DATE IN 3/11/2016	SUSPENSE	ENGINEER PRG	LOGGED IN 3/11/2016	TYPE SWD	APP NO. pMAM1607136705

ABOVE THIS LINE FOR DIVISION USE ONLY

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

ADMINISTRATIVE APPLICATION CHECKLIST

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]

SWD-666-A
Basic Energy Services, LP - 246368
Belco 1 (SWD-666) 30-015-25141
SWD; Delaware
96100

[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 _____

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2016 MAR 11 A 8:41

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

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

[B] X Offset Operators, Leaseholders or Surface Owner

[C] X 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.

Brian Wood		Consultant	3-11-16
Print or Type Name	Signature	Title	Date

brian@permitswest.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 XXX Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes _____ No

II. OPERATOR: BASIC ENERGY SERVICES, LP

ADDRESS: P. O. BOX 1175, ARTESIA NM 88211

CONTACT PARTY: BRIAN WOOD (PERMITS WEST, INC.) PHONE: 505 466-8120

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? XXX Yes _____ No
If yes, give the Division order number authorizing the project: SWD-666

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:

Belco 1
30-015-25141
SWD; Delaware

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: BRIAN WOOD TITLE: CONSULTANT

SIGNATURE: B Wood DATE: MARCH 9, 2016

E-MAIL ADDRESS: brian@permitswest.com

* 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

Side 2

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.

Side 1

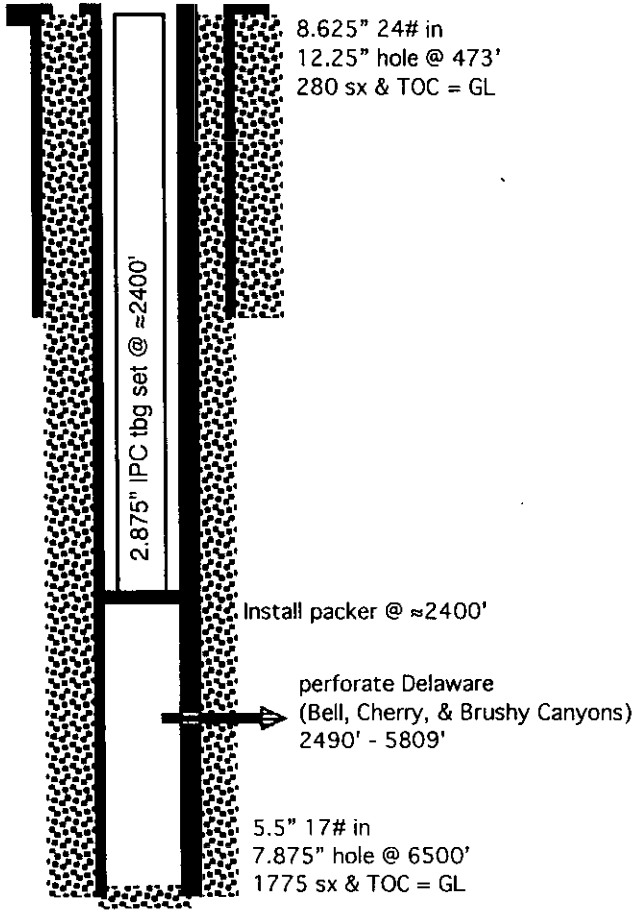
INJECTION WELL DATA SHEET

OPERATOR: BASIC ENERGY SERVICES, LP

WELL NAME & NUMBER: BELCO 1

WELL LOCATION:	UNIT LETTER	SECTION	TOWNSHIP	RANGE
2200 FNL & 660 FWL	E	20	23 S	28 E
FOOTAGE LOCATION				

WELLBORE SCHEMATIC



(not to scale)

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 12.25" Casing Size: 8.625"

Cemented with: 280 sx. *or* _____ ft³

Top of Cement: SURFACE Method Determined: CIRC. 20 SX

Intermediate Casing

Hole Size: _____ Casing Size: _____

Cemented with: _____ sx. *or* _____ ft³

Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 7.875" Casing Size: 5.5"

Cemented with: 1775 sx. *or* _____ ft³

Top of Cement: SURFACE Method Determined: CIRC. 125 SX

Total Depth: 6521' (PBTD = 6500')

Injection Interval

2490 feet to 5809'

(Perforated ~~or Open Hole~~, indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2.875" Lining Material: PLASTIC

Type of Packer: ARROW SET NICKEL PLATED 2.875" X 5.5"

Packer Setting Depth: ≈2400'

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

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

   If no, for what purpose was the well originally drilled? NOT A NEW WELL

   ORIGINALLY DRILLED AS AN OIL WELL, IT HAS BEEN A SWD WELL SINCE 1999

2. Name of the Injection Formation: BELL, CHERRY, & BRUSHY CANYONS

3. Name of Field or Pool (if applicable): SWD;DELAWARE (96100)

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. NOT IN OTHER ZONES

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: _____

   OVER: NONE

   UNDER: BONE SPRING 6004', WOLFCAMP 9272', ATOKA 11083', & MORROW 11783'

BASIC ENERGY SERVICES, LP
BELCO 1 (API# 30-015-25141)
2200' FNL & 660' FWL SEC. 20, T. 23 S., R. 28 E.
EDDY COUNTY, NEW MEXICO

I. Well was approved (SWD-666) in 1997 to dispose of 150-200 bwpd from 5726' to 5809' (Brushy Canyon) in the SWD; Delaware (96100). Basic became operator in 2007. An additional perforated interval (3950' - 4250') in the Cherry Canyon was added in 2009. Basic now seeks approval to dispose of 5600 bwpd in the Delaware from 2490' - 5809'. This interval is in the Bell, Cherry, and Brushy Canyon zones of the Delaware.

II. Operator: Basic Energy Services, LP (OGRID #246368)
Operator phone number: (575) 746-2072
Operator address: P. O. Box 1375, Artesia NM 88211
Contact for Application: Brian Wood (Permits West, Inc.)
Phone: (505) 466-8120

III. A. (1) Lease: fee
Well name & number: Belco 1
Location: 2200 FNL & 660 FWL 20-23s-28e
(see Exhibit A for map and C-102)

A. (2) Surface casing (8.625", 24#, J-55, S T & C) was set in 1985 at 473' in a 12.25" hole and cemented to the surface with 280 sacks Class C. Twenty sacks circulated to the pit.

Production casing (5.5", 17#, J-55) was set at 6500' in a 7.875" hole and cemented to surface in 2 stages with 1775 sacks. Circulated 125 sacks. TD = 6521'. PBTD = 6521'.

A. (3) Tubing will be 2.875" J-55 interior plastic coated. Setting depth will be ≥2390'. (Disposal interval will be 2490' to 5809'.)

A. (4) A 2.875" x 5.5" Arrow AS1-X with 2.25 F NP T-2 O/O SS tool will be set at ≥2390' (≤100' above the highest perforation @ 2490').

B. (1) Disposal zone will be the SWD; Delaware (96100).

B. (2) Disposal interval will be 2490' to 5809'.

B. (3) Well was originally drilled as a Delaware and Bone Spring oil well. It was completed only in the Delaware and produced 16,009 barrels of oil and 4830 Mcf of gas from 1985-1999. Over 6,180,422 barrels of water have been disposed in the well since 1999.

B. (4) Perforation and isolation history follows.

DEPTH	NAME	STATUS	WHEN
3950' - 4250'	Cherry Canyon	active	2009
4184' - 4195'	Cherry Canyon	squeezed	1985
5218' - 5234'	Brushy Canyon	squeezed	1985
5242' - 5254'	Brushy Canyon	squeezed	1985
5726' - 5748'	Brushy Canyon	active	1985
5803' - 5809'	Brushy Canyon	active	1985

B. (5) Closest Delaware producer (30-015-23340) is 5060' south. No zone above the Delaware produces within the area of review. Four producing zones are below the Delaware within the area of review. They are the Bone Spring (6004'), Wolfcamp (9272'), Atoka (11083'), and Morrow (11783'). Latter three tops are from 30-015-35569. It is 250' north of the Belco 1.

IV. This is not an expansion of an existing injection project. It is disposal only.

V. Exhibit B shows the five existing wells (4 gas + 1 Cherry Canyon SWD) within a half-mile radius. Exhibit C shows all 103 existing wells (36 oil or gas wells + 16 P & A wells + 3 SWD wells + 48 water wells) within a two-mile radius.

Exhibit D shows all leases (only fee) within a half-mile radius. Exhibit E shows all leases and lessors (only fee, State, and BLM) within a two-mile radius.

VI. Five existing wells are within a half-mile radius. All five wells penetrated the Bell Canyon (top = 2490'). The penetrators include 4 oil or gas wells and 1 SWD well. A table abstracting the well construction details and histories of the penetrators is in Exhibit F. The 5 existing wells (+ 1 approved, but not yet drilled, well) and their distances from the Belco 1 are:

API	OPERATOR	WELL NAME	TYPE WELL	T23S-R28E UNIT-SECTION	TVD	ZONE	FEET FROM BELCO #1
3001535569	BC OPERATING	CRONOS FEE 001	G	E-20	12650	LOVING; MORROW, N	250
3001523351	BC OPERATING	LAKEY COM 001	G	L-20	12622	LOVING; MORROW, N	844
3001525433	BASIC	BELCO 002	S	F-20	5930	SWD; DELAWARE	1330
3001523215	LEGACY RESERVES	GUITAR ESTATE COM 001	G	H-19	12580	LOVING; MORROW, N	1379
3001534241	BC OPERATING	MERCURY FEE 001	G	I-19	12730	LOVING; MORROW, N	2228
3001543016	BC OPERATING	MARINER FEE 001H	O	B-19	15550 MD (plan)	BLACK RIVER; WOLFCAMP, E	2310

VII. 1. Average injection rate will be ≈5000 bwpd.
Maximum injection rate will be 5600 bwpd.
2. System will be open.
3. Average injection pressure will be ≈475 psi
Maximum injection pressure will be 498 psi (= 0.2 psi/foot x 2490' (highest perforation)).

4. Six million plus barrels of produced water have been disposed in Belco 1 and over two million barrels of produced water have been disposed of in Belco 2 without any reports of compatibility problems. Main source of disposal water will be water produced from Bone Spring and Wolfcamp wells. However, water produced from the Atoka, Pennsylvanian, Morrow, Delaware, etc. could also be disposed. Water analyses are in Exhibit G.
5. Brushy Canyon produced 16009 barrels of oil and 4830 Mcf of gas from this well before being converted to a disposal well.

VIII. The Delaware consists of poorly consolidated fine to very fine marine sands with some shale and dolomite layers. Disposal will occur in fine grain quartz sandstones.

Closest possible underground source of drinking water above the proposed disposal interval is the Quaternary. Nine water wells are within 1 mile according to the Office of the State Engineer (Exhibit H). Deepest of the water wells is 232'.

None of the water wells were found during February 12 and 13, 2016 field inspections. Interviews with 7 families indicated water wells had been abandoned due to a drop in the water table and the convenience of connecting with the Village of Loving's system. A water well ≈6000' southeast of the Belco 1 was sampled. Its analysis is in Exhibit H. No underground source of drinking water is below the proposed disposal interval.

Estimated formation tops are:

Quaternary = 0'
Salt = 1580'
(Base of) Salt = 2230'
Lamar = 2240'
Bell Canyon = 2490'
Cherry Canyon = 3220'
Brushy Canyon = 3908'
Disposal interval = 2490' - 5809'
Bone Spring = 6004'
PBTD = 6500'
TD = 6521'

There will be 910' of vertical separation and 650' of anhydrite and salt between the bottom of the only likely underground water source (Quaternary) and the top of the Bell Canyon.

