JAYDERS
EL LOBO
due
37-268-265

Belco #2 SWD Section 20 Township 23 South Range 28 East

NAME	ADDRESS	CITY	STATE	ZIP
Ronald E. Scott	P O Box 282	Loving	NM	88256
Denise Annette Carroll Humphrey	1703 Western Dr.	Midland	TX	79705
Nancy Rey	P O Box 1006	Loving	NM	88256
Lorenzo Muniz	307 S. Mesa St.	Carlsbad	NM	88220
Randell & Jackie Box	509 Caballo	Carlsbad	NM	88220
Jim Bob Box	509 Caballo	Carlsbad	NM	88220
Maximo & Felicitas Marrufo	P O Box 284	Loving	NM	88256
Daniel & Andrea Ramirez	P O Box 1016	Loving	NM	88256
Crystal Santillan	P O Box 506	Loving	NM	88256
Eloy R & Mary Lou Florez	P O Box 1036	Loving	NM	88256
Olga Isaula	P O Box 215	Loving	NM	88256
Roland A. Gonzalez & Sulema Avitia	P O Box 411	Loving	NM	88256
Carl E Bryant	P O Box 628	Loving	NM	88256
Anita Chavez	P O Box 628	Loving	NM	88256
Rose M. & Lloyd F. Boatman	1317 E. Wood	Carlsbad	NM	88220
Sonya Greer	P O Box 673	Loving	NM	88256
Leslie Barnes	P O Box 673	Loving	NM	88256
Ernest McIntire	P O Box 1364	Loving	NM	88256
James J Evans Estate	P O Box 292	Loving	NM	88256
Jerry & Betty Lackey	P O Box 292	Loving	NM	88256
Joey H. Rodiguez	P O Box 111	Loving	NM	88256
Amos Urquidez	P O Box 1391	Loving	NM	88256
Robin & Sheila Martinez	P O Box 1391	Loving	NM	88256
Carlsbad Irrigation District	5117 Grandi Rd	Carlsbad	NM	88220
Francisco & Hilda Hernandez	P O Box 1002	Loving	NM	88256
Ursula B Ochs	1210 Normandy	Carsbad	NM	88220
Raynaldo & Maria Armendarez	P O Box 1321	Loving	NM	88256
Chad W. Sartin	1004 W. Orchard Lane	Carlsbad	NM	88220
Chad & Sharay Sartin	1004 W. Orchard Lane	Carlsbad	NM	88220
Maribel Lopez	401 N. Ninth St	Loving	NM	88256
Andrew & Mary Hendren	P O Box 34	Loving	NM	88256
Frank & Estella Reyes	P O Box 1407	Loving	NM	88256
Ellie Mason	P O Box 115	Loving	NM	88256
Arturo & Lucy Franco	P O Box 402	Loving	NM	88256
Servando & Melisa Vasquez	P O Box 563	Loving	NM	88256
Eulane H. Scott	P O Box 68	Loving	NM	88256
Robert & Jacqueline Nymeyer	P O Box 68	Loving	NM	88256
Reynaldo & Isabel Armendarez	P O Box 1321	Loving	NM	88256
Rusvel Granado	P O Box 162	Loving	NM	88256
Herbert & Donna Whitfield	P O Box 368	Loving	NM	88256
D E Scott	P O Box 195	Loving	NM	88256
Oscar & Angela Rodriguez	P O Box 206	Loving	NM	88256
Chris & Emilia Urban	P O Box 222	Loving	NM	88256
Emilia Urban	303 N Eighth	Loving	NM	88256
Martin & Luhan Delgado	P O Box 253	Loving	NM	88256
Sylvester G Santillan	P O Box 506	Loving	NM	88256
Vilage Of Loving	P O Box 56	Loving	NM	88256
Toribio & Ernestina Murillo	P O Box 404	Loving	NM	88256
Jacqueline Dennis Nichols	2502 Helper Road	Carlsbad	NM	88220
E G Hines	P O Box 1011	Loving	NM	88256
New Mexico Interstate Stream Comm	P O Box 25102	Santa Fe	NM	87504
Henry E. McDonald	P O Box 597	Loving	NM	88256
George A. & Alice S George	P O Box 389	Loving	NM	88256
Francisco & Patricia Trevino	P O Box 72	Loving	NM	88256
Lonnie Allsup	P O Box 1907	Clovis	NM	88101
Hector N. Valdez	4204 Thomason Rd	Carlsbad	NM	88220
Stop-N-Shop of Carlsbad NM INC	1208 W. Riverside Dr.	Carlsbad	NM	88220
Manuel & Patricia Rico	P O Box 705	Loving	NM	88256
Rolando & Brenda Armendariz	P O Box 705	Loving	NM	88256
James Kelly Revocable Trust	P O Box 7366	Abilene	TX	79608
Radell Box Trader Company	P O Box 432	Loving	NM	88256
Tom Brantley	1304 W. Riverside Dr.	Carlsbad	NM	88220
Rustler Hills II, LP	P O Box 72	Orla	TX	79770

EXHIBIT E

Belco #2 SWD Section 19 Township 23 South Range 28 East

NAME	ADDRESS	CITY	STATE	ZIP
Margaret Navarro	102 W Jayders Rd	Loving	NM	88256
Carolyn A. & Harvey R. Taylor	2310 Avenue B	Carlsbad	NM	88220
Madlyon J. Eagle	183 County RD 101	Norfolk	AR	72658
S P III & Barbara Johnson Trust	P O Box 1641	Roswell	NM	88202
Ronald E. Scott	P O Box 282	Loving	NM	88256

EXHIBIT E

Belco #2 SWD Section 20 Township 23 South Range 28 East

NAME	ADDRESS	CITY	STATE	ZIP
Burlington Northern & Santa Fe Railroad Attn: Real Estate Dept.	2650 Lou Menk Drive	Fort Worth	TX	76131

EXHIBIT E

Belco #2 SWD Section 20 Township 23 South Range 28 East

NAME	ADDRESS	CITY	STATE	ZIP
New Mexico Department of Transportation	4505 W. Second Box	Roswell	NM	88202

EXHIBIT E

Belco #2 SWD Section 20 Township 23 South Range 28 East

NAME	ADDRESS	CITY	STATE	ZIP
Road Department	410 E Derrick	Carlsbad	NM	88220

EXHIBIT E

Belco #2 SWD Section 20 Township 23 South Range 28 East

NAME	ADDRESS	CITY	STATE	ZIP
Village of Loving c/o Polie Hernandez	P O Box 56	Loving	NM	88256

EXHIBIT E

Producers

Company	Address	City	State	Zip
NADEL AND GUSSMAN PERMIAN, LLC	601 N MARIENFELD SUITE 508	Midland	TX	79701
PECOS OPERATING COMPANY, LLC	400 W. Illinois Suite 1210	Midland	TX	79701
ADVENTURE EXPLORATION PARTNERS, LLC	500 W. Texas Ave. Suite 1000	Midland	TX	79701
BASIC ENERGY SERVICES, LP				

EXHIBIT E

Belco #2 SWD Section 20 Township 23 South Range 28 East

NAME	ADDRESS	CITY	STATE	ZIP
David Petroleum Corp.	116 West First Street	Roswell	NM	88203
Matador Resource Company	One Linclon Centre, 5400 LBJ Freeway, STE 1500	Dallas	TX	75240
Devon Energy Production Company, L.P.	20 North Broadway	Oklahoma City	OK	73102

EXHIBIT E

Belco #2 SWD Section 20 Township 23 South Range 28 East

NAME	ADDRESS	CITY	STATE	ZIP
Sally R. Carter Ballard	3901 100th Place	Lubbock	TX	79423
Barbara A. Carter	24 Condesa Road	Santa Fe	NM	87508
Peter R. Carter	9320 Stafford Way	Dallas	TX	75220
Albert E Carter Irrevocable Trust B dtd 11-01-1977	1411 West Orchard Lane	Carlsbad	NM	88220
William H. Houston	7737 Spanish Bay Dr.	Las Vegas	NV	89113
James K. Polk Revocable Trust	12 Augusta	Abilene	TX	79606
Ruth Ann polk Caudle	12 Augusta	Abilene	TX	79606
Janis Lee Polk Harbour	12 Augusta	Abilene	TX	79606
Jacqueline D. Nichols	2502 Helper Rd.	Carlsbad	NM	88220
Bil Nymeyer & Ruth Nymeyer	P O Box 281	Loving	NM	88256
Robert Nymeyer	50 Pardue Road	Loving	NM	88256
James Nymeyer	Route #1, Box 586	Sulphur Bluff	TX	75481
Nymeyer 2000 Family Trust	609 N 8th Street	Carlsbad	NM	88220

EXHIBIT E

State of NM Land Office	PO Box 1148	Santa Fe	NM	87504
State of NM Land Office	1301 W Grand Ave	Artesia	NM	88210
Draper Brantley	706 W Riverside Drive	Carlsbad	NM	88220
George Brantley	1304 W Riverside Drive	Carlsbad	NM	88220

EXHIBIT E

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Kathy McCarroll, being first duly sworn, on oath says:

That she is the Classified Supervisor of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

January 26 2011

That the cost of publication is **$68.07** and that payment thereof has been made and will be assessed as court costs.

Kathy McCarroll

Subscribed and sworn to before me this

26th day of January, 2011

Stephanie Dobson

My commission Expires on 1/25/2014

Notary Public

OFFICIAL SEAL
STEPHANIE DOBSON
Notary Public
State of New Mexico
My Comm Expires 1/25/2014

January 26, 2011

Legal Notice

BASIC Energy Services P.O. Box 10460, Midland Texas 79702 has filed form C-108 (Application for Authorization to Iniect) with the New Mexico Oil Conservation Division.

BASIC Energy Services is seeking administrative approval of the conversion of the Belco State # 002 API # 30-015-25433, 2310 FNL & 1980 FWL, Unit "F", Section 20, Township 23 South, Range 28 East, Eddy County New Mexico from a temporarily abandon oil well to a South Loving Delaware commercial salt water disposal well. The disposal interval would be from the top of the South Loving Delaware from 2454 - 5865 feet.

Disposal fluid would be produced water trucked in from numerous producing formations in South Eastern New Mexico only by BASIC Energy Services trucking department. BASIC Energy Services anticipates a disposal rate of 1500 BWPD with a maximum disposal rate of 3400 BWPD.