IX. The well has been fractured and stimulated with acid to clean out scale or fill.

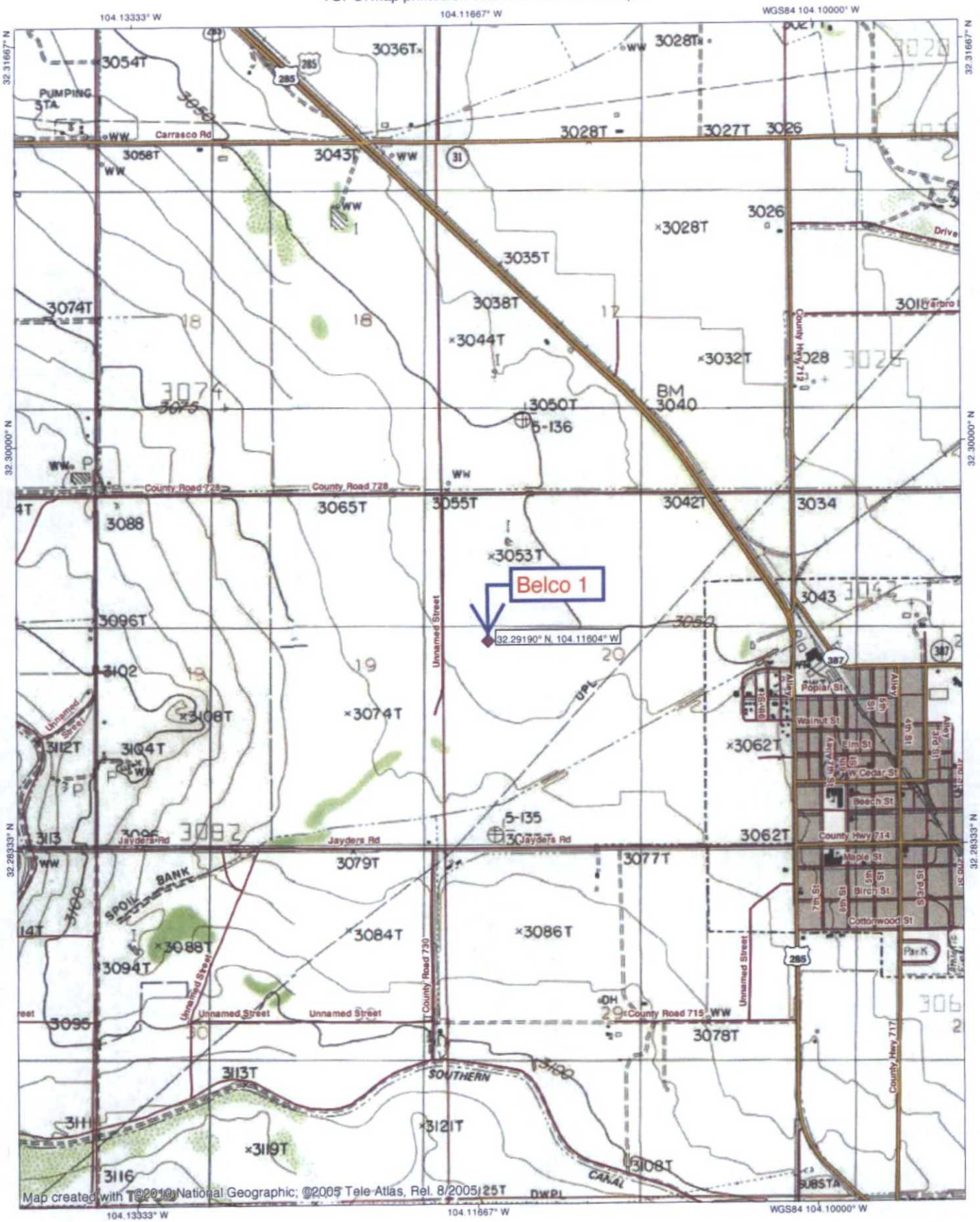
X. Acoustic CBL/GR, DLL/MLL/GR/Caliper, and CNL/CDL/GR/Caliper logs are on file with NMOCD.

XI. See Exhibit H for water well sample analysis and location.

XII. Closest Quaternary fault (Guadalupe) is ≈53 miles southwest (Exhibit I). Based on a review (Exhibit I) by geologist Dennis Powers, Basic Energy Services, LP is not aware of any geologic or engineering data that may indicate the Delaware is in hydrologic connection with any underground sources of water. Hundreds of feet of evaporites prevent that from occurring.

XIII. Legal ads (see Exhibit J) in Artesia and Carlsbad newspapers were published on March 9, 2016. Notice (this application) has been sent (Exhibit K) to the surface owner (Henry McDonald) and lessees or operators (BC, Chevron, COG, Featherstone, Legacy, Mewbourne, MRC) within a half-mile.

TOPO! map printed on 03/05/16 from "Untitled.tpo"



NATIONAL GEOGRAPHIC

0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 miles
0.0 0.5 1.0 km

EXHIBIT A

TN MN
7.5°
03/05/16

EW MEXICO OIL CONSERVATION COMM[illegible]ION

WELL LOCATION AND ACREAGE DEDICA[illegible]N PLAT

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

RECEIVED BY
JAN 8 1985
O. C. D.
ARTESIA, OFFICE

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

Operator	Lease	Well No.
RAY WESTALL	Belco	1

Unit Letter	Section	Township	Range	County
E	28	23 South	28 East	Eddy

Actual Footage Location of Well:
660 feet from the West line and 2200 feet from the North line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3060.	Bone Spring	South Culebra Bluff	80 Acres

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

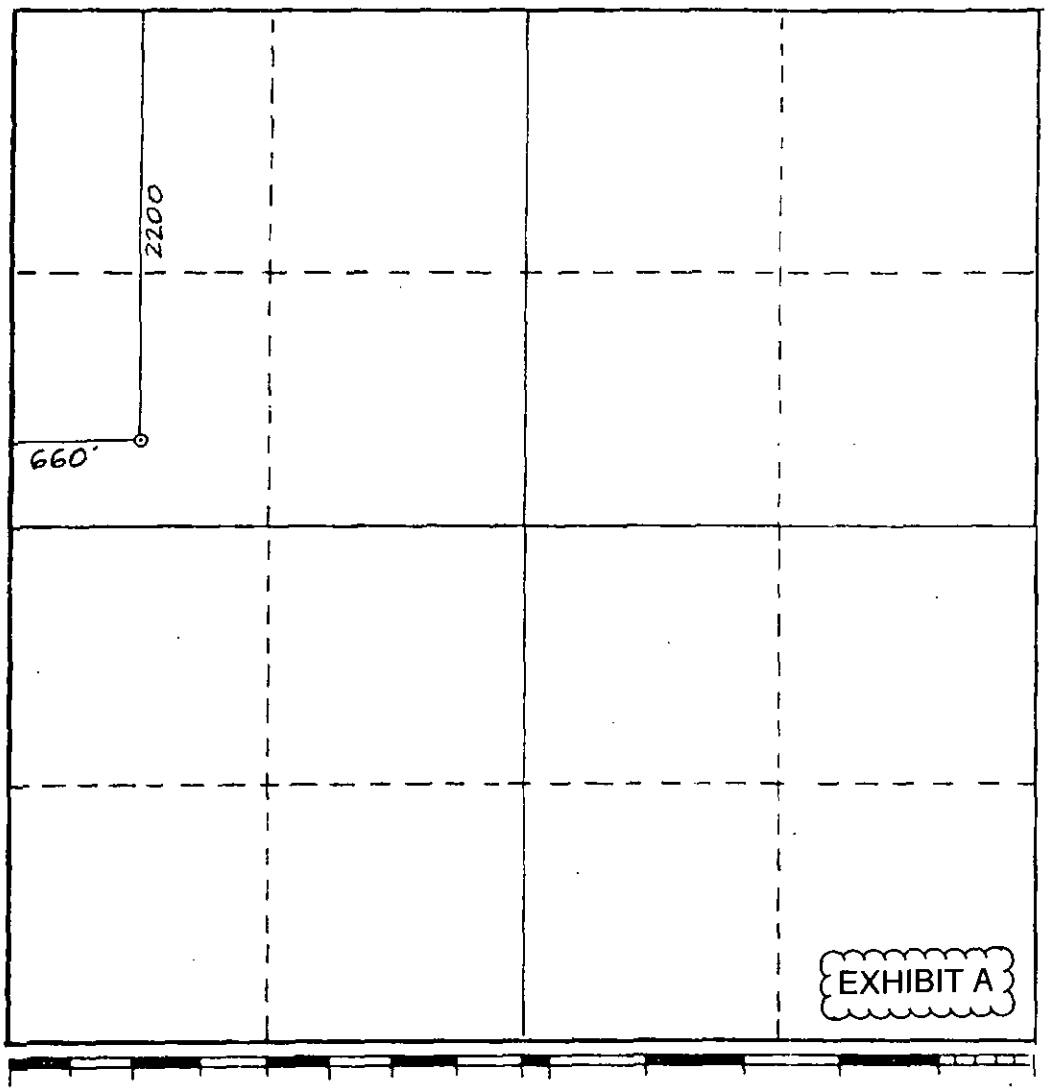
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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: Ray Westall

Date: 12-31-84

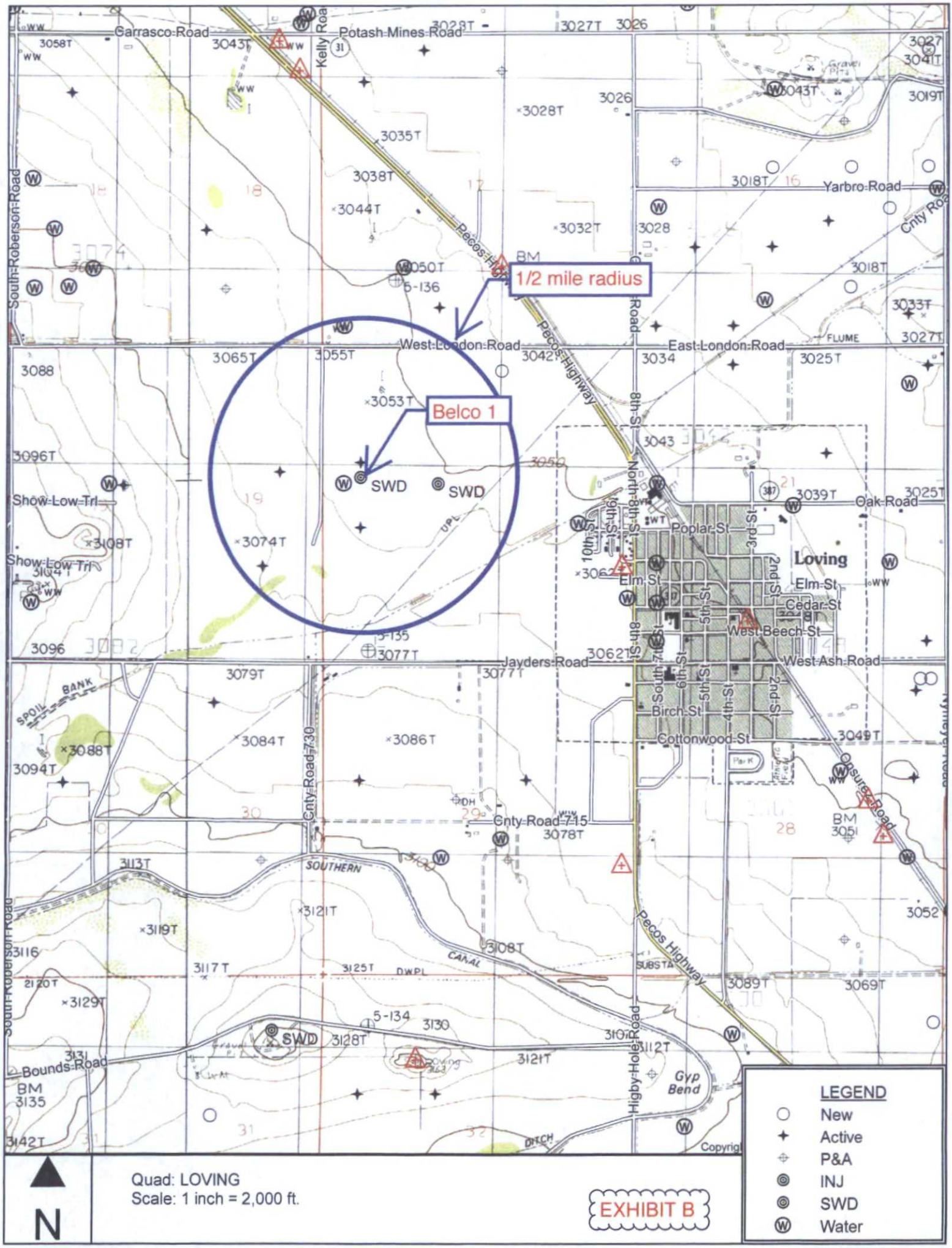
DAN R. REDDY
NEW MEXICO
5412
REGISTERED PROFESSIONAL ENGINEER AND LAND SURVEYOR

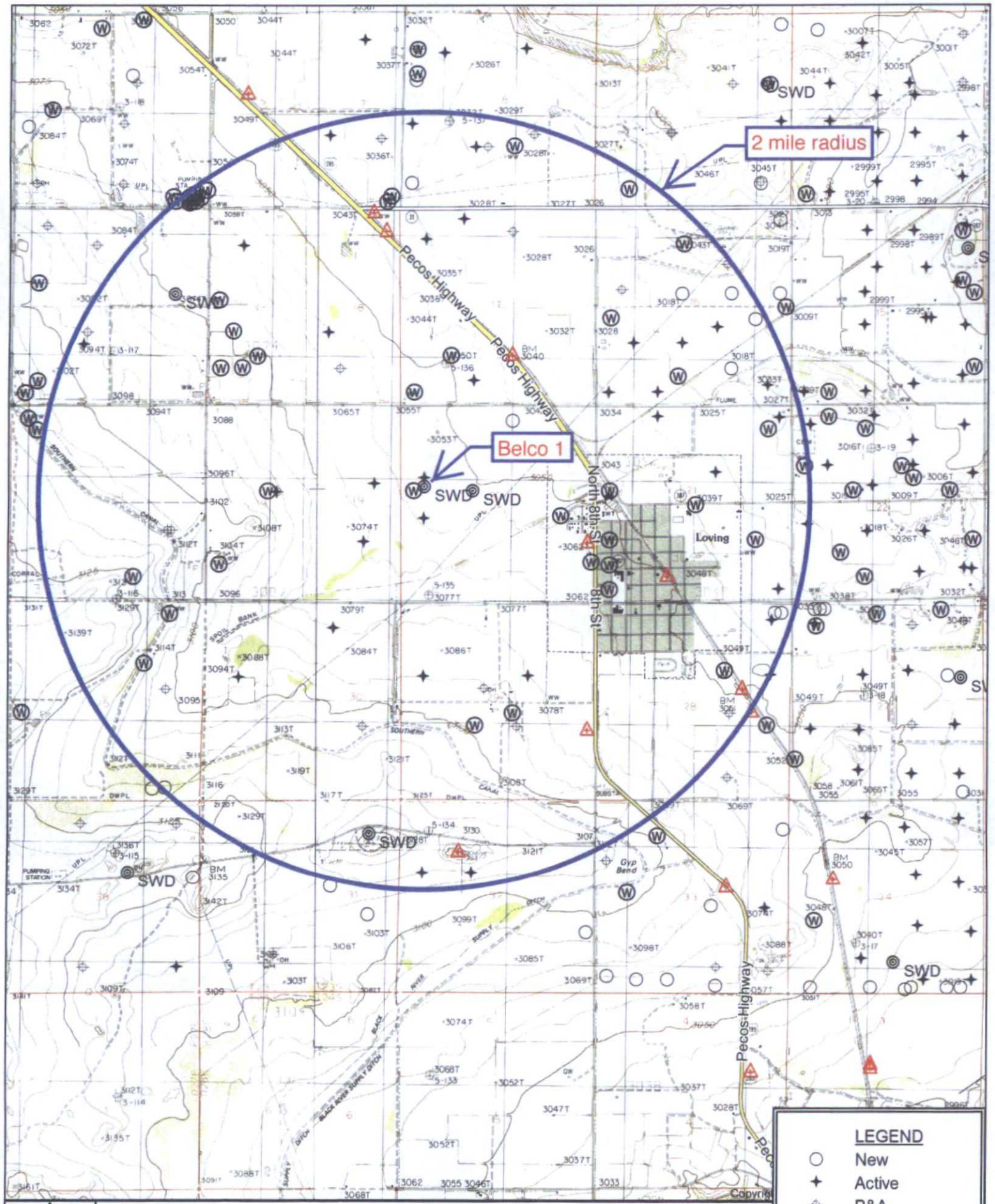
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
December 28, 1984

Registered Professional Engineer and/or Land Surveyor

Certificate No.
NM PE&LS NO. 5412


1/2 mile radius
Belco 1
SWD
SWD
Garrasco Road
Potash Mines Road
Kelly Road
South Roberson Road
Pecos Highway
West London Road
East London Road
Yarbro Road
Show Low Trl
Show Low Trl
Loving
Poplar St
Elm St
Elm St
Cedar St
West Beech St
Oak Road
Jayders Road
West Ash Road
Birch St
Cottonwood St
Cnty Road 730
Cnty Road 715
Southern Canal
Pecos Highway
Higby Hole Road
Gyp Bend
Bounds Road
Ensurge Road
SWD
BM 3135
BM 3051
LEGEND
New
Active
P&A
INJ
SWD
Water
N
Quad: LOVING
Scale: 1 inch = 2,000 ft.
EXHIBIT B


2 mile radius
Belco 1
Pecos Highway
Pecos Highway
North 8th St
8th St
Loving
SWD
SWD
SWD
SWD
SWD
SWD
Gyp Bend
Pecos Highway
LEGEND
New
Active
P&A
INJ
SWD
Water
N
Quad: LOVING
Scale: 1 inch = 3,333 ft.
EXHIBIT C

MBF LAND SERVICES
A Division of MBF Inspection Services, Inc.
PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Belco No. 1

Producing Well Information for 1/2 Mile Radius
Township 23 South, Range 28 East, N.M.P.M.

This plat is not to scale, well locations are estimated. For more precise placement, see the attached written report.

Yellow = proration units for producing wells

Blue = proration units for active APD's, but the well has not been drilled

+ Salt Water Disposal

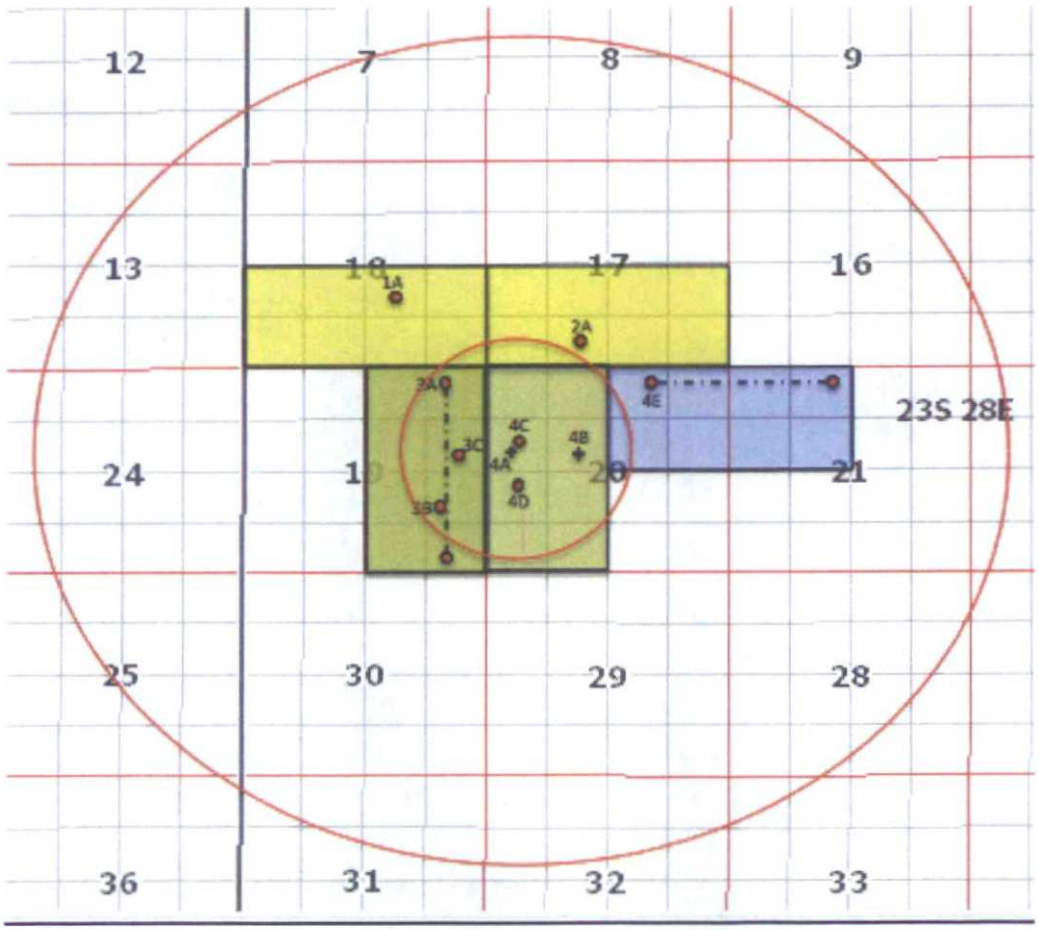


EXHIBIT D

REPORT

PROSPECT: Belco #1

Producing Well Information for Delaware Formation

RECORD DATE: 2/18/2016
REPORT DATE: 2/19/2016

LANDMAN: Sarah Spears

1. **T23S-R38E Section 18: SE/4SE/4**

A) Carter Gas Com #001
API: 30-015-22779
320.0 ac proration = S2
Location:
SHL: 1,980' FSL & 1,980' FEL
Spud Date:
7/28/1979
Depth:
MD: 12,664'
PB: 11,965'
Producing:
Atoka
(11,176'–11,203')

Operator:
Chevron U.S.A., Inc.
P.O. Box 2100
Houston, TX 77252

2. **T23S-R38E Section 17: S/2SW/4**

A) Carter #001
API: 30-015-24105
320.0 ac proration = S2
Location:
SHL: 660' FSL & 1,980' FWL
Spud Date:
1/20/1992
Depth:
MD: 12,600'
PB: 11,475'
Producing:
Atoka
(11,368'–11,381')

Operator:
COG Operating, LLC
One Concho Center
600 W. Illinois Ave
Midland, TX 79701

3. **T23S-R38E Section 19: NE/4, N/2SE/4, SE/4SE/4**

A) Mariner Fee #001H
New Not Drilled
API: 30-015-43016
Horizontal 320.0 ac proration = E2
Location:
SHL: 250' FNL & 1,650' FEL
BHL: 330' FSL & 1,650' FEL
Estimated Spud Date:
12/1/2015
Proposed Depth:
Wolfcamp
15,550'

Operator:
BC Operating, Inc.
PO Box 50820
Midland, TX 79701

EXHIBIT D

B) Mercury Fee #001
API: 30-015-34241
320.0 ac proration = E2
Location:
SHL: 1,650' FSL & 990' FEL
Spud Date:
8/2/2005
Depth:
MD: 12,730'
PB: 12,634'
Producing:
Morrow
(12,730' – 12,634')

Operator:
BC Operating, Inc.
P.O. Box 50820
Midland, TX 79710

C) Guitar Estate Com #001
API: 30-015-23215
320.0 ac proration = E2
Location:
SHL: 2,100' FNL & 710' FEL
Spud Date:
4/2/1980
Depth:
MD: 12,580'
PB: 12,539'
Producing:
Morrow
(12,410' – 12,509')

Operator:
Legacy Reserves Operating, LP
P.O. Box 10848
Midland, TX 79702

4. T23S-R38E Section 20: W2, NE

A) *Belco #001*
API: 30-015-25141
Salt Water Disposal = SWNW
Location:
660' FWL & 2,200' FNL

Operator:
Basic Energy Services, LP
P.O. Box 10460
Midland, TX 79701

B) Belco #002
API: 30-015-25433
Salt Water Disposal = SENW
Location:
2,310' FNL & 1,980' FWL

Operator:
Basic Energy Services, LP
P.O. Box 10460
Midland, TX 79701

C) Cronos Fee #001
API: 30-015-35569
320.0 ac proration = W2
Location:
SHL: 1,950' FNL & 660' FWL
Spud Date:
6/13/2007
Depth:
MD: 12,650'
PB: 12,635'
Producing:
Cisco
(10,660'–10,783')

Operator:
BC Operating, Inc.
P.O. Box 50820
Midland, TX 79710

EXHIBIT D

D) Lakey Com #001
API: 30-015-23551
320.0 ac proration = W2
Location:
SHL: 2,280' FSL & 660' FWL
Spud Date:
11/13/1989
Depth:
MD: 12,600'
PB: 12,265'
Producing:
Bone Springs
(6,346' – 6,370')

Operator:
BC Operating, Inc.
PO Box 50820
Midland, TX 79710

E) Whitesnake 20 21 W2BC Fee #001H
New Not Drilled
API: 30-015-43497
Horizontal 160.0 proration =
NWNE Sec 20, NENW Sec 21
Proposed Location:
SHL: 354' FNL & 2,395' FEL
BHL: 330' FNL & 2,310' FWL
Estimated Spud Date:
1/20/2016
Proposed Depth:
Wolfcamp
14,615'

Operator:
Mewbourne Oil Company
PO Box 5270
Hobbs, NM 88241

EXHIBIT D

MBF LAND SERVICES
A Division of MBF Inspection Services, Inc.
PO Box 2428
805 N. Richardson
Roswell, NM 88202
Telephone (575) 625-0599
Fax (575) 625-0687

REPORT

PROSPECT: Belco #1

TOWNSHIP 23 SOUTH, RANGE 28 EAST, N.M.P.M.
SECTION 20: NE/4SW/4
Containing: 40.00 acres, more or less
Eddy County, NM

RECORD DATE: 2/18/2016
REPORT DATE: 2/19/2016

LANDMAN: Sarah Spears

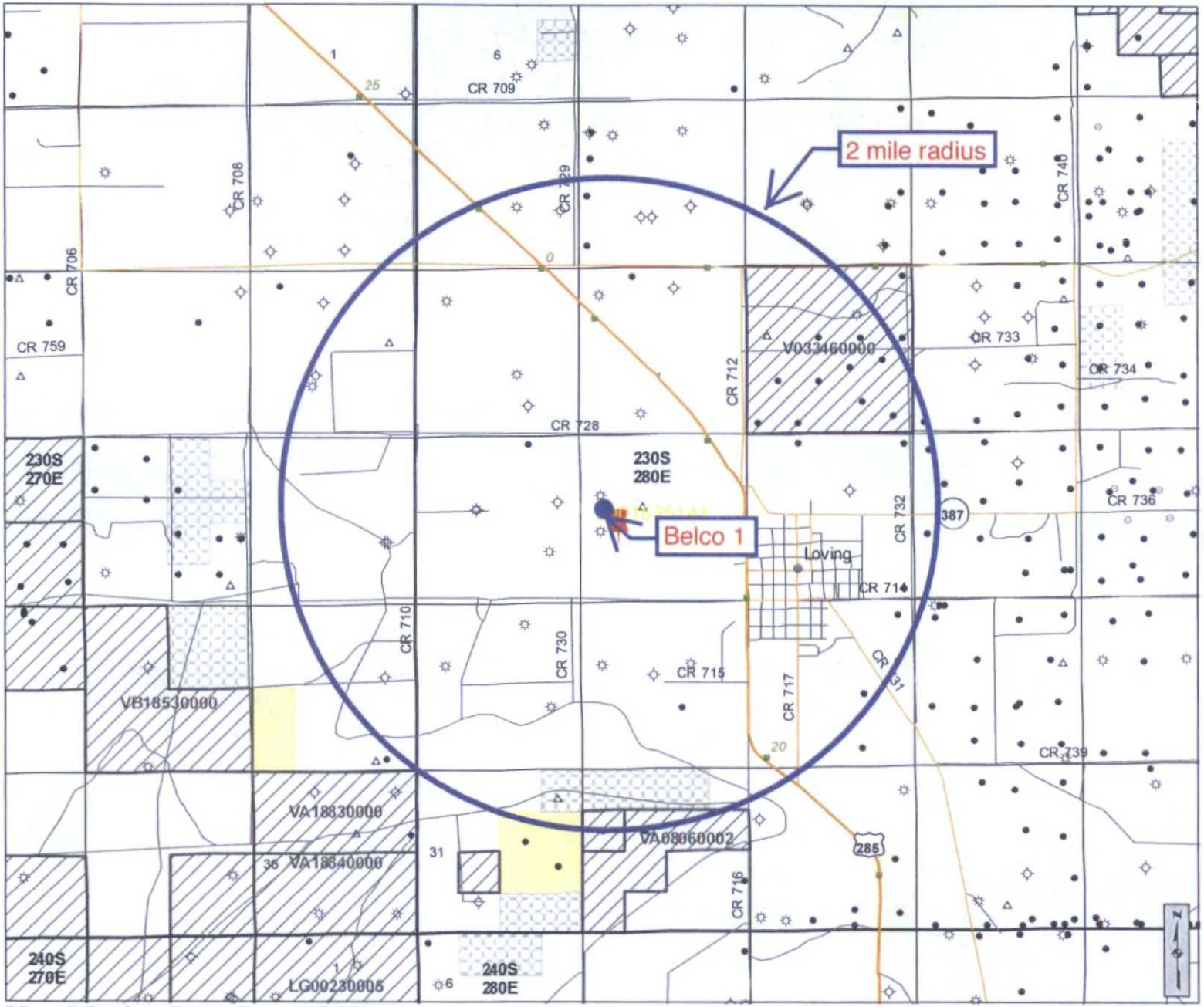
The conclusions reported herein are based upon the landman's review of the instruments recorded in the county as indexed by the abstractor used.