Anticipated disposal pressure of 600 psi with a maximum disposal pressure of 1000 psi. Well is located half mile to the North of Loving and half mile West on London road from Hwy 285.

All interested parties opposing the aforementioned must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 within 15 days. Additional information can be obtained by contacting Lyn Sockwell at 432.620.5500.

BASIC ENERGY SERVICES

RECEIVED OCD

2011 JAN 31 P 12:35

Basic Energy Services, LP
New Mexico Fluid Services

Per New Mexico Oil Conservation Division Rules and Regulations, please find enclosed a copy of NMOCD form C-108.

Basic Energy Services, LP, P.O. Box 10460, Midland, Texas 79702 had filed the form C-108, (Application for Authorization to Inject), with the New Mexico Oil Conservation Division.

Basic Energy Services, LP is seeking administrative approval of the conversion of the Belco State #002, API# 30-015-25433, 2310 FNL & 1980 FWL, Unit "F", Section 20, Township 23 South, Range 28 East, Eddy County, New Mexico from a temporarily abandoned oil well to a South Loving Delaware commercial salt water disposal well. The disposal interval would be from the top of the South Loving Delaware from 2,454 – 5,865 feet.

Disposal fluid would be produced water trucked in from numerous producing formations in South Eastern New Mexico only by Basic Energy Services trucking department. Basic Energy Services anticipates a disposal rate of 1500 BWPD with a maximum disposal rate of 3,400 BWPD.

We anticipate a disposal pressure of 600 PSI with a maximum disposal pressure of 1,000 PSI. The well is located half mile north of Loving and half mile West on London Road from Highway 285.

All interested parties opposing the aforementioned, must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505, with in 15 days. Additional information can be obtained by contacting Lyn Sockwell at (432) 620-5500.

Sincerely,

Lyn Sockwell
Director of Environmental
Basic Energy Services, LP
P.O. Box 10460
Midland, Texas 79702
Phone: (432) 620-5500
lyn.sockwell@basicenergyservices.com

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Vilage Of Loving
P O Box 56
Loving NM 88256

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Monica Calderon ☐ Agent ☐ Addressee

B. Received by (Printed Name) Monica Calderon | C. Date of Delivery 1-27-11

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service la 7010 1670 0001 6360 3908

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

UNITED STATES POSTAL SERVICE

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

BASIC ENERGY SERVICES
P.O. Box 1375
Artesia, NM 88211

"Certified Letter"
(7009 2820 0000 6437 2754)

3-14-2011

New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

RE: Basic Energy Salt Water Disposal
Belco State #002 API# 30-015-25433
2310 FNL & 1980 FWL, Unit "F" Sec 20
Township 23 S Range 28 E. Eddy County NM

To Whom It May Concern:
I have very serious concerns with your proposal. My property begins within 683 ft of this location. I feel my home would be at risk in the event of an accident from the location of the injection point.

I require assurances that precautions will be taken to ensure that no H2S will drift to my home via a broken line. I propose some type of warning system installed for the protection of near by residence.

I am also greatly concerned with casing integrity. My neighbors have numerous water wells which we are dependent on. I would also propose MIT Tests be conducted on a quarterly basis. In additions I also recommend a protective shed around well head between my home and injection point as a safe guard against pressure line rupture.

Thank You,

John Hines

John Hines
P.O. Box 1011
Loving, NM 88256

RECEIVED OCD
2011 FEB -8 P 12: 37

Carolyn A.Taylor
1702 Curry Rd
Carlsbad, NM 88220

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

February 6, 2011

Re: Basic Energy Services Legal Notice postmarked Jan. 25, 2011
Seeking Conversion of Belco State #002 API #30-015-25433,2310 FNL & 1980 FWL, Unit "F", Section 20, Township 23 South, Range 28 East, Eddy County New Mexico to a South Loving Delaware commercial salt water disposal well.

To Whom it May Concern:

Due to the very short notice given and to the fact that I have not been given knowledge how this salt water disposal well will affect my land (for the worse or for the better) now and in the future, I am notifying in writing to Basic Energy Services and New Mexico Oil Conservation Division my opposition and objections at this time to this conversion of a temporarily abandon oil well into a commercial salt water disposal well.

Questions I would like anwered:

1) How will this affect my property?
2) Will property value of my land go up or down?
3) Where are the roadways located for the heavy trucks to carry the produced water to and from this disposal well?
4) Is there a possibility in the future of a sink hole due to the underground brine water that could and would affect my land?

I am enclosing a copy of the letter that I sent to Basic Energy Services.
I would appreciate my questions being answered. Thank you for your time.

Carolyn A. Taylor

Carolyn A. Taylor
1702 Curry Rd
Carlsbad, NM 88220

Basic Energy Services
PO Box 1375
Artesia, NM 88211

February 6, 2011

Re: Conversion of Belco State #002 API #30-015-25433, 2310 FNL & 1980 FWL, Unit "F", Section 20, Township 23 South, Range 28 East, Eddy County New Mexico

This letter is in reponse to the notice letter you mailed on January 25, 2011 concerning conversion of an temporararily abandon oil well to a South Loving Delaware commerical salt water disposal well.

My brother Harvey R. Taylor and I own land located Section-19, Township-23S, Range-28E.

I am concerned about what a salt water disposal well nearby will do and how it will affect my land now and in the future years.

Due to such short notice given and to the fact that I have not been given knowledge how this will affect my land (for the worse or for the better) now and in the future, I am putting in writing my opposition and objections at this time to this conversion of a temporarily abandon oil well into a commercial salt water disposal well.

Questions I would like answered:

1) How will this affect my property?
2) Will property value of my land go up or down?
3) Where are the roadways located for the heavy trucks to carry the produced water to and from this disposal well?
4) Is there a possibility in the future of a sink hole due to the underground brine water that could and would affect my land?

Also, I, Carolyn A. Taylor, would like to let you know, that my current address is 1702 Curry Rd, Carlsbad, NM 88220. Thank you for your time. I would appreciate my questions being answered.

Carolyn A. Taylor

Harvey R. Taylor

February 14, 2011

Re: Letter of concern on the Belco # 2 API # 3001525433 on February 6, 2011

In regards to the questions you asked in your letter Basic Energy Services is more than happy to explain our intentions as to our project.

Enclosed with this letter please see a lay out of our plans. It will be a state of the art facility where the unloading dock will be half a mile away from your property located on London Road.
It will consist of a 600 X 300' pad that will offer four unloading dock pads constructed of cement with sumps. The gathering system will contain 1500 barrels of storage that will disperse higher tank levels to the main facility. The main battery will facilitate in an environmental safe cement barrier containment located at the Belco # 2 also a half mile away from your property. The pad will be constructed of a 9" base material compressed to 6". There will only be BASiC Energy Services fluid sales trucks utilizing this facility and will be kept private to our needs.

This facility will be fully automated by computers and will be managed by the Fluid Sales Department. The ROW roads will follow the West boundary line of Draper and George Brantley. BASiC Energy Services will be injecting into the South Loving Delaware as the existing Belco # 1. The SLDP is well below the Salado formation and is well protected with cement barriers above and below the Salado formation.

Carolyn, Harvey, The Belco # 1 has been an injection well for several years and has not had an adverse effect on the property.

Please give me a call at our Office 575.746. 2072 or Cell # 575.513.1238 if you have further questions or E-mail me at david.alvarado@basicenergyservices.com

Regards,

David Alvarado
BASiC Energy Services
NM Fluid Sales District Mgr.

Carolyn A. Taylor
1702 Curry Rd.
Carlsbad, NM 88220

Harvey R. Taylor
1702 Curry Rd.
Carlsbad, NM 88220

February 14, 2011

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Enclosed with this letter please see a lay out of our plans. It will be a state of the art facility where the unloading dock will be half a mile away from your property located on London Road.
It will consist of a 600 X 300' pad that will offer four unloading dock pads constructed of cement with sumps. The gathering system will contain 1500 barrels of storage that will disperse higher tank levels to the main facility. The main battery will facilitate in an environmental safe cement barrier containment located at the Belco # 2 also a half mile away from your property. The pad will be constructed of a 9" base material compressed to 6". There will only be BASiC Energy Services fluid sales trucks utilizing this facility and will be kept private to our needs.

This facility will be fully automated by computers and will be managed by the Fluid Sales Department. The ROW roads will follow the West boundary line of Draper and George Brantley. BASiC Energy Services will be injecting into the South Loving Delaware as the existing Belco # 1. The SLDP is well below the Salado formation and is well protected with cement barriers above and below the Salado formation.

Carolyn, Harvey, The Belco # 1 has been an injection well for several years and has not had an adverse effect on the property.

Please give me a call at our Office 575.746. 2072 or Cell # 575.513.1238 if you have further questions or E-mail me at david.alvarado@basicenergyservices.com

Regards,

David Alvarado
BASiC Energy Services
NM Fluid Sales District Mgr.

Carolyn A. Taylor
1702 Curry Rd.
Carlsbad, NM 88220

Harvey R. Taylor
1702 Curry Rd.
Carlsbad, NM 88220

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, March 15, 2011 1:57 PM
To: 'david.alvarado@basicenergyservices.com'; 'lyn.sockwell@basicenergyservices.com'
Cc: Ezeanyim, Richard, EMNRD; Dade, Randy, EMNRD
Subject: Disposal Application from Basic Energy Services, LP. Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

Hello David:
We just today, by certified mail, received another "Letter of Concern" which we must consider a protest from":

Mr. John Hines
PO Box 1011
Loving, NM 88256
He did not send a phone number or street address. I obtained his mailing address from the envelope.

If Mr. Hines, Carolyn A. Taylor, and Harvey R. Taylor send letters retracting their protests, we can again consider this application administratively.
I am mailing Mr. Hines and the other parties a copy of this email today.

I don't see where Mr. Hines mailed you a copy of his protest – I will mail you a copy.

Basic Energy does have legal avenues in front of a hearing examiner, please consult your attorney for legal advice.

If you retain an attorney for purposes of hearing, please let us at OCD and the other parties know immediately.