LEASEHOLD OWNERSHIP for NE/4SW/4
All Depths

Featherstone Development Corporation
PO Box 429
Roswell, NM 88202

MRC Permian LKE Co., LLC
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

EXHIBIT D



Cartographic Features
- County Boundaries
- County Seats
- City, Town or Village
- SLO District Offices
- SLO District Boundary
- Hwy Mileposts
- Interstate
- US Hwy
- NM Hwy
- Local Road
- Continental Divide

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

State Trust Lands
- Surface Estate
- Subsurface Estate
- Surface and Subsuface Estate

State Leases
- Oil and Gas Leases
- Agricultural Leases
- Commercial Leases
- Minerals Leases
- Not Available for Oil and Gas Leasing
- Oil and Gas Leasing Influenced by Restriction

Oil and Gas Related Features
- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- Volcanic Vents
- NMOCD Order R-111-P Potash Enclave Outline

NMOCD Oil and Gas Wells
- CO^2
- Gas
- Injection
- Miscellaneous
- Oil
- Salt Water Disposal
- Water
- DA or PA

New Mexico State Land Office
Oil, Gas and Minerals

0 0.2 0.4 0.8 1.2 1.6 Miles

Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

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

Created On: 3/6/2016 11:46:02 AM

EXHIBIT E

www.nmstatelands.org

Sorted by Distance from Belco 1

WELL	SPUD	TD	POOL	WELL TYPE	HOLE O.D.	CASING O.D.	SET	CEMENT	TOC	HOW DETERMINED
CRONOS FEE 001	6/13/07	12650	LOVING; MORROW, NORTH	G	17.5	13.375	400	225 sx	GL	Circ
3001535569					12.5	9.625	6000	1725 sx	GL	Circ 368 sx
E-20-23S-28E					8.75	5.5	12650	1207 sx	7650	CBL
LAKEY COM 001	6/15/80	12622	LOVING; MORROW, NORTH	G	20	16	450	750 sx	GL	NR
3001523351					14.75	10.75	2415	2175 sx	GL	Circ 200 sx
L-20-23S-28 E					9.875	7.625	9615	1610 sx	2048	No Report
					6.25	5	12621	730 sx	7343	No Report
BELCO 002	12/12/85	5930	SWD; DELAWARE	S	12.25	8.625	475	200 sx	GL	Circ 20 sx
3001525433					7.875	5.5	5930	665 sx	3870	No Report
F-20-23S-28E										
ESTATE COM	4/2/80	12580	LOVING; MORROW, NORTH	G	20	16	368	900 sx	GL	Circ 200 sx
3001523215					14.75	10.75	2420	2300 sx	GL	Circ 300 sx
H-19-23S-28E					9.5	7	9660	1350 sx	2780	No Report
						5	9036	500 sx	9036	TOL
MERCURY FEE 001	8/2/05	12730	LOVING; MORROW, NORTH	G	17.5	13.375	420	400 sx	GL	Circ 56 sx
3001534241					12.25	9.625	6100	1600 sx	85	temp. survey
I-19 23S 28E					8.75	5.5	11428	1322 sx	6666	CBL
MARINER FEE 001H	not yet	15550	BLACK RIVER; WOLFCAMP, EAST	O	17.5	13.375	420	450 sx	GL	N/A
3001543016					12.25	9.625	6150	1600 sx	GL	N/A
B-19 23S 28E					7.875	5.5	15550	2000 sx	GL	N/A

Martin Water Laboratories, Inc.

Analysts & Consultants since 1953
Bacterial & Chemical Analysis

TO:	Jerry Woodward	LABORATORY NO.	15-09-365
ADDRESS:	2810 Savoy Place, Midland, TX 79705	SAMPLE RECEIVED:	9/29/15
COMPANY:	Smart Chemical	RESULTS REPORTED:	9/29/15
LEASE:	(Basic Energy Services)	AREA:	Carlsbad, NM
FORMATION:			

DESCRIPTION OF SAMPLES

No. 1	Submitted water sample - taken 9/28/15 from Belco State #1 SWD.
No. 2	Submitted water sample - taken 9/28/15 from Belco State #2 SWD.
No. 3	
No. 4	

Chemical and Physical Properties (milligrams per liter)	No. 1	No. 2	No. 3	No. 4
Specific Gravity @ 60°F.	1.1120	1.1110		
pH When Sampled				
pH When Received	8.6	8.6		
Bicarbonate as HCO_3	915	1,281		
Total Hardness, as CaC03	23,600	23,400		
Calcium, as Ca	8,000	8,000		
Magnesium, as Mg	875	826		
Sodium and/or Potassium	64,318	59,932		
Sulfate, as SO4	725	608		
Chloride, as Cl	113,630	106,529		
Iron, as Fe	6.9	4.2		
Barium, as Ba	0	0		
Total Dissolved Solids, Calculated	189,483	178,255		
Hydrogen Sulfide	0.0	0.0		
Resistivity, ohms/m @ 77°F.	0.060	0.062		
Carbonate, as CO3	1,020	1,080		
Hydroxide, as OH	0	0		
Corrosiveness	Moderate	Moderate		
Barium Sulfate Scaling Tendency	None	None		
Calcium Carbonate S.I. @ 77° F. (Stiff-Davis)*	3.73	3.72		
Calcium Carbonate S.I. @ 122° F. (Stiff-Davis)*	4.41	4.36		
Calcium Sulfate Scaling Tendency	None	None		

** Calcium Carbonate S.I. - A positive fig. signifies a scaling potential proportionate to the magnitude of the number, and a negative fig. signifies no scaling potential.*

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

By: Greg Ogden, B.S.

(432) 683-4521 * 709 W. Indiana, Midland, Texas 79701 * (fax) 682-8819
Remit to Address: P.O. Box 98, Midland, Texas 79702

EXHIBIT G

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the *POD has been replaced* & no longer serves a water right file.)

(R=POD has been replaced, *O=orphaned*, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest)

(NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Distance	Depth Well	Depth Water	Water Column
C 00312	O	ED	3	3	1	20	23S	28E	583140	3573106*	94	230	70	160
C 00313		ED	3	3	3	17	23S	28E	583136	3573915*	786	250	75	175
C 00851	C	ED			3	17	23S	28E	583438	3574217*	1102	200	50	150
C 00911 POD2	C	ED	1	2	4	20	23S	28E	584359	3572911*	1150	69	34	35
C 00911 POD3	C	ED	1	2	4	20	23S	28E	584359	3572911*	1150	218	60	158
C 01992	C	ED	3	4	1	19	23S	28E	581929	3573094*	1301	232	45	187
C 03542 POD1	CUB	ED	2	4	4	20	23S	28E	584615	3572530	1511	22	16	6
C 03542 POD2	CUB	ED	2	4	4	20	23S	28E	584620	3572497	1528	30		
C 00544	C	ED	3	3	1	21	23S	28E	584762	3573120*	1532	27		
C 02848		ED	3	3	1	21	23S	28E	584762	3573120*	1532	130		
C 00577	C	ED	3	1	3	21	23S	28E	584764	3572714*	1590	35	10	25
C 00578	C	ED	3	1	3	21	23S	28E	584764	3572714*	1590	28	18	10
C 00643	C	ED	3	1	3	21	23S	28E	584764	3572714*	1590	76	10	66
C 00650	C	ED	1	3	3	21	23S	28E	584767	3572508*	1659	32	12	20
C 00539	C	ED	3	3	3	21	23S	28E	584767	3572308*	1744	28	6	22
C 02180	C	ED			3	18	23S	28E	581831	3574198*	1757	140	80	60
C 03922 POD1	C	ED	3	2	3	18	23S	28E	581844	3574230	1766	138	75	63
C 03779 POD1	C	ED	2	3	3	18	23S	28E	581707	3574103	1805	110	70	40
C 01477		ED	1	3	3	19	23S	28E	581532	3572484*	1818	127	10	117
C 03082	C	ED	1	3	3	18	23S	28E	581529	3574096*	1954	220	217	3
C 00108	CUB	ED	1	1	4	29	23S	28E	583974	3571285*	1993	152	10	142
C 01648	C	ED		2	3	29	23S	28E	583667	3571184*	1998	65	15	50
C 02037	C	ED		2	3	29	23S	28E	583667	3571184*	1998	260		
C 00519	C	ED	2	1	1	28	23S	28E	584970	3572100*	2024	250		
C 02697	C	ED		1	3	18	23S	28E	581629	3574401*	2041	220	42	178
C 00520	C	ED	1	1	3	16	23S	28E	584754	3574538*	2072	115	33	82

1610 meters = 5280 feet

***UTM location was derived from PLSS - see Help**

EXHIBIT H

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest)

(NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-Code	basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Distance	Depth Well	Depth Water	Water Column
C 00521		C	ED	1	1	3	16	23S	28E	584754	3574538*	2072	218	33	185
C 00333			ED	3	1	2	18	23S	28E	582325	3575118*	2180	147		
C 00716		C	ED				21	23S	28E	585471	3573012*	2244	140	69	71
C 03762 POD1		CUB	ED	4	4	2	17	23S	28E	585314	3574066	2282	40	31	9
C 03753 POD1		C	ED	3	3	1	18	23S	28E	581515	3574658	2294	210	60	150
C 00010		CUB	ED	1	2	2	25	23S	27E	581129	3572075*	2352	250	103	147
C 00010 CLW191759	O		ED	1	2	2	25	23S	27E	581129	3572075*	2352	259		
C 00010 ENLGD		CUB	ED	1	2	2	25	23S	27E	581129	3572075*	2352	259		
C 03472 POD1		C	ED	4	4	4	07	23S	28E	582894	3575479	2369	140	40	100
C 02846 S			ED	4	4	4	07	23S	28E	582926	3575527*	2412	150	40	110
C 02004		C	ED		3	4	24	23S	27E	580825	3572378*	2521	232	190	42
C 00010 CLW191724	O		ED	2	3	2	25	23S	27E	580926	3571666*	2731	259		
C 00327		CUB	ED	3	2	4	21	23S	28E	585974	3572728*	2773	212		
C 01885		C	ED		2	2	21	23S	28E	586070	3573640*	2884	104	35	69
C 00504			ED	3	1	4	08	23S	28E	583939	3575949*	2902	230	40	190
C 01472		C	ED	2	3	2	28	23S	28E	585730	3571652	2906	162	10	152
C 00311		C	ED	4	2	1	16	23S	28E	585353	3575152*	2929	163	55	108
C 03762 POD2		CUB	ED	4	4	2	17	23S	28E	584893	3575598	2972	40	30	10
C 03888 POD3		CUB	ED	4	4	4	12	23S	27E	581348	3575495	3019	35		
C 03819 POD4		CUB	ED	4	4	4	12	23S	27E	581306	3575464	3021	35		
C 03888 POD2		CUB	ED	4	4	4	12	23S	27E	581400	3575557	3036	30		
C 03819 POD5		CUB	ED	4	4	4	12	23S	27E	581256	3575451	3043	36		
C 03819 POD1		CUB	ED	4	4	4	12	23S	27E	581270	3575463	3044	36		
C 03819 POD2		CUB	ED	4	4	4	12	23S	27E	581270	3575463	3044	34		
C 03888 POD5		CUB	ED	4	4	4	12	23S	27E	581295	3575494	3052	35		
C 03888 POD1		CUB	ED	4	4	4	12	23S	27E	581295	3575525	3076	35		
C 03819 POD3			ED	4	4	4	12	23S	27E	581256	3575500	3081	35		
C 03888 POD4		CUB	ED	3	4	4	12	23S	27E	581139	3575462	3129	35		
C 01253			ED	1	3	1	22	23S	28E	586375	3573338*	3151	179	50	129

EXHIBIT H

***UTM location was derived from PLSS - see Help**

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	POD Sub-basin Code	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Distance	Depth Well	Depth Water	Water Column
C 03053	C	ED	3	4	4	12	23S	27E	581122	3575505*	3172	94	14	80
C 03457	C	ED	3	4	4	12	23S	27E	581081	3575530	3219	200		

Average Depth to Water: **48 feet**

Minimum Depth: **6 feet**

Maximum Depth: **217 feet**

Record Count: 57

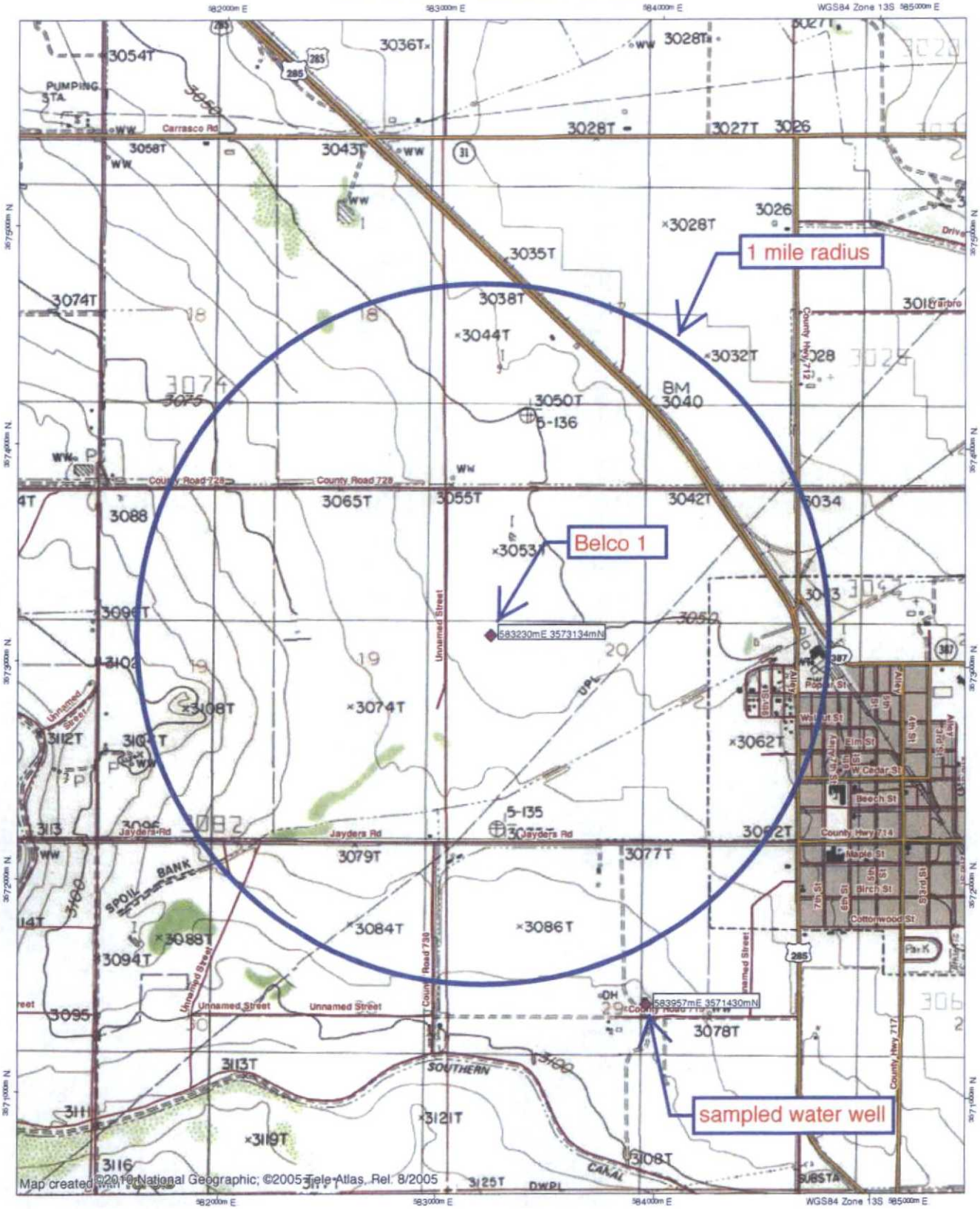
UTMNAD83 Radius Search (in meters):

Easting (X): 583230 **Northing (Y):** 3573134 **Radius:** 3220

EXHIBIT H

UTM location was derived from PLSS - see Help

TOPO! map printed on 03/06/16 from "Untitled.tpo"



NATIONAL GEOGRAPHIC

0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 miles
0.0 0.5 1.0 km

EXHIBIT H

TN MN 7.5° 03/06/16

Basic Belco SWD Water Well Search Report

Water well search conducted on February 12 and 13, 2016.

One water well was sampled within a 2-mile radius circle.

The **Brown Well** was sampled at 13:19 on 2/13

Located at UTM NAD 83 583957, 357143

Other mapped well sites were investigated.

Results as follows:

There are several small ranches in Section 29. The Brown family has a water well which was sampled. Other residents in the area were contacted. They all indicated that the water table was depleted, and that they were on City of Loving water supply.

There are several small ranches in Sections 13, 18, 24 and 25. Several residents in the area were contacted. They all indicated that the water table was depleted, and that they were on City of Loving water supply.

Several mapped well sites in the town of Loving in Sections 21 and 28 were investigated.

The Kimbley residence in the NE of Section 29 was contacted. They said their well has been unused for at least a decade. They and other Loving residents are on Town of Loving municipal water supply.

No evidence of water wells was observed on the NE side of Hwy 285. Travis Carter, a resident of Loving told me that the farms in the area use irrigation water and that residents use City of Loving water.

Mrs. Dolores Wood, whose ranch is in Section18, told me that the water table in the area is either contaminated or depleted and that the farms in the area use irrigation water and most residents use City of Loving water.

The Lewis Ranch in the SE of Section 13 was contacted. They told me that they had no active water well.

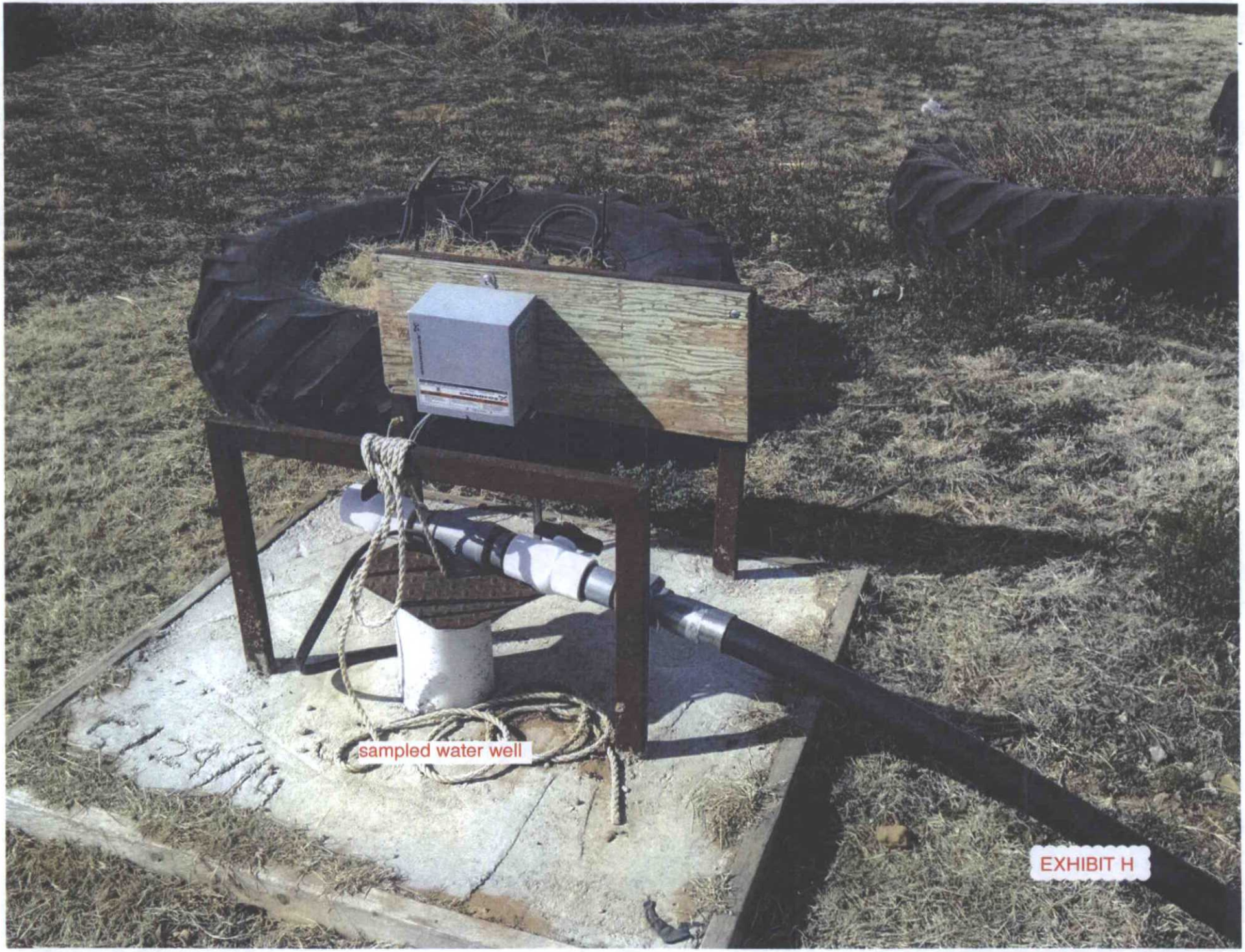
EXHIBIT H

The Torres Ranch in the SW of Section 18 was contacted. They told me that they had no active water well.

The location shown as the Nyman Ranch on the map in the NE corner of Section 25 was contacted, although they didn't know of the Nyman name. They showed me an old broken down windmill with a dry tank.

Charles Black

EXHIBIT H


sampled water well
EXHIBIT H

Analytical Report
Lab Order **1602841**
Date Reported: **3/2/2016**

Hall Environmental Analysis Laboratory, Inc.

CLIENT: Permits West
Project: Matador SWD
Lab ID: 1602841-002

Client Sample ID: . . . Brown
Collection Date: 2/13/2016 1:19:00 PM
Matrix: AQUEOUS **Received Date:** 2/19/2016 11:47:00 AM

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed	Batch
EPA METHOD 1664A						Analyst: ***tnc***	
N-Hexane Extractable Material	ND	11		mg/L	1	2/19/2016 2:00:00 PM	23827
EPA METHOD 300.0: ANIONS						Analyst: **LGT**	
Chloride	370	25	*	mg/L	50	3/1/2016 4:15:24 PM	R32498
SM2540C MOD: TOTAL DISSOLVED SOLIDS						Analyst: **KS**	
Total Dissolved Solids	1950	20.0	*	mg/L	1	2/22/2016 7:18:00 PM	23844

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

*	Value exceeds Maximum Contaminant Level.	B	Analyte detected in the associated Method Blank
D	Sample Diluted Due to Matrix	E	Value above quantitation range
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
ND	Not Detected at the Reporting Limit	P	Sample pH Not In Range
R	RPD outside accepted recovery limits	RL	Reporting Detection Limit
S	% Recovery outside of range due to dilution or matrix	W	Sample container temperature is out of limit as specified

EXHIBIT H

QC SUMMARY REPORT

WO#: **1602841**

Hall Environmental Analysis Laboratory, Inc.

02-Mar-16

Client: Permits West
Project: Matador SWD

Sample ID **MB-23827**	SampType: **MBLK**	TestCode: **EPA Method 1664A**
Client ID: **PBW**	Batch ID: **23827**	RunNo: **32277**
Prep Date: **2/19/2016**	Analysis Date: **2/19/2016**	SeqNo: **986658** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
N-Hexane Extractable Material	ND	10								

Sample ID **LCS-23827**	SampType: **LCS**	TestCode: **EPA Method 1664A**
Client ID: **LCSW**	Batch ID: **23827**	RunNo: **32277**
Prep Date: **2/19/2016**	Analysis Date: **2/19/2016**	SeqNo: **986659** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
N-Hexane Extractable Material	39	10	40.00	0	97.0	78	114			

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- B Analyte detected in the associated Method Blank
- D Sample Diluted Due to Matrix
- E Value above quantitation range
- H Holding times for preparation or analysis exceeded
- J Analyte detected below quantitation limits
- ND Not Detected at the Reporting Limit
- P Sample pH Not In Range
- R RPD outside accepted recovery limits
- RL Reporting Detection Limit
- S % Recovery outside of range due to dilution or matrix
- W Sample container temperature is out of limit as specified

EXHIBIT H

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: **1602841**

02-Mar-16

Client: Permits West

Project: Matador SWD

Sample ID **MB**	SampType: **MBLK**	TestCode: **EPA Method 300.0: Anions**
Client ID: **PBW**	Batch ID: **R32498**	RunNo: **32498**
Prep Date:	Analysis Date: **3/1/2016**	SeqNo: **994128** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Chloride	ND	0.50								

Sample ID **LCS**	SampType: **LCS**	TestCode: **EPA Method 300.0: Anions**
Client ID: **LCSW**	Batch ID: **R32498**	RunNo: **32498**
Prep Date:	Analysis Date: **3/1/2016**	SeqNo: **994129** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Chloride	5.0	0.50	5.000	0	100	90	110			

Qualifiers:

*	Value exceeds Maximum Contaminant Level.	B	Analyte detected in the associated Method Blank
D	Sample Diluted Due to Matrix	E	Value above quantitation range
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
ND	Not Detected at the Reporting Limit	P	Sample pH Not In Range
R	RPD outside accepted recovery limits	RL	Reporting Detection Limit
S	% Recovery outside of range due to dilution or matrix	W	Sample container temperature is out of limit as specified