Regards,

William V Jones, P E
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505 476.3448 ~ Fax 505.476.3462

From: Jones, William V., EMNRD
Sent: Friday, February 18, 2011 4:15 PM
To: 'david.alvarado@basicenergyservices.com'; 'lyn.sockwell@basicenergyservices.com'
Cc: Ezeanyim, Richard, EMNRD
Subject: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

Hello David and Lyn:
The OCD has received a protest letter from Carolyn A Taylor and Harvey R. Taylor.
We can no longer process your administrative application for disposal on this well – unless we receive a letter from these folks revoking the protests.

I have not thoroughly reviewed this permit for other concerns, but did notice a few:

a. There is a discrepancy as to exactly which disposal depths (top and bottom) you are asking for – please let us know where the top of the injection interval will be.
b. Please send wellbore diagrams of all wells in the Area of Review clearly showing cement tops and the method of determining the cement tops.
c. Is this well site in the city limits of Loving? If so, please provide them notice.
d. Who is the land owner(s) where this well bore or proposed tank battery is located.

Please consult your attorney as to what further legal avenues are open to you.

Regards,

William V Jones, P E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462

From: Alvarado, David [mailto:David.Alvarado@basicenergyservices.com]
Sent: Monday, February 21, 2011 4:00 PM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Sockwell, Lyn
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

William, Good day!

a. Basic Energy services ask respectively permission to inject from Top 2540 ft. to 3680 ft. I have also attached our procedure plan.
b. Attached to this E-mail please find the well bore diagrams of the area of review. All were taken form OCD records on line.
c. The well is not in the City limits of Loving though we sent them a certified letter also please see our receipt.
d. The Land Owners at the Belco # 2 well bore and proposed tank battery are located on George and Draper Brantley property. BASiC Energy Services has a signed contract agreement with them. If a copy of this agreement will be needed, Lyn Sockwell will be over this contract.

Thanks
David

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Friday, February 18, 2011 5:15 PM
To: Alvarado, David; Sockwell, Lyn
Cc: Ezeanyim, Richard, EMNRD
Subject: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

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Regards,

William V Jones, P.E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462

Jones, William V., EMNRD

From: Alvarado, David [David.Alvarado@basicenergyservices.com]
Sent: Friday, February 18, 2011 5:02 PM
To: Jones, William V., EMNRD; Sockwell, Lyn
Cc: Ezeanyim, Richard, EMNRD
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths
Attachments: Belco # 2 Batt. Draft # 3.xls; February 14 letter to Taylor.doc

Thank you William,
A return letter was sent to the Taylors as soon as I got it. We will make contact with them and see if they are cool with what we have planned. This is what I sent them.
I added Mr. McDonald, and George and Draper Brantley so you can see the property owners that we have a signed agreement contract with. The city of Loving was also notified the well is not in the village but we sent them notice too.

I will send you Monday the rest of the info you need. With the stub of the certified letter in question.

Thank you again,
Dave

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Friday, February 18, 2011 5:15 PM
To: Alvarado, David; Sockwell, Lyn
Cc: Ezeanyim, Richard, EMNRD
Subject: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

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Please consult your attorney as to what further legal avenues are open to you.

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Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, February 21, 2011 4:37 PM
To: 'Alvarado, David'
Cc: Ezeanyim, Richard, EMNRD
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

Hello David:
Thanks for the formal reply, diagrams and map.
I don't need to see your contract with the surface owner.
Would you send another (portion of the C-108) called "Injection Well Datasheet" with these depths on it?
Is 2540 isolated from the Salt enough to not be of concern?
The proposed disposal interval must not be prospective of oil or gas. You should send a log analysis of the upper portion of the proposed interval, or mudlog, or history of testing, and (depending on what that shows) may have to swab test for productivity.
The Belco #3 is listed as in the AoR, but has no Cement Top data reported – is there a way you could find it maybe in Roswell in the Microfiche? If you have a consultant in Santa Fe you could hire, they could come over and go through the OCD microfiche well files.

When we receive a retraction letter from the Taylor's, we can again look this over. Or you could ask your attorney to set this for an examiner hearing. If you subsequently reach agreement, you could always dismiss the hearing.

Thanks again for the reply.

Will Jones
New Mexico
Oil Conservation Division
Images Contacts

From: Alvarado, David [mailto:David.Alvarado@basicenergyservices.com]
Sent: Monday, February 21, 2011 4:00 PM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Sockwell, Lyn
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

William, Good day!

a. Basic Energy services ask respectively permission to inject from Top 2540 ft. to 3680 ft. I have also attached our procedure plan.
b. Attached to this E-mail please find the well bore diagrams of the area of review. All were taken form OCD records on line.
c. The well is not in the City limits of Loving though we sent them a certified letter also please see our receipt.
d. The Land Owners at the Belco # 2 well bore and proposed tank battery are located on George and Draper Brantley property. BASiC Energy Services has a signed contract agreement with them. If a copy of this agreement will be needed, Lyn Sockwell will be over this contract.

Thanks
David

Jones, William V., EMNRD

From: Alvarado, David [David.Alvarado@basicenergyservices.com]
Sent: Monday, February 21, 2011 5:00 PM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Linebarger, Dan; Sockwell, Lyn
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

Yes, I will gather and see about the Belco # 3
I did see a letter from Energy and Minerals Department that was sent on July 8 1985 to Ray Westall about an expired C-101 on the proposal to drill the Belco # 3

We will gather needed information as needed.

Thank you,
David

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Monday, February 21, 2011 5:37 PM
To: Alvarado, David
Cc: Ezeanyim, Richard, EMNRD
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

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Thanks again for the reply.

Will Jones
New Mexico
Oil Conservation Division
Images Contacts

From: Alvarado, David [mailto:David.Alvarado@basicenergyservices.com]
Sent: Monday, February 21, 2011 4:00 PM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Sockwell, Lyn
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

Jones, William V., EMNRD

From: Alvarado, David [David.Alvarado@basicenergyservices.com]
Sent: Tuesday, February 22, 2011 3:14 PM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Wigington, Lynn; Sockwell, Lyn; Linebarger, Dan; Massey, Roger
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths
Attachments: injection well data sheet.pdf

William,

Please accept the following data as requested for the Belco # 2 C-108

a. Injection Well Data Sheet
b. Acoustic Cement Bond Log
c. Dual Laterolog Micro Laterolog Gamma Ray Log
d. Dencilog Neutron Gamma Ray Log
c. Copy of letter of expired C101

Talked to Harvey Taylor at lunch today we will be waiting for retraction letter if Carolyn also agrees as he does.

Regards
David

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Monday, February 21, 2011 5:37 PM
To: Alvarado, David
Cc: Ezeanyim, Richard, EMNRD
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

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When we receive a retraction letter from the Taylor's, we can again look this over. Or you could ask your attorney to set this for an examiner hearing. If you subsequently reach agreement, you could always dismiss the hearing.

Thanks again for the reply.

Will Jones
New Mexico
Oil Conservation Division
Images Contacts

Jones, William V., EMNRD

From: Alvarado, David [David.Alvarado@basicenergyservices.com]
Sent: Tuesday, February 22, 2011 6:58 PM
To: Jones, William V., EMNRD
Subject: Re: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

Will I am going to contact Dennis Powers on the matter and will forward his response to you.

From: Jones, William V., EMNRD <William.V.Jones@state.nm.us>
To: Alvarado, David
Cc: Warnell, Terry G, EMNRD <TerryG.Warnell@state.nm.us>
Sent: Tue Feb 22 18:15:15 2011
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

Hello David:
There are folks that do Log Analysis for a clients.
I don't know of any offhand, but could ask Terry.

Thanks for sending this info.

Will Jones
New Mexico
Oil Conservation Division
Images Contacts

From: Alvarado, David [mailto:David.Alvarado@basicenergyservices.com]
Sent: Tuesday, February 22, 2011 3:14 PM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Wigington, Lynn; Sockwell, Lyn; Linebarger, Dan; Massey, Roger
Subject: RE: Disposal Application from Basic Energy Services, LP: Belco State #2 30-015-25433 Unit Letter F, Sec 20, T23S, R28E, Eddy County NM 3364 to 5865 perforated depths

William,

Please accept the following data as requested for the Belco # 2 C-108
a. Injection Well Data Sheet
b. Acoustic Cement Bond Log
c. Dual Laterolog Micro Laterolog Gamma Ray Log
d. Dencilog Neutron Gamma Ray Log
c. Copy of letter of expired C101

Talked to Harvey Taylor at lunch today we will be waiting for retraction letter if Carolyn also agrees as he does.

Regards
David

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Monday, February 21, 2011 5:37 PM
To: Alvarado, David
Cc: Ezeanyim, Richard, EMNRD

Jones, William V., EMNRD

From: Alvarado, David [David.Alvarado@basicenergyservices.com]
Sent: Thursday, March 10, 2011 3:07 PM
To: Jones, William V., EMNRD
Cc: Linebarger, Dan
Subject: FW: Belco #2 CBL
Attachments: LovingSWDCementBond.pdf

Good day Sir,

William,

Please accept Dennis Powers report on the Belco # 2 as Part of our C-108

David

From: Dennis Powers [mailto:dwpowers@evaporites.com]
Sent: Friday, March 04, 2011 3:43 PM
To: Alvarado, David; Linebarger, Dan
Subject: Belco #2 CBL

I've attached the pdf of my examination of the cement bond log for the Belco#2 well. The amplitudes look good to great, indicating good to excellent casing-cement bonds. The VDL looks good and appropriate to lithology, indicating good contact between the rock and cement.

This looks like it was a good cement job, and, based on the log, I wouldn't expect circulation through the annulus from the injection interval to the base of lowermost salt.

Dennis

--

****

Dennis W. Powers, Ph.D.
Consulting Geologist
170 Hemley Road
Anthony, TX 79821

TEL: 915.877.3929
CELL: 915.588.7901

Licensed Professional Geologist (IL)
Professional Geologist (TX)

Some things get better with age . . .
I'm approaching magnificent!

Jones, William V., EMNRD

From: Alvarado, David [David.Alvarado@basicenergyservices.com]
Sent: Tuesday, March 29, 2011 10:51 AM
To: Jones, William V., EMNRD
Cc: Alaniz, Gloria
Subject: Belco State #2
Attachments: Belco 2 log analysis.pdf

Good day Will,
Here is a scan copy of the analysis needed for the C-108. Gloria will be sending you by Fed Ex... the their print of logs and map of area that was used in their finding with this letter.

I never received that letter of the person you said had a complaint, could you scan it?
Looks like the Taylors never made good on what they said they were going to do on the retraction letter, so I wrote to Sockwell that we need to file for a hearing. We will talk after lunch on the matter whether we use our legal staff or I hire some one in NM. I will let you know what becomes of the meeting today.

Take care,

David Alvarado
Office 575.746.2072
Cell 575.513.1238
Fax 575.746.2435

Done 3/29/11
MAILED TO DAVID & LYN

Cement Bond Logs from Belco #2 (API# 30-015-25433) in Section 20, T23S, R28E, near Loving, NM

Dennis W . Powers, Ph.D.
Consulting Geologist
Anthony, TX

March 3, 2011

General Information

Basic Energy Services is applying for permission to use Belco #2 (API# 30-015-25433), located in section 20, T23S, R28E, in Eddy County, NM, (Figure 1) as a salt-water disposal (SWD) well. I was contacted by email by David Alvarado on February 23, 2011, requesting my assistance in evaluating the isolation in the well annulus of halite and deeper proposed disposal intervals.

The proposed injection zone in this well is from 3680-2540 ft (Figure 2). As shown in the natural gamma-resistivity log (with caliper), the lowermost halite (Halite 1 of Castile Formation) has a base at 2240 ft (not corrected for KB). The cement bond log was run January 6, 1986, by Dresser Atlas. The log is an acoustic cement bond logs (VDL) with gamma ray. The well was completed March 1, 1986 (Form C-105, dated July 28, 1986).

Two main stratigraphic units are represented in the interval of interest (Figure 2). The contact between the Delaware Mountain Group (Bell Canyon Formation) and Castile Formation is at 2450 ft below KB at Belco #2. The Castile Formation above that shows clear evidence of the lower five informal divisions (Anhydrite 1, Halite 1, Anhydrite 2, Halite 2, and Anhydrite 3, from base upward). The base of the lowermost salt unit (Halite 1) is interpreted as 2240 ft below KB.

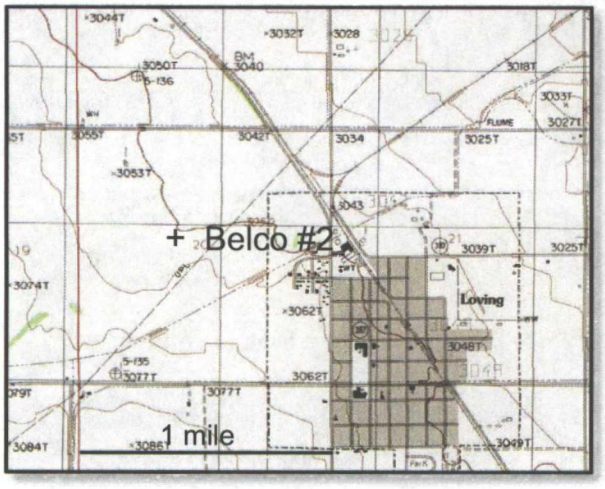


Figure 1. Location of Belco #2 (API# 30-015-25433).

The proposed injection zone for this well (3680-2540 ft) (Figure 2) therefore represents about ~300 ft of vertical separation from the base of closest halite (Figures 2, 3).

Cement Bond Log

The cement bond log for Belco #2 shows two main indicators of the quality of the cement bonds in the annulus. The amplitude of the compressional wave (Figure 3; expressed on the log in CBL % from 0-100) is primarily used to indicate the quality of the cement bond with the casing. The variable density log (VDL) on the right hand side of the cement bond log is used to infer presence of cement and bond of cement to formation. This log is relatively standard for the time, although some other types have also been developed.

For the interval examined, the amplitude of the compressional wave is either very low or low, and the variation is related to lithology. Very low amplitudes are clearly associated with the salt interval and the upper Bell Canyon. Low amplitudes characterize the anhydrite intervals. Both cases indicate very good to good cement to casing bonds.

The VDL portion of the log shows variable responses also associated with lithology. The upper Bell Canyon (below 2540 ft below KB) shows good returns and variations that are related to the bedding units. These "wavy" characteristics are associated with good cement to formation bonds. The anhydrite sections show near parallel, strong VDL, with very short return times due to the high acoustic velocity

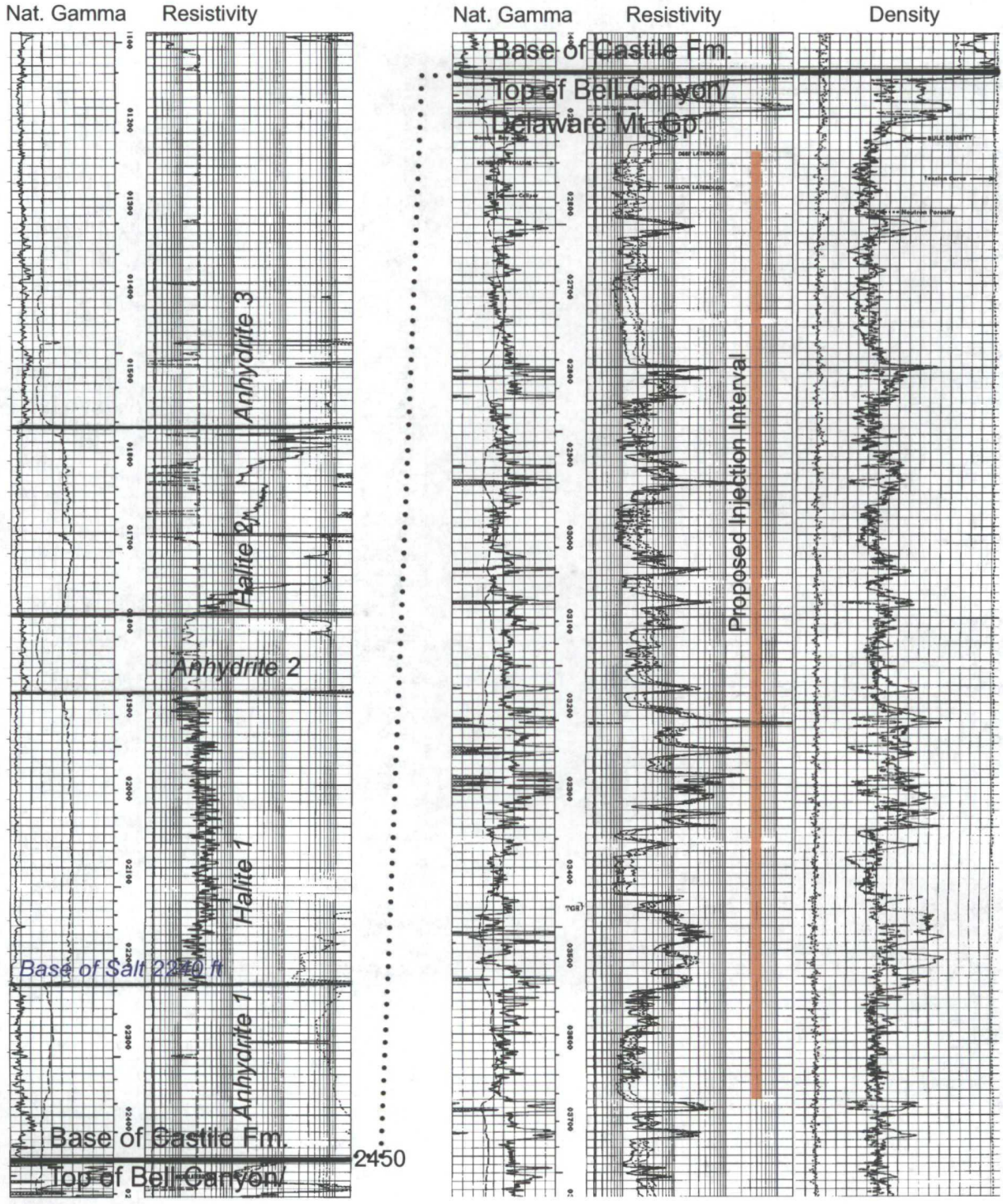


Figure 2. Location of injection interval relative to base of salt at 2240 ft (uncorrected for KB) in Belco #2. The base of salt is separated from the top of the injection interval by `300 ft; the rock interval includes 210 ft of basal Castile anhydrite ("Anhydrite 1") and 90 ft of upper Bell Canyon Formation (mainly Lamar Limestone). See Figure 3 for the cement bond log of the interval between salt and upper injection point.