EXHIBIT H

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: **1602841**

02-Mar-16

Client: *Permits West*

Project: Matador SWD

Sample ID **MB-23844**	SampType: **MBLK**	TestCode: **SM2540C MOD: Total Dissolved Solids**
Client ID: **PBW**	Batch ID: **23844**	RunNo: **32312**
Prep Date: **2/19/2016**	Analysis Date: **2/22/2016**	SeqNo: **987694** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Total Dissolved Solids	ND	20.0								

Sample ID **LCS-23844**	SampType: **LCS**	TestCode: **SM2540C MOD: Total Dissolved Solids**
Client ID: **LCSW**	Batch ID: **23844**	RunNo: **32312**
Prep Date: **2/19/2016**	Analysis Date: **2/22/2016**	SeqNo: **987695** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Total Dissolved Solids	1010	20.0	1000	0	101	80	120			

Qualifiers:

*	Value exceeds Maximum Contaminant Level.	B	Analyte detected in the associated Method Blank
D	Sample Diluted Due to Matrix	E	Value above quantitation range
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
ND	Not Detected at the Reporting Limit	P	Sample pH Not In Range
R	RPD outside accepted recovery limits	RL	Reporting Detection Limit
S	% Recovery outside of range due to dilution or matrix	W	Sample container temperature is out of limit as specified

EXHIBIT H

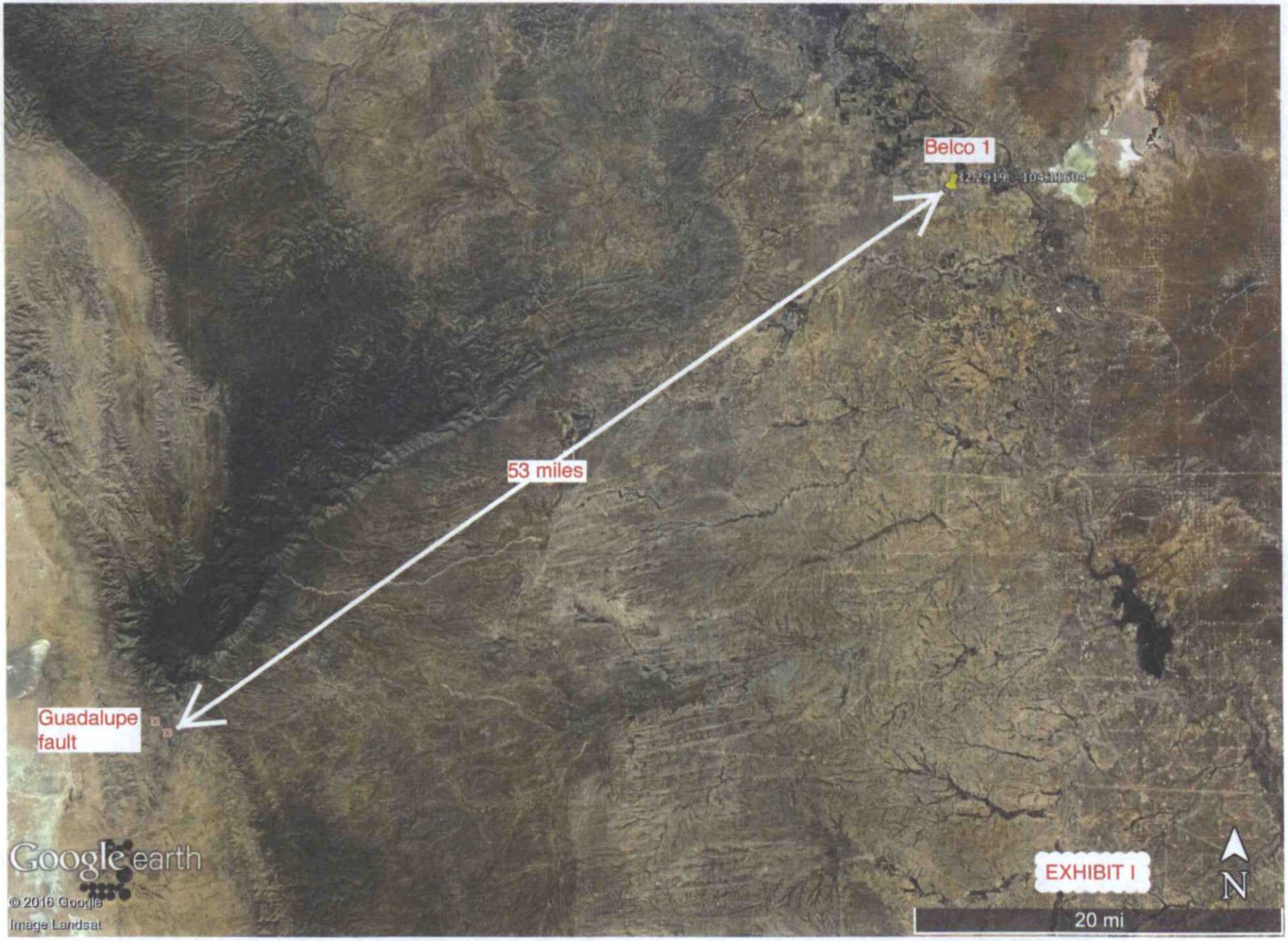

Belco 1
53 miles
Guadalupe
fault
Google earth
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Image Landsat
EXHIBIT I
N
20 mi

Brief Examination of Geology at and around Belco Federal 1 SWD (30-015-25141) near Loving, NM

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

February 25, 2016

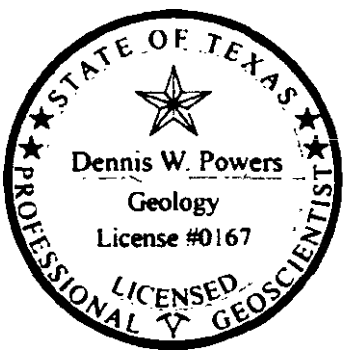


EXHIBIT I

Belco #1 SWD Geology Evaluation Loving NM

Summary

Geophysical logs in the vicinity of Belco #1 SWD (30-015-25141: sec 20, T23S, R28E) have been evaluated mainly to examine isolation from groundwater. In addition, the approximate stratigraphy of the Delaware Mountain Group (DMG) has been inferred for the well.

The elevation of the top of DMG/Bell Canyon Formation displays a general eastward dip ranging locally from ~50-100 ft/mile. There are minor local variations attributable to deposition and log data uncertainties about local elevation. There are no features indicating faulting of this horizon above injection intervals.

The elevation of the top of Bone Spring displays the same general dip as top of DMG although the data are locally more variable. There are no features indicating faulting of this horizon below injection intervals.

To further illustrate isolation of shallow groundwater, a smaller data set was developed showing that halite in the Castile is continuous in the vicinity of the injection well. Local groundwater is shallow, and the virtually impermeable halite beds provide a natural confining layer.

DMG stratigraphy in the subsurface has been inferred along a ~NW-SW-E log cross-section that follows the general depositional slope at the time. File data at OCD shows that the Brushy Canyon, Cherry Canyon, and Bell Canyon are not consistently assigned log formation boundaries. Boundaries are approximated here by log character considering experience in other fields and more consistent file data.

General Information

I was contacted by email by David Alvarado in January 2016 to conduct a geological evaluation of the area at and around the Belco #1 SWD well (Figure 1, base map) showing isolation from groundwater. The well of interest is the Belco #1 (API 30-015-25141). The location is ~1.25 mile west-northwest of Loving, NM.

The main natural pathways of injected water at this location to shallow ground water would be through faults. Geophysical logs from 123 wells in this area were interpreted for top of DMG to develop an elevation (structure) map (Figure 1, TopDMGEl). Of these wells, 99 were deep enough to interpret top of Bone Spring and construct a similar elevation map (Figure 1, TopBoneSpringEl).

As further evidence of isolation of shallow groundwater, the Castile Formation displays continuous anhydrite and halite beds in the lower part of the formation (Figure 2). High quality logs (e.g., density, acoustic, or even caliper) to shallow depths in this area reveal Salado halite as well, although this has not been displayed here. Density logs, such as 30-015-34353 (~3 miles west of the Belco #1 well), taken to shallow depths reveal halite at 450-500 ft below ground level.

To differentiate the formations of the DMG, I constructed a short log cross-section along a roughly NW-SW-E track (Figure 3) that includes the Belco #1 well as the next to last (to the east) log. OCD well records examined in this area most commonly did not show depths for the top of Brushy Canyon and top of Cherry Canyon. As I have found in cases, not all of the depths recorded for these formation contacts are consistent with log data. Some of those alternatives to my interpretation are displayed on Figure 3 (green dashed lines).

The Oil Conservation Division (OCD) of the New Mexico Energy, Minerals, and Natural

EXHIBIT I

Resources Department maintains electronic records and geophysical logs for drillholes in the state. The information available locally is extensive as drilling has been significant in the area of the SWD for many years. Geophysical logs for a number of wells in the area are good to high quality and comparable, and a common suite of logs through the lower evaporite section and DMG includes natural gamma, density or sonic, and resistivity (especially dual laterolog or equivalent). These are very helpful for evaluating isolation of injection intervals for injection as a SWD well.

The Belco #1 well log is included in a short, N-S log cross-section (Figure 2) of lower Castile units and near the east end of the log cross-section (Figure 3) focusing on DMG stratigraphy.

Geophysical Log Interpretation

Well logs of greatest use for interpreting porosity (and inferring permeability) are resistivity (of varying types, including dual laterolog, induction logs, etc) and neutron. Stratigraphic relationships are more commonly based on natural gamma, density, acoustic or sonic, and neutron. For this location, there are good logs for the section of interest that comprise a suite of natural gamma, caliper, density and/or sonic, and resistivity (mainly dual laterolog). For the log cross-sections here (Figures 2 and 3), the principal logs are natural gamma, caliper, density, and resistivity.

For Figure 2, natural gamma, density, and caliper logs are very effective indicators of the two lower Castile lithologies: halite and anhydrite. The density contrast (2.9 g/cc for anhydrite vs 2.15 g/cc for halite) produces easily interpreted logs. Because halite tends to enlarge during drilling (especially if drilling mud is undersaturated) and the caliper logs show marked responses. Natural gamma in open hole logs through Castile is more diagnostic than in cased holes. Neutron logs in cased holes frequently also clearly indicate the lithologic differences. The lower Castile halite and anhydrite beds were easily interpreted and established as continuous across the Belco #1 location.

Mostly natural gamma and density logs were used for correlating DMG formations to the Belco #1 location.

Stratigraphic Units

The stratigraphic units examined here are generally well defined in outcrops in southeastern New Mexico and west Texas. As mentioned above, the divisions of the DMG are not as consistent in the subsurface.

Sources for stratigraphic interpretation of DMG formations and top of Bone Spring include well records with OCD (e.g., Form C-105 or equivalent), markings on the scanned log images, and the data set on top of Bone Spring Formation (Broadhead and Gillard, 2005). Individual interpretations on scanned logs do vary.

Bone Spring Formation

The Bone Spring is a thick and complex formation in this area. At the Belco #1 well, I interpret the top of Bone Spring at a log depth of 6004 ft (below KB). This log signature is one of the easiest in the area to interpret because of the sharp increase in density and a sharp decrease in natural gamma. Elsewhere the top of Bone Spring is sometimes interpreted at a higher point to include thinner layers of high density/ low gamma interbedded with sandstones and siltstones. Some of the local variation shown in the elevation data (Figure 1) for top of Bone Spring is due to this variability.

EXHIBIT I


Elevation (ft amsl) of Top of
Bone Spring
(contour interval 100 ft)
Belco 1
SWD
Loving
3000
3100
3200