Basic Energy SWD Well Cement Bond Log – Loving NM

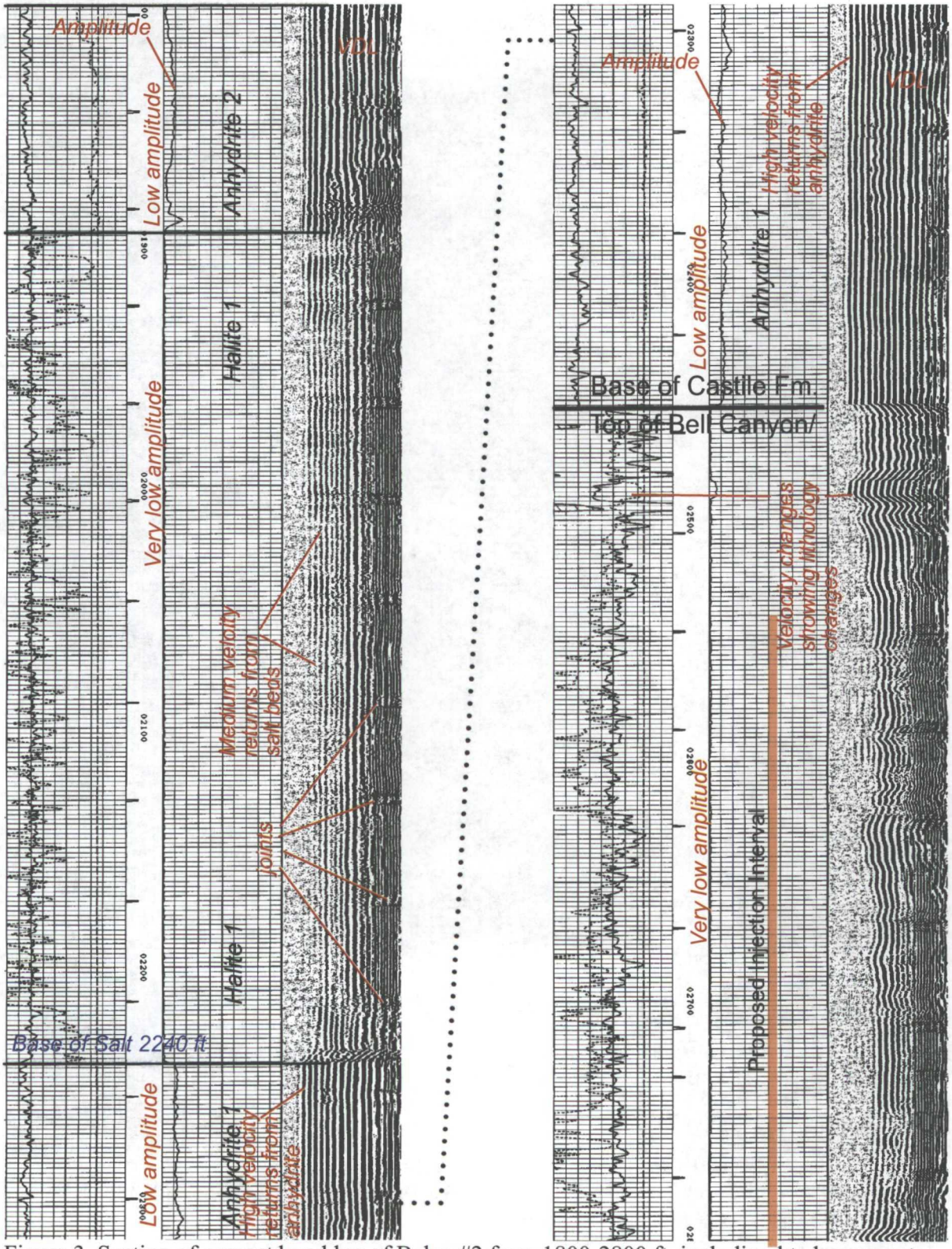


Figure 3. Section of cement bond log of Belco #2 from 1800-2800 ft, including hte lowermost salt zone. Low and very low amplitudes indicate good casing-cement bonds, and the strong formation reflections tied to lithology indicate good cement-formation bonds.

of the dense, uniform lithology. These intervals also have low amplitudes (CBL%) and indicate good cement to formation bonds. The lower halite unit (Halite 1) shows good VDL returns, delayed some for lower acoustic velocity. The cement-formation bond shows some variation but overall good contact.

Summary

The cement bond log from 1986 indicates that the Belco #2 well was well cemented, with good casing-cement-formation bonds from the upper Bell Canyon Formation through the lower halite bed of the overlying Castile Formation. Based on this log, I would expect the lower halite to be isolated from circulation behind the casing from injected fluids in the Bell Canyon.

High salinity waters being injected also help protect the halite from dissolution, and decreasing temperatures upward could also mitigate fluid migration by increasing salinity and possibly initiating halite cementation in local porosity.

If the wellhead configuration permits monitoring pressures behind the casing, this activity may be appropriate.

EDDY SEC 20, 23S-28E

Dresser Atlas

BCOUSTIC CEMENT BOND LOG
VOL CAMMA RAY

FILE NO.	COMPANY [redacted]
API NO.	WELL [redacted]
	FIELD [redacted]
	COUNTY [redacted] STATE [redacted]
	LOCATION: [redacted]
	SEC [redacted] TWP [redacted] RGE [redacted]

PERMANENT DATUM [redacted]	ELEVATIONS
LOGGING MEASURED FROM [redacted]	
DRILLING MEASURED FROM [redacted]	

[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		
[redacted]		

NO.	BIT	FROM	TO

REPRODUCED BY
Petroleum Information
MIDLAND, TEXAS 79701

[redacted]
459781

REFERENCE Y 6509K

15 COMPLETION RECORD

SPUD DATE

COMP DATE

DST RECORD

API NO. 30-015-25433

CASING RECORD

PERFORATING RECORD

ACID FRAC SHOT

EDDY SEC 20, 23S-28E

Dresser Atlas

ACOUSTIC CEMENT BOND LOG
VDL GAMMA RAY

FILE NO.	COMPANY [illegible]	RECEIVED [illegible]
API NO.	WELL [illegible] NO. 2	O.C.D.
	FIELD [illegible]	ARTESIA, OFFICE
	COUNTY EDDY	STATE NEW MEXICO
	LOCATION: [illegible]	OTHER SERVICES [illegible]
	SEC 20 TWP 23S RGE 28E	
	PERMANENT DATUM [illegible] ELEV. [illegible]	ELEVATIONS
	LOGGING MEASURED FROM KB 12 FT. ABOVE P.D.	KB [illegible]
	DRILLING MEASURED FROM KB	DF [illegible]
		GL [illegible]

RUN	ONE	
DATE	[illegible]	
DEPTH-DRILLER	[illegible]	
DEPTH-LOGGER	[illegible]	
BTM LOG INTERVAL	[illegible]	
TOP LOG INTERVAL	[illegible]	
TYPE FLUID IN HOLE	WATER	
SALINITY PPM CL	---	
DENSITY LB/GAL	---	
LEVEL	FULL	
MAX. REC. TEMP. DEG. F	---	
EQUIP. NO. & LOC.	[illegible]	
RECORDED BY	[illegible]	
WITNESSED BY	[illegible]	

CASING RECORD

NO.	WGT.	FROM	TO

15 COMPLETION RECORD

SPUD DATE

COMP DATE

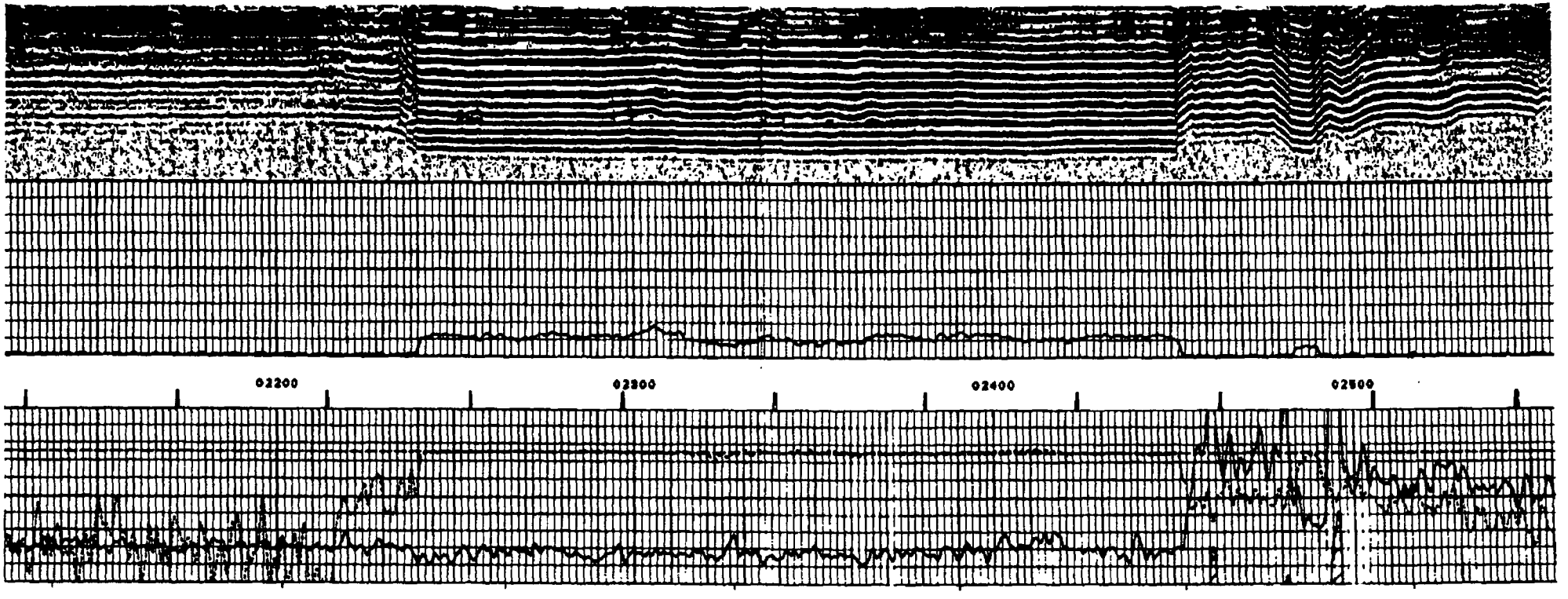
DST RECORD

API NO. 30-015-25433

CASING RECORD

PERFORATING RECORD

ACID FRAC SHOT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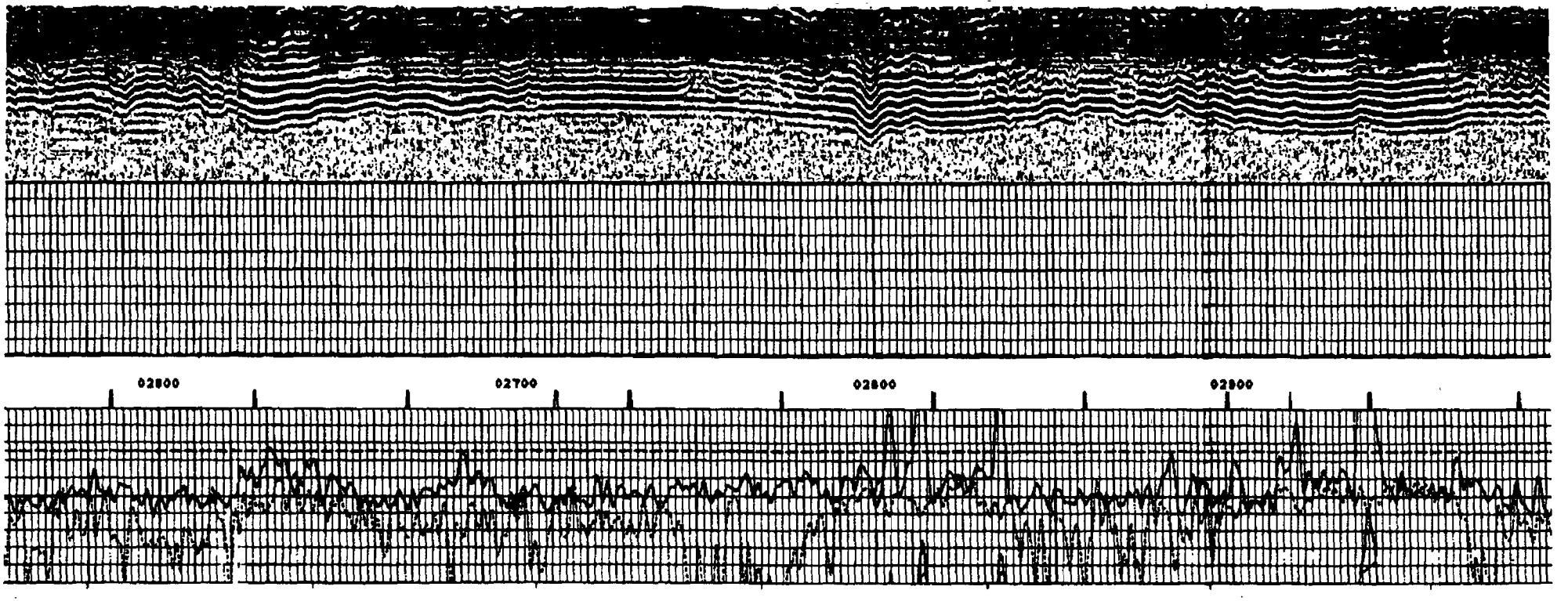
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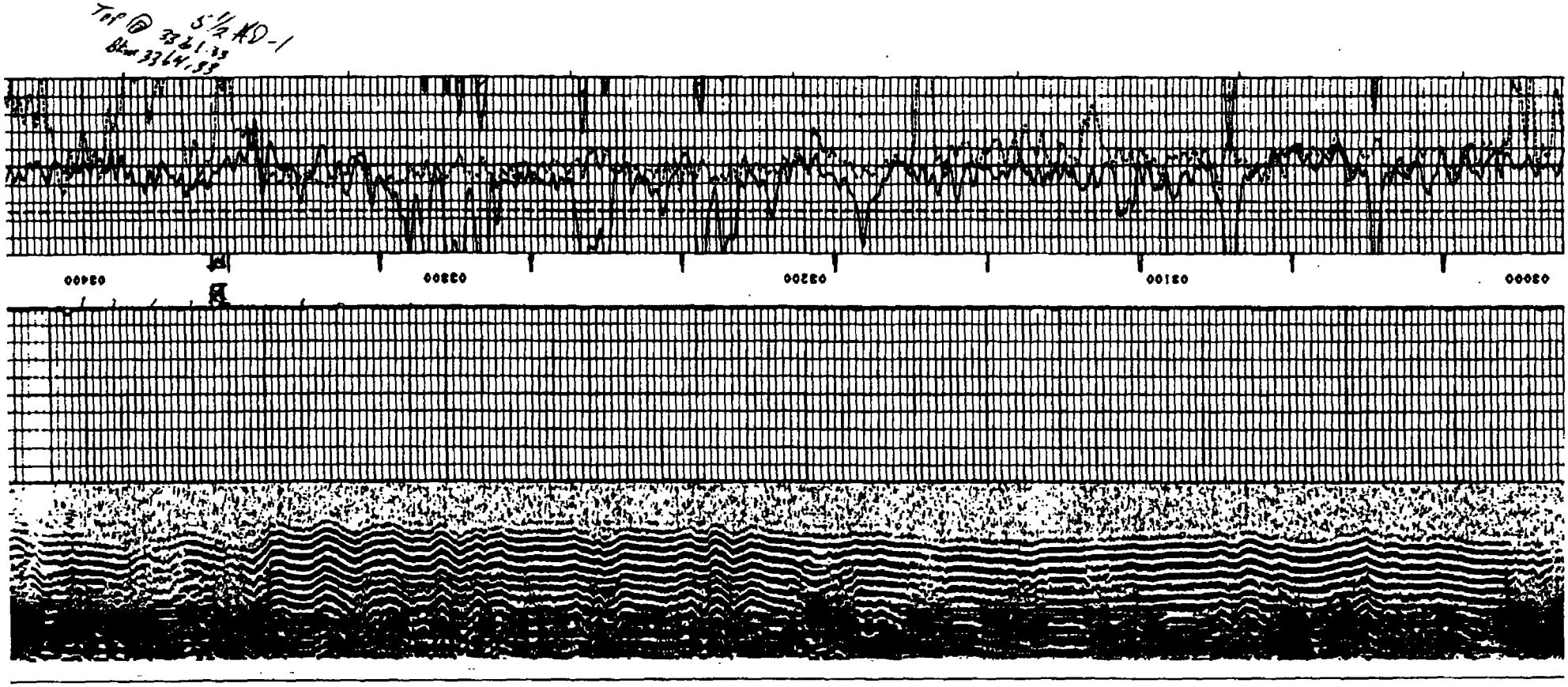
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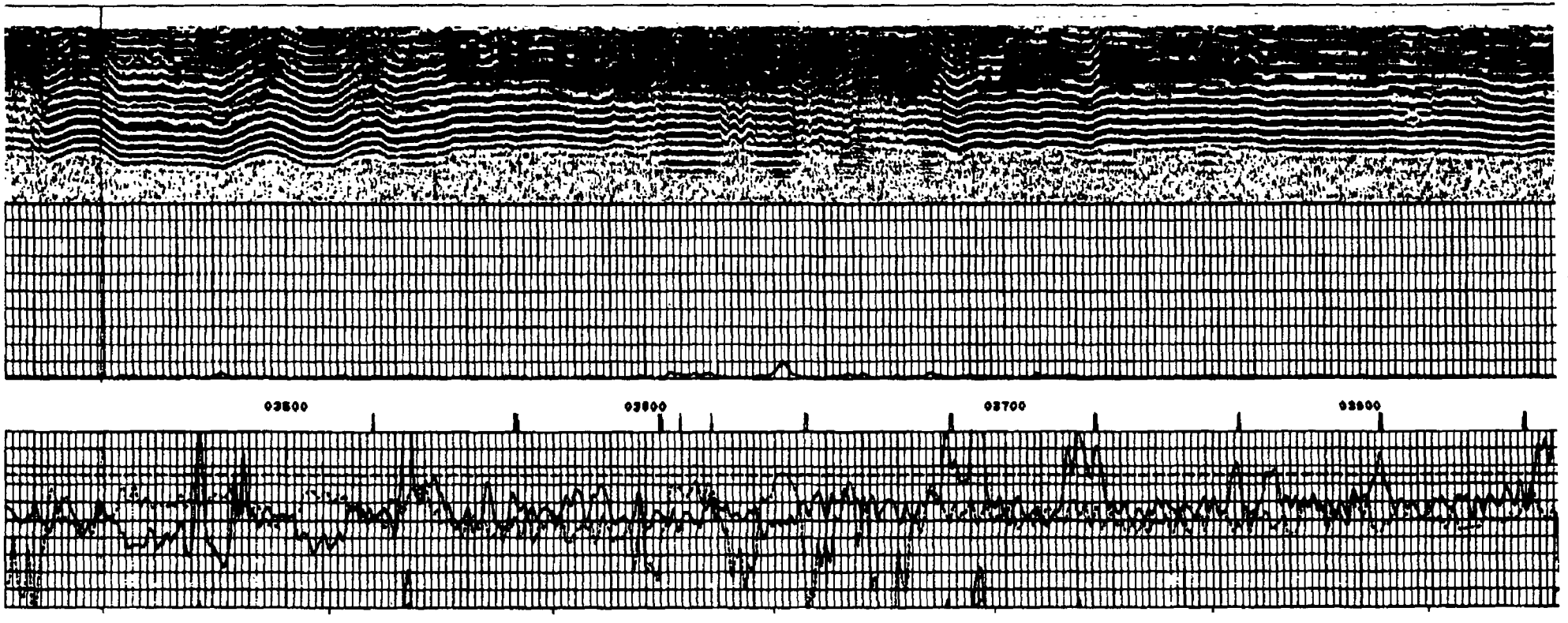
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EDDY SEC 20, 23S-28E

Dresser Atlas

DRESSER

DUAL LATEROLOG
MICRO LATEROLOG
GAMMA RAY

RECEIVED BY
JUL 29 1986
O. C. D.
ARTESIA, OFFICE

FILE NO.

API NO.

COMPANY RAY WESTALL

WELL BELCO NO. 2

FIELD South LOVING DELAWARE

COUNTY EDDY STATE NEW MEXICO

LOCATION:
1980' FNL & 2310' FNL

SEC 20 TWP 23-S RGE 28-E

OTHER SERVICES
CDL/CN/SL/DIL

2.0

PERMANENT DATUM GROUND LEVEL ELEV. 3857
LOGGING MEASURED FROM K.B. 12 FT. ABOVE P.D.
DRILLING MEASURED FROM KELLY BUSHING

ELEVATIONS
KB 3869
DF
GL 3857

DATE	12/22/85		
RUN	1		
SERVICE ORDER	121861		
DEPTH-DRILLER	5930		
DEPTH-LOGGER	5921		
BOTTOM LOGGED INTERVAL	5908		
TOP LOGGED INTERVAL	SURFACE		
CASING - DRILLER	8 5/8	@ 415	@
CASING - LOGGER	418		
BIT SIZE	7 7/8		
TYPE FLUID IN HOLE	SALT GEL/BRINE		
DENSITY / VISCOSITY	10.2	40	
PH / FLUID LOSS	7.8	N/C	
SOURCE OF SAMPLE	PIT		
RM AT MEAS. TEMP.	.873	@ 55	@
RMF AT MEAS. TEMP.	.852	@ 55	@
RMC AT MEAS. TEMP.	[illegible]	@ [illegible]	@
SOURCE OF RMF / RMC	MEAS	[illegible]	
RM AT BHT	.635	@ 114	@
TIME SINCE CIRCULATION	2.5 HRS.		
MAX. REC. TEMP. DEG. F	114		
EQUIP. NO. / LOC.	ML 526A	HOBBS	
RECORDED BY	ALEXANDER		
WITNESSED BY	HARRIS		