EXHIBIT I

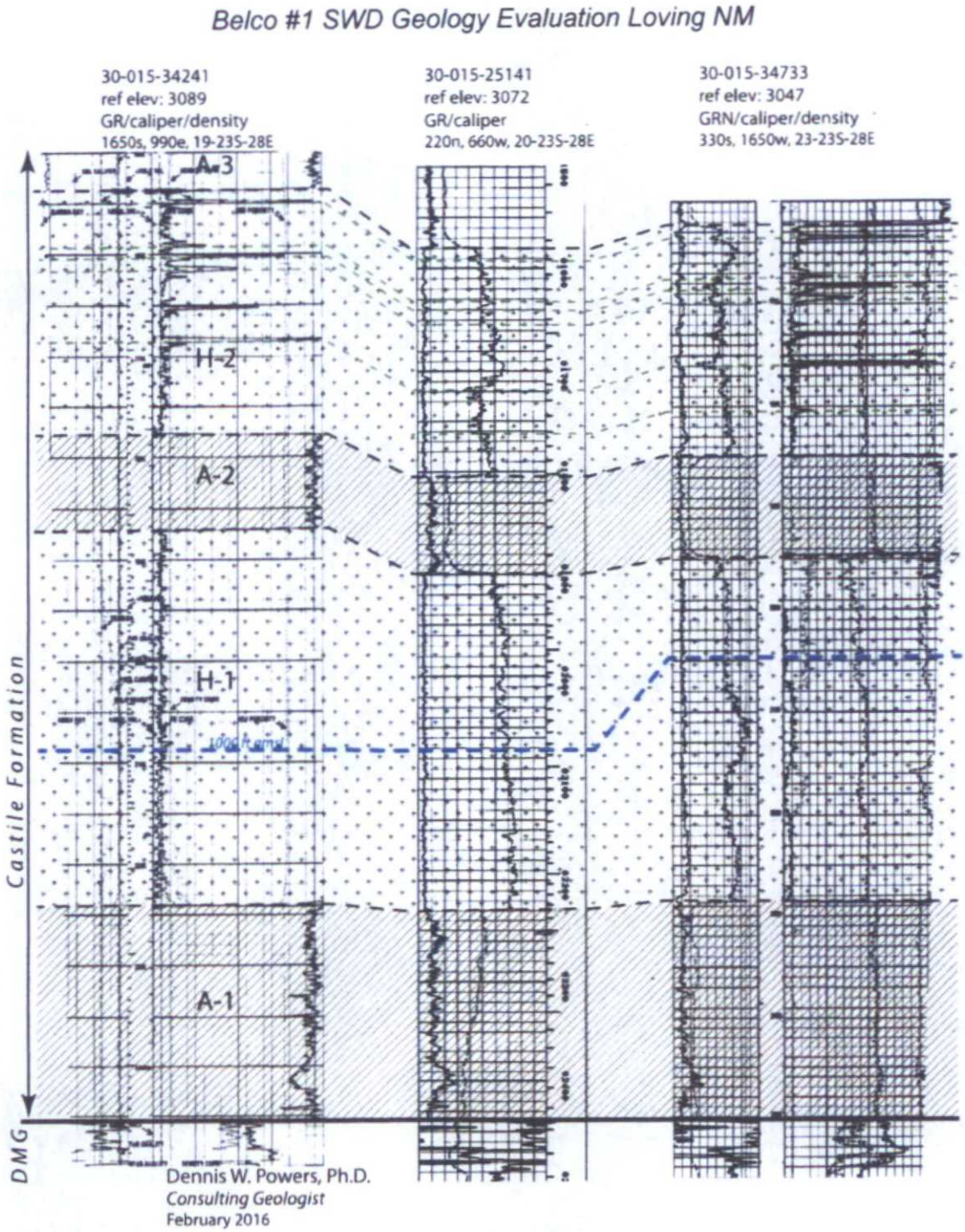


Figure 2. Log cross-section through the Belco #1 (30-015-25141) showing the continuity of lower Castile halite and anhydrite beds in the area. These beds are nearly impermeable and provide confinement or isolation of DMG fluids from shallow groundwater. Top of DMG is used as a common artificial elevation. A = anhydrite, H + halite.

EXHIBIT I

Delaware Mountain Group

The Delaware Mountain Group (DMG) comprises three formations, from the base: Brushy Canyon, Cherry Canyon, and Bell Canyon. These formations are mainly clastic units and are age-equivalent to the well known Guadalupian reefs and back-reef sequences of the Guadalupe Mountains and subsurface of the Delaware Basin. Numerous studies of these rocks have been undertaken, and their origin as deep water clastics, including density-driven channel to "overbank" deposits is well accepted (e.g., Harms, 1974).

A common feature of natural gamma in the DMG is relatively sharp drops in natural gamma from high gamma zones. Above the lowest natural gamma, the gamma increases gradually upward from the low to a high approaching 100 API units. These sequences (low to high upward) are interpreted principally as channel sands at the base with fining upwards to a fine-grained shale or claystone ("overbank" deposit) at the top. Thicker intervals of many tens of feet of consistently low natural gamma are likely to be through the main body of a channel deposit, although interpreting adjacent logs is necessary to be more confident in that assessment.

Here the log cross-section shows these characteristics, but I emphasis the basis for differentiating the stratigraphic units.

Brushy Canyon Formation

The Brushy Canyon (6,004-4,590 ft at Belco #1) mainly shows natural gamma between 40-100 API units, with thinner intervals exceeding 100 API units. Density has a relatively narrow range of ~2.4-2.6 g/cc. The contact as picked in Belco #1, consistent with a large proportion of records examined in OCD well files, is a relatively subtle signature at the base of a high gamma and a short triplet of increased density.

In Figure 3, several of the logs with density and natural gamma reveal a more marked change ~150-200 ft above this contact. Several logs show a very high natural gamma (200 API units or more) at the base of a lower natural gamm and density unit that is currently within the Cherry Canyon as defined here. This change is not as clear in some logs but would make a locally more clear lithologic basis for differentiating lithologic (formation) boundaries.

Cherry Canyon Formation

The Cherry Canyon (4,590-3,470 ft) exhibits three general segments in the Belco #1 log. The basal 180 ft (mentioned above) is similar to Brushy Canyon. Above this is a 450-500 ft interval with generally reduced, less variable, natural gamma and density. The upper segment is similar to the lower segment, displaying higher and more variable gamma and density.

The top of Cherry Canyon picked in most logs is at the base of a 60 ft zone of lower gamma and at the base of one of several high density zones. These features are readily interpretable in most of the logs here. This lower natural gamm zone appears to be the equivalent of the Manzanita sand some consider to be correlated with the Queen Formation (e.g., Garber et al, 1989).

Bell Canyon Formation

The Bell Canyon (3,470-2,400 ft at Belco #1) is similar to the Cherry Canyon in properties. It displays broader patterns of lower natural gamma overlain by thinner high natural gamma. The upper boundary here is taken as the base of the Castile Formation. Within OCD well files, the Lamar Limestone Member is frequently differentiated and "Delaware sand" begins below the Lamar.

EXHIBIT I

Castile Formation

The Castile Formation is the base of a thick evaporite sequence in this area that offers protection from vertical migration of injected fluids. These beds are extremely low porosity, and the potential for creep in halite beds means that faults do not provide any vertical pathway. The informal members identified here (Figure 3) are in general use and can be found in publications such as Anderson et al. (1972) and Bachman (1984).

Interpretation and Discussion

Faulting

Elevation maps of top of Bone Spring and top of DMG show no evidence of faulting at or in the vicinity of the Belco #1 well that would offer a natural pathway for injected fluids to reach the shallow groundwater. The halite in the Castile and overlying Salado also provide a practically impermeable natural barrier. There is no known surficial evidence of faulting in the area.

Conclusion

Groundwater will be protected in the area of the Belco #1 well from migration of injected fluids through natural pathways. There is no evidence of faulting and the overlying salt beds provide confinement from fluids in the DMG.

Notes for Figure 1

Figure 1 has multiple layers in which the elevation maps for top of Bone Spring and top of DMG can be turned on and off over the base of aerial photo plus section lines.

References Cited

Anderson, R.Y., Dean, W. E., Jr., Kirkland, D. W., and Snider, H.I., 1972, Permian Castile varved evaporite sequence, West Texas and New Mexico: Geological Society of America Bulletin, v. 83, p. 59-86.

Bachman, G.O., 1984, Regional geology of Ochoan evaporites, northern part of Delaware Basin: Circular 184, New Mexico Bureau of Mines & Mineral Resources, Socorro, NM.

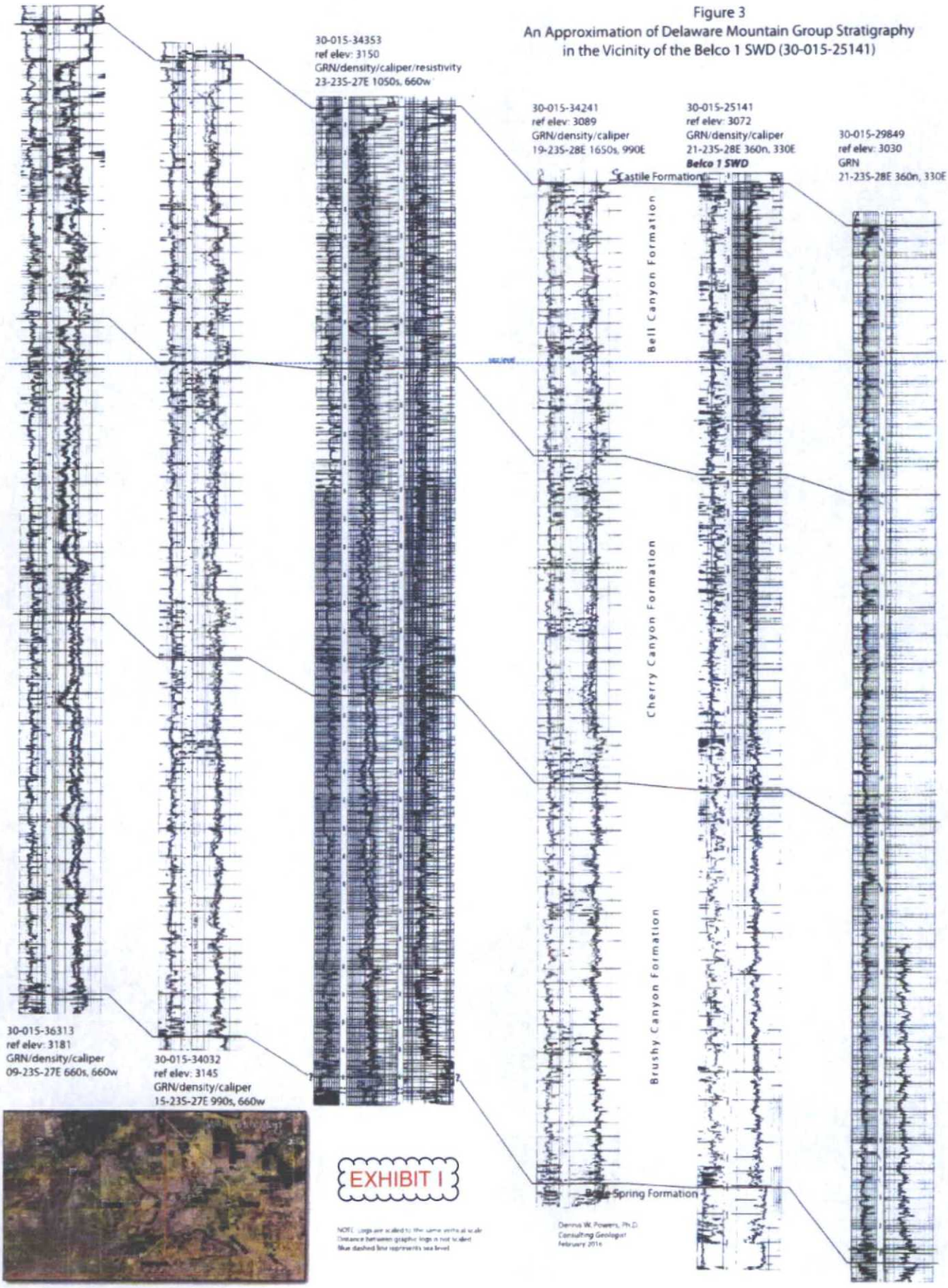
Broadhead, R.F., and Gillard, L., 2005, Structure contours on Bone Spring Formation (Lower Permian), Delaware Basin: Open file report 488, New Mexico Bureau of Geology and Mineral Resources, Socorro, NM.

Garber, R.A., Grover, G.A., and Harris, P.M., Geology of the Capitan shelf margin - subsurface data from the northern Delaware Basin, *in* Harris, P.M., and Grover, G.A., eds., Subsurface and Outcrop Examination of the Capitan Shelf Margin, Northern Delaware Basin: SEPM Core Workshop No. 13, p. 3-269.

Harms, J.C., 1974, Brushy Canyon Formation, Texas: A deep-water density current deposit: Geological Society of America Bulletin, v. 85, p. 1763-1784.

EXHIBIT I

Figure 3
An Approximation of Delaware Mountain Group Stratigraphy
in the Vicinity of the Belco 1 SWD (30-015-25141)



LEGAL NOTICE

Basic Energy Services LP is applying to amend its existing Belco 1 saltwater disposal well. The well is at 2200 FNL & 660 FWL Sec. 20, T-23 S., R. 28 E., Eddy County and is 2/3 mile west of Loving, NM. Disposal will be in the Delaware (Bell, Cherry, & Brushy Canyon zones) from 2,490' to 5,809'. Maximum injection pressure will be 498 psi. Maximum disposal rate will be 5,600 bwpd. Interested parties must file objections or requests for hearing with the NM Oil Conservation Division, 1220 South Saint Francis Dr., Santa Fe, NM 87505 within 15 days. Additional information can be obtained by contacting: Brian Wood, Permits West, Inc., 37 Verano Loop, Santa Fe, NM 87508. Phone number is (505) 466-8120.

Published in the Artesia Daily Press, Artesia, N.M., March 9, 2016 Legal No. 23854.

EXHIBIT J

March 9, 2016

Basic Energy Services LP is applying to amend its existing Belco 1 saltwater disposal well. The well is at 2200 FNL & 660 FWL Sec. 20, T. 23 S., R. 28 E., Eddy County and is 2/3 mile west of Loving, NM. Disposal will be in the Delaware (Bell, Cherry, & Brushy Canyon zones) from 2,490' to 5,809'. Maximum injection pressure will be 498 psi. Maximum disposal rate will be 5,600 bwpd. Interested parties must file objections or requests for hearing with the NM Oil Conservation Division, 1220 South Saint Francis Dr., Santa Fe, NM 87505 within 15 days. Additional information can be obtained by contacting: Brian Wood, Permits West, Inc., 37 Verano Loop, Santa Fe, NM 87508. Phone number is (505) 466-8120.

EXHIBIT J

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS

March 9, 2016

Chevron USA Inc.
PO Box 2100
Houston TX 77252

Basic Energy Services, LP is applying (see attached application) to increase the disposal volume and disposal interval in its existing Belco 1 saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) rules, I am notifying you of the following proposal. This letter is a notice only. No action is needed unless you have questions or objections.