FOLD HERE

20 COMPLETION RECORD

SPUD DATE

COMP DATE

DST RECORD

API NO. 30-015-25433

CASING RECORD

PERFORATING RECORD

ACID FRAC SHOT

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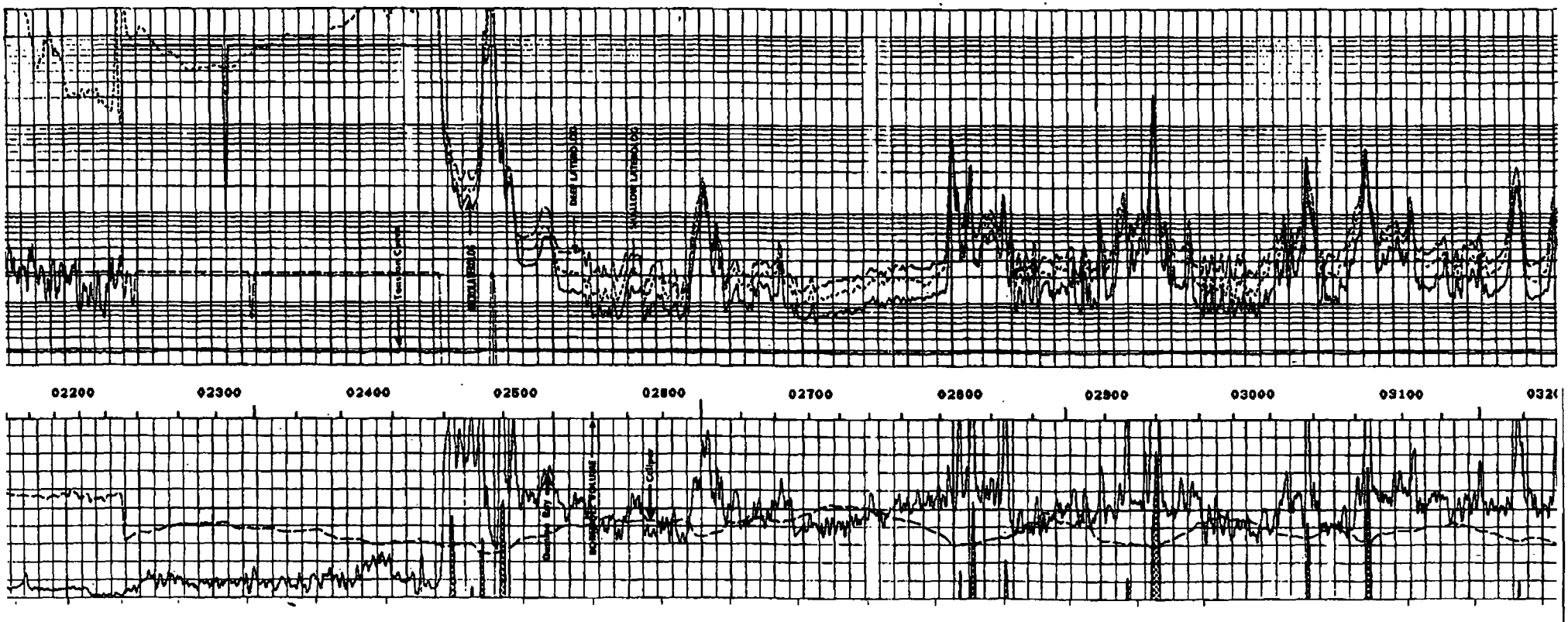
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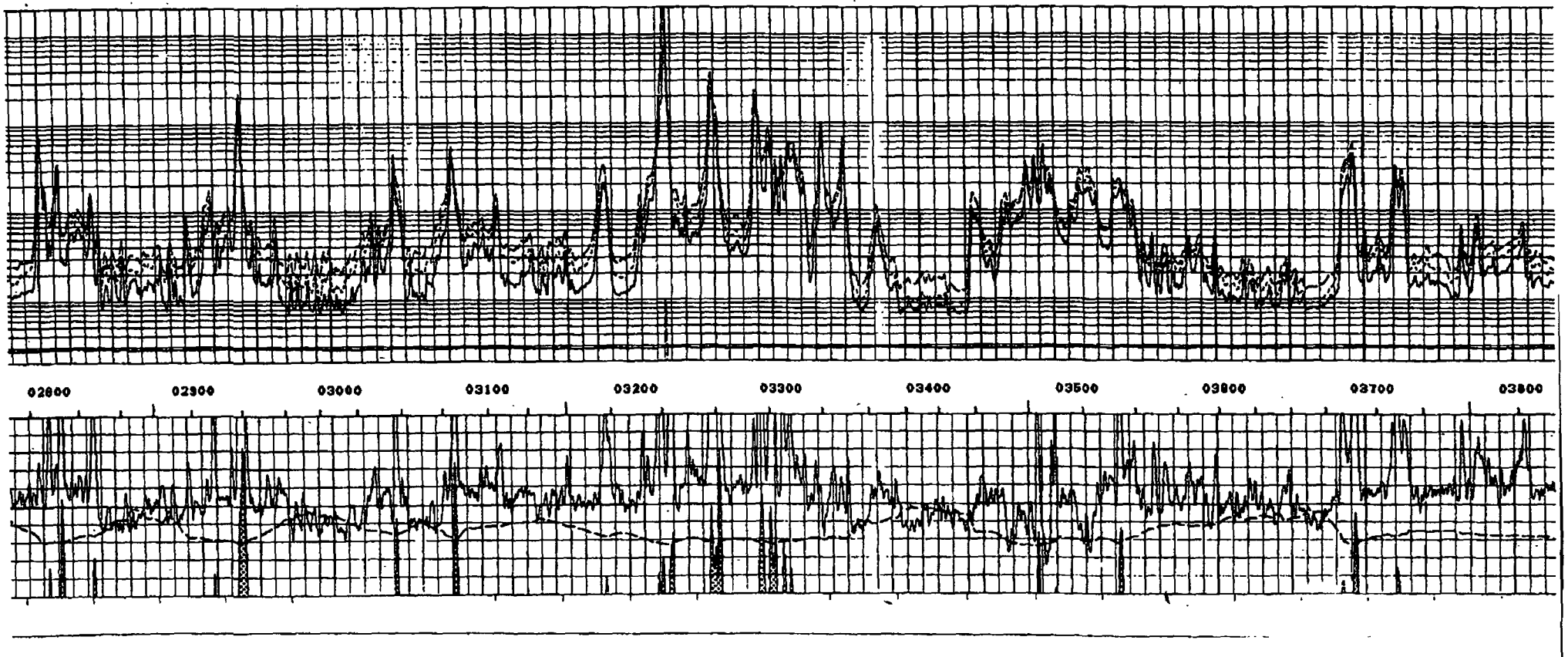
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EDDY SEC 20, 23S-28E

Dresser Atlas

DRESSER

COMPENSATED DENSILOG®
COMPENSATED NEUTRON
GAMMA RAY

RECEIVED BY
JUL 29 1986
O. C. D.
ARTESIA, OFFICE

FILE NO.

API NO.

COMPANY RAY WESTALL
WELL BELCO NO. 2
FIELD (W.) SOUTH LOVING DELAWARE
COUNTY EDDY STATE NEW MEXICO

LOCATION:
1980' FNL & 2310' FWL

SEC 20 TWP 23-S RGE 28-E

OTHER SERVICES
DLL/MLL/GR/CAL

PERMANENT DATUM GROUND LEVEL ELEV. 3057
LOGGING MEASURED FROM K.B. 12 FT. ABOVE P.D.
DRILLING MEASURED FROM KELLY BUSHING

ELEVATIONS
KB 3069
DF
GL 3057

DATE	12/22/85		
RUN	1		
SERVICE ORDER	121861		
DEPTH-DRILLER	5930		
DEPTH-LOGGER	5902		
BOTTOM LOGGED INTERVAL	5908		
TOP LOGGED INTERVAL	2488		
CASING - DRILLER	@ 5/8 @ 475		@
CASING - LOGGER	NOT LOGGED		
BIT SIZE	7 7/8		
TYPE FLUID IN HOLE	SALT GEL/BRINE		
DENSITY / VISCOSITY	10.2	40	
PH / FLUID LOSS	7.8	N/C	
SOURCE OF SAMPLE	PIT		
RM AT MEAS. TEMP.	.973	@ 55	@
RMF AT MEAS. TEMP.	.852	@ 55	@
RMC AT MEAS. TEMP.	XXX	@ XX	@
SOURCE OF RMF / RMC	MEAS	XXXX	
RM AT BHT	.835	@ 114	@
TIME SINCE CIRCULATION	6.5 HRS.		
MAX. REC. TEMP. DEG. F	114		
EQUIP. NO. / LOC.	HL 6269	HOBBS	
RECORDED BY	ALEXANDER		
WITNESSED BY	HARRIS		

FOLD HERE

15 COMPLETION RECORD

SPUD DATE	
COMP DATE	
DST RECORD	
API NO. 30-015-25433	
CASING RECORD	
PERFORATING RECORD	
ACID FRAC SHOT	
I P	
GOR	GR
T P	

DISPLAY SCALE CHANGES

*** NONE ***

COMPANY: PAT WESTALL

WELL NAME: BELCO NO. 2

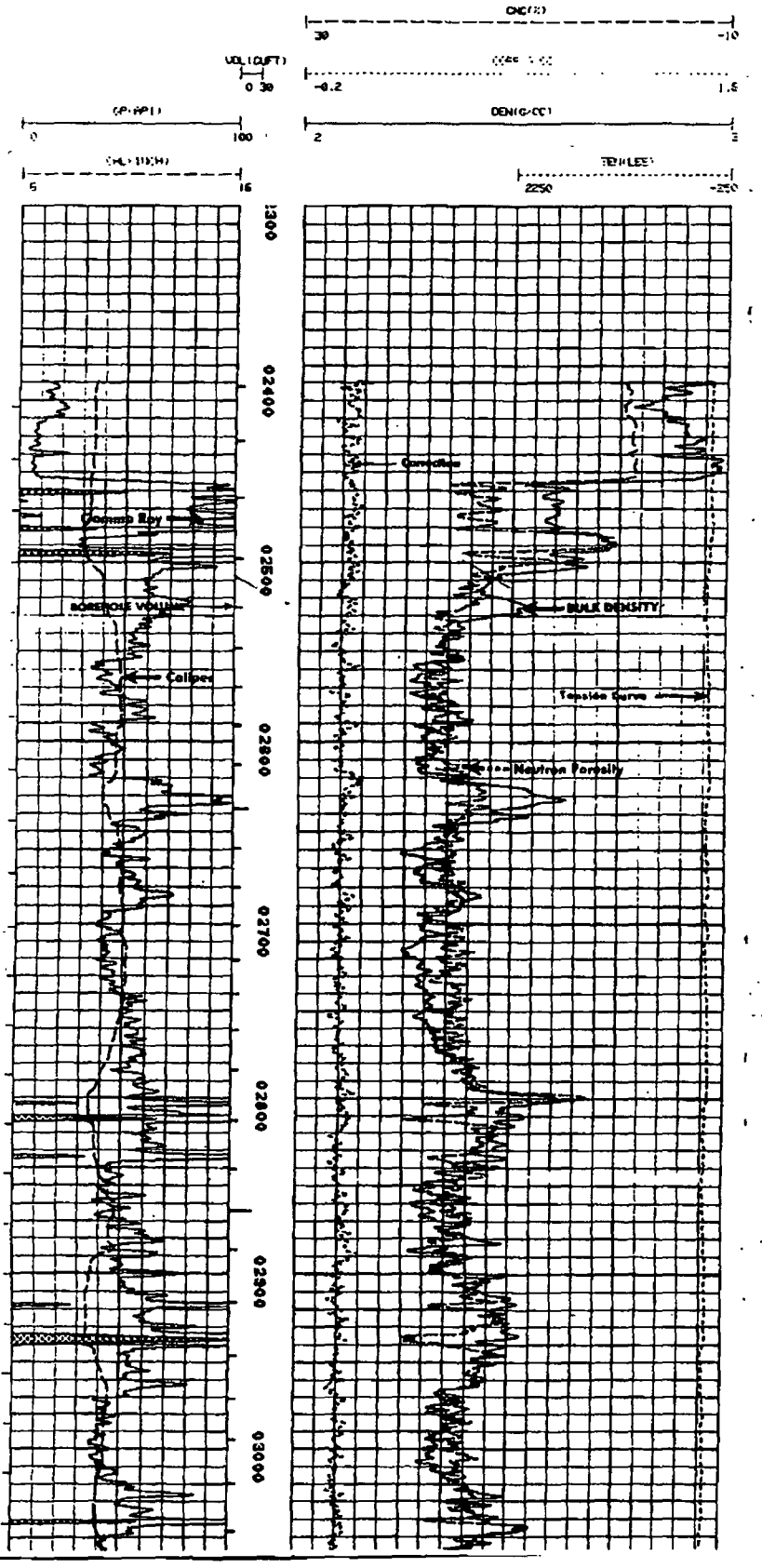
SERVICE: J 227H FILE: 5 DATE: 12/22/85 TIME: 10:07:34

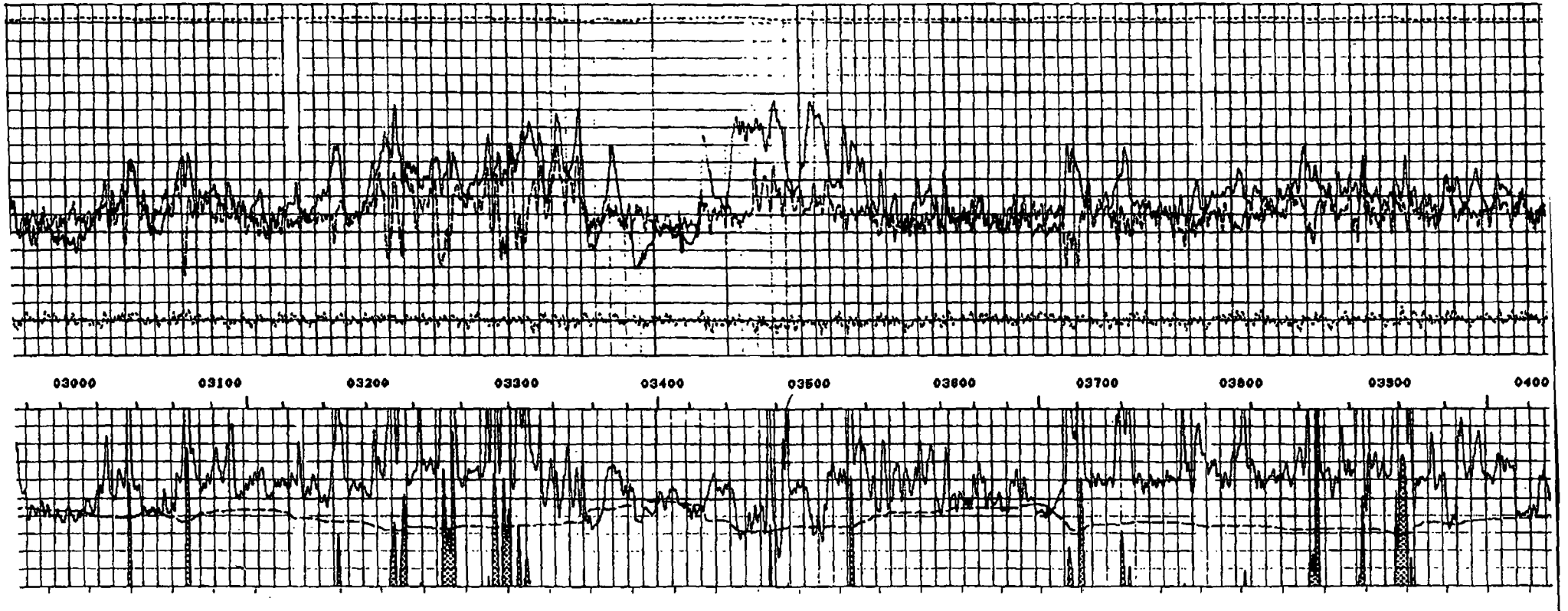
REVISION: FSVSAL REV D007 VER 5

RUN: 1

TRIP: 1

MODE: RECORD

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FEDRO & ASSOCIATES L. P. **GEOLOGIC CONSULTING**

RECEIVED OCD RECEIVED OCD

P. O. BOX 10872 **MIDLAND, TEXAS 79702**

(432) 557-2196 **fedrobob2@yahoo.com**

Date: March 16, 2011

Invoice #: 03162011

Client: Basic Energy

Project: Belco #2 Log Analysis

County, State: Eddy, New Mexico

2.5 Hours @ $130.00 / Hr.: $ 325.00

Your business is sincerely appreciated!

FEDRO & ASSOCIATES L. P. ***GEOLOGIC CONSULTING***

P. O. BOX 10872 ***MIDLAND, TEXAS 79702***

(432) 557-2196 ***fedrobob2@yahoo.com***

March 16, 2011

To: **D. Linebarger**

From: **B. Fedro**

Subject: **Bell Canyon Log Analysis –**

Ray Westall Belco #2 (API # 30-015-25433)

As requested, the captioned well was analyzed using standard openhole logs for the potential producibility of the Bell Canyon sands from 2530' – 3720' as displayed on the attached composite Density-Neutron / Dual Laterolog. Based on this analysis and looking at area production, your proposed perforations and plans to inject produced water into this wellbore will not damage potential oil and gas pay zones. In other words, the answer to the OCD's question is there are no potential oil and gas pay intervals involved in your proposed disposal zones, therefore there should be no problem geologically to stand in the way of approval. I would recommend running a cement bond log to confirm top of cement and to check the overall behind pipe cement integrity if this has not already been performed.

Thanks again for the opportunity to provide assistance to Basic Energy in this area, and don't hesitate to call if you have any questions.

Injection Permit Checklist (11/15/2010)

WFX ____ PMX ____ SWD 1292 Permit Date 7/5/11 UIC Qtr (J/A/S)

\# Wells 1 Well Name(s). Belco ~~State~~ #2

API Num: 30-0 15-25433 Spud Date: 12/12/85 New/Old: N (UIC primacy March 7, 1982)

Footages 2310 FNL / 1980 FWL Unit F Sec 20 Tsp 23S Rge 28E County EDDY

General Location: ½ Mi NW of Loving

Operator. Basic Energy Services, LP Contact ~~David Alvarado~~ Lyn Sockwell

OGRID 246368 RULE 5 9 Compliance (Wells) Y/10 Y (Finan Assur) OK IS 5.9 OK? OK

Well File Reviewed ✓ Current Status: TA Oil well (S. Loving Delaware Pool) 5846-5865

Planned Work to Well:

Diagrams: Before Conversion ✓ After Conversion ✓ Elogs in Imaging File.

Well Details:

	Sizes Hole.......Pipe		Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
New __Existing __Surface	12¼	8⅝	463'		200	CIRC 20 SX
New__Existing __Interm						
New__Existing __ LongSt	7⅞	5½			665 / 780	CIRC
New__Existing __ Liner			5,930 TD			
New__Existing __ OpenHole						

5846-65 = Produced 3/10/86

Depths/Formations:

	Depths, Ft.	Formation	Tops?
Formation(s) Above	2454	Del	✓
Injection TOP:	~~3364~~ ~~2454~~ 2540	Del	Max. PSI 508 OpenHole ____ Perfs ✓
Injection BOTTOM:	~~5865~~ 3,680	Del	Tubing Size 2⅞ Packer Depth 3364
Formation(s) Below	5955	B.S.	✓

Per EMAIL 2/21/11

~~Capitan Reef? ____ (Potash? ____ Noticed? ____) [WIPP? ____ Noticed? ____]~~ Salado Top/Bot 1570'-2239' ~~Cliff House?~~

Fresh Water: Depths: ____ Formation QAL Wells? yes Analysis? NO Affirmative Statement ✓

Disposal Fluid Analysis? Sources: Trucked in Water (Commercial Disposal)

Disposal Interval: Analysis? Production Potential/Testing LOG analysis Done all wet above 3680'

Notice Newspaper Date 1/26/11 Surface Owner ~~George~~ Draper Brantley Mineral Owner(s)

RULE 26 7(A) Affected Persons MAP

AOR: Maps? ✓ Well List? ✓ Producing in Interval? NO Wellbore Diagrams? ✓

....Active Wells 4 Repairs? 0 Which Wells? —

.... P&A Wells 1 Repairs? 0 Which Wells? —

Issues: ~~Fresh Water analysis of [illegible] Salado [illegible]~~ Redo Sundry Request Sent ____ Reply: ____