Well: Belco 1 TD = 6521'
Proposed Disposal Zone: Delaware (2490' to 5809')
Location: 2200' FNL & 660' FWL Sec. 20, T. 23 S., R. 28 E., Eddy County, NM
Approximate Location: ≈2/3 mile west of Loving, NM
Applicant Name: Basic Energy Services, LP (575) 746-2072
Applicant's Address: P. O. Box 1375, Artesia NM 88211
Submittal Information: Application for a saltwater disposal well will be filed with the NMOCD. If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

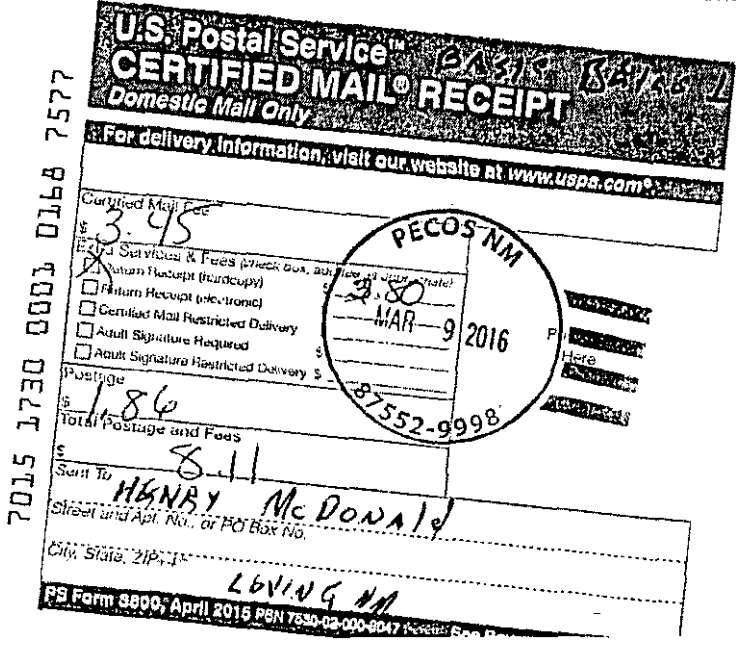


EXHIBIT K

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS

March 9, 2016

Henry McDonald
PO Box 597
Loving NM 88256

Basic Energy Services, LP is applying (see attached application) to increase the disposal volume and disposal interval in its existing Belco 1 saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) rules, I am notifying you of the following proposal. This letter is a notice only. No action is needed unless you have questions or objections.

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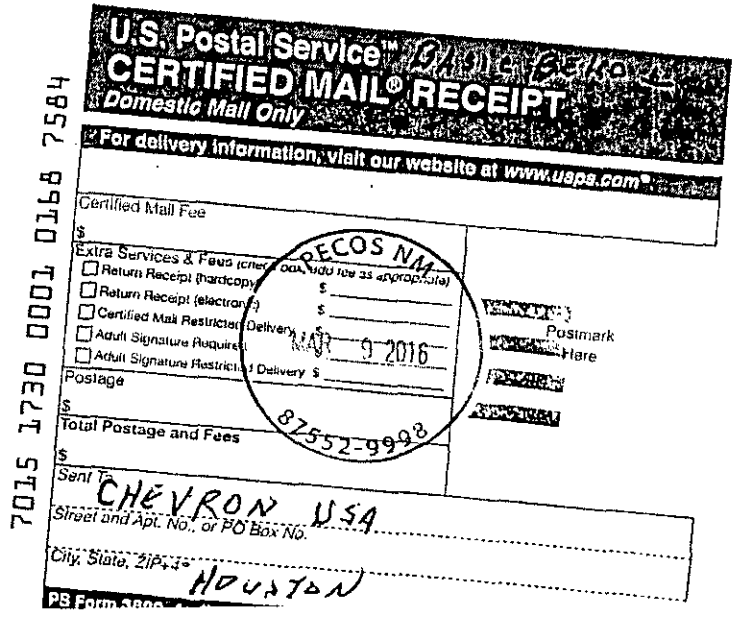
Brian Wood



PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 9, 2016

BC Operating, Inc.
PO Box 50820
Midland TX 79710

Basic Energy Services, LP is applying (see attached application) to increase the disposal volume and disposal interval in its existing Belco 1 saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) rules, I am notifying you of the following proposal. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,

Brian Wood

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PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 9, 2016

COG Operating, LLC
600 W. Illinois Ave.
Midland TX 79701

Basic Energy Services, LP is applying (see attached application) to increase the disposal volume and disposal interval in its existing Belco 1 saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) rules, I am notifying you of the following proposal. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,

Brian Wood

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PERMITS WEST, INC.
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37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 9, 2016

Featherstone Development
PO Box 429
Roswell NM 88202

Basic Energy Services, LP is applying (see attached application) to increase the disposal volume and disposal interval in its existing Belco 1 saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) rules, I am notifying you of the following proposal. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,

Brian Wood

EXHIBIT K

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 9, 2016

MRC Permian LKE Co. LLC
5400 LBJ Freeway, Suite 1500
Dallas TX 75240

Basic Energy Services, LP is applying (see attached application) to increase the disposal volume and disposal interval in its existing Belco 1 saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) rules, I am notifying you of the following proposal. This letter is a notice only. No action is needed unless you have questions or objections.

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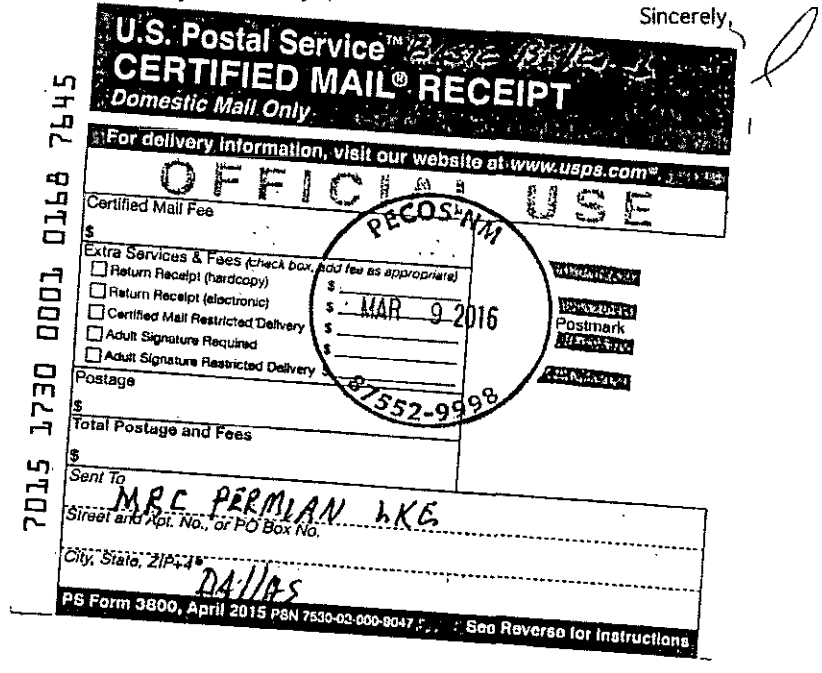
Please call me if you have any questions.

Sincerely,



PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS

March 9, 2016

Mewbourne Oil Company
PO Box 5270
Hobbs NM 88241

Basic Energy Services, LP is applying (see attached application) to increase the disposal volume and disposal interval in its existing Belco 1 saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) rules, I am notifying you of the following proposal. This letter is a notice only. No action is needed unless you have questions or objections.

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Please call me if you have any questions.

Sincerely,

Brian Wood

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EXHIBIT K

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS

March 9, 2016

Legacy Reserves
PO Box 10848
Midland TX 79702

Basic Energy Services, LP is applying (see attached application) to increase the disposal volume and disposal interval in its existing Belco 1 saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) rules, I am notifying you of the following proposal. This letter is a notice only. No action is needed unless you have questions or objections.

Well: Belco 1 TD = 6521'
Proposed Disposal Zone: Delaware (2490' to 5809')
Location: 2200' FNL & 660' FWL Sec. 20, T. 23 S., R. 28 E., Eddy County, NM
Approximate Location: ≈2/3 mile west of Loving, NM
Applicant Name: Basic Energy Services, LP (575) 746-2072
Applicant's Address: P. O. Box 1375, Artesia NM 88211
Submittal Information: Application for a saltwater disposal well will be filed with the NMOCD. If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT
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Extra Services & Fees (check box, add fee as appropriate)
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☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $ MAR 9 2016
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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER SWD-666

APPLICATION OF RAY WESTALL FOR SALT WATER DISPOSAL, EDDY COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Ray Westall made application to the New Mexico Oil Conservation Division on May 15, 1997, for permission to complete for salt water disposal its Belco Well No.1 located 2200 feet from the North line and 660 feet from the West line (Unit E) of Section 20, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

(1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;

(2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;

(3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and

(4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its Belco Well No.1 located 2200 feet from the North line and 660 feet from the West line (Unit E) of Section 20, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Delaware formation at approximately 5,726 feet to 5,809 feet through 2 7/8-inch plastic-lined tubing set in a packer located at approximately 5,675 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1145 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Delaware formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 7th day of July, 1997.

WILLIAM J. LEMAY, Director

WJL/BES

cc: Oil Conservation Division - Artesia

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Friday, March 11, 2016 1:16 PM
To: 'Brian Wood'
Subject: RE: Basic Energy Services LP Belco SWD Well No.1
Attachments: Belco#1C103.pdf

Brian:
The OCD need two more items that need to be addressed with the proposed SWD application
A before well diagram, showing existing perfs, casing, etc.
Basic Energy on the October 11, 2015 C-103 Sundry stated that a Casing Inspection Imaging Toll was ran, and the finding were to be reported to Artesia District Office, and Santa Fe. However, the Santa Fe Office has not received a copy of the report.

Thank You

Michael A. McMillan
Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462
Michael.mcmillan@state.nm.us

From: McMillan, Michael, EMNRD
Sent: Friday, March 11, 2016 10:21 AM
To: 'Brian Wood'
Subject: Basic Energy Services LP Belco SWD Well No.1

Brian:
I received your Administrative Application for the Basic Energy Services LP Belco SWD Well NO. 1
I need the following information

- Affidavit of publication
- Is the well active, and what is the surface pressure and average daily rate?

Thank You

Michael A. McMillan
Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462

Michael.mcmillan@state.nm.us

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 15, 2016

Michael McMillan
NM Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe NM 87505

Dear Michael,

As requested, I am enclosing the following information for Basic Energy Services' Belco 1 (30-015-25141) SWD application.

1. Affidavits of publication from the Carlsbad and Artesia newspapers are attached.
2. Well was last active in October 2015. Well has been TSI since then. Pressure is 880 psi. During the last full month of operations (September 2015), an average of 2,853 bwpd were disposed.
3. A "current" well diagram is attached.
4. The well was treated on October 15, 2015 to remove scale. A weighted bar on a slick line was run several times the next day. The bar hit something solid at 4783' each time. Rather than risk losing the casing inspection log as a fish, operations were suspended. The log was not run.

Please let me know if you need any other information.

Sincerely,

Brian Wood

Cc: Alvarado

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Rynni Henderson, being first duly sworn, on oath says:

That she is the Publisher 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:

March 9 2016

That the cost of publication is **$51.48** and that payment thereof has been made and will be assessed as court costs.

Subscribed and sworn to before me this 10 day of March, 2016

Cynthia Arredondo

My commission Expires
2/13/17

Notary Public

OFFICIAL SEAL
Cynthia Arredondo
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires 2/13/17

March 9, 2016

Basic Energy Services LP is applying to amend its existing Belco 1 saltwater disposal well. The well is at 2200 FNL & 660 FWL Sec. 20, T. 23 S., R. 28 E., Eddy County and is 2/3 mile west of Loving, NM. Disposal will be in the Delaware (Bell, Cherry, & Brushy Canyon zones) from 2,490 to 5,809. Maximum injection pressure will be 498 psi. Maximum disposal rate will be 5,600 bwpd. Interested parties must file objections or requests for hearing with the NM Oil Conservation Division, 1220 South Saint Francis Dr., Santa Fe, NM 87505 within 15 days. Additional information can be obtained by contacting: Brian Wood, Permits West, Inc., 37 Verano Loop, Santa Fe, NM 87508. Phone number is (505) 466-8120.

Affidavit of Publication

No. 23854

State of New Mexico

County of Eddy:

Danny Scott

being duly s sworn sayes th that she is the **Publisher**

of the Artesia Daily Press, a daily newspaper of General circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Ad

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/day on the same day as follows:

First Publication	March 9, 2016
Second Publication	
Third Publication	
Fourth Publication	
Fifth Publication	
Sixth Publication	

Subscribed and sworn before me this

9th day of March 2016

OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 5/12/2019

Latisha Romine

Latisha Romine

Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

Basic Energy Services LP is applying to amend its existing Belco 1 saltwater disposal well. The well is at 2200 FNL & 660 FWL Sec. 20, T. 23 S., R. 28 E., Eddy County, and is 2/3 mile west of Loving, NM. Disposal will be in the Delaware (Bell, Cherry, & Brushy Canyon zones) from 2,490' to 5,809'. Maximum injection pressure will be 498 psi. Maximum disposal rate will be 5,600 bwpd. Interested parties must file objections or requests for hearing with the NM Oil Conservation Division, 1220 South Saint Francis Dr., Santa Fe, NM 87505 within 15 days. Additional information can be obtained by contacting: Brian Wood, Permits West, Inc., 37 Verano Loop, Santa Fe, NM 87508. Phone number is (505) 466-8120.

Published in the Artesia Daily Press, Artesia, N.M., March 9, 2016 Legal No. 23854.

Basic Energy Services L.P.
Belco # 1 SWD
Unit E, Sec 20, T23S, R28E Eddy County
API #: 30-015-25141

Current
10/16/15

KB: GL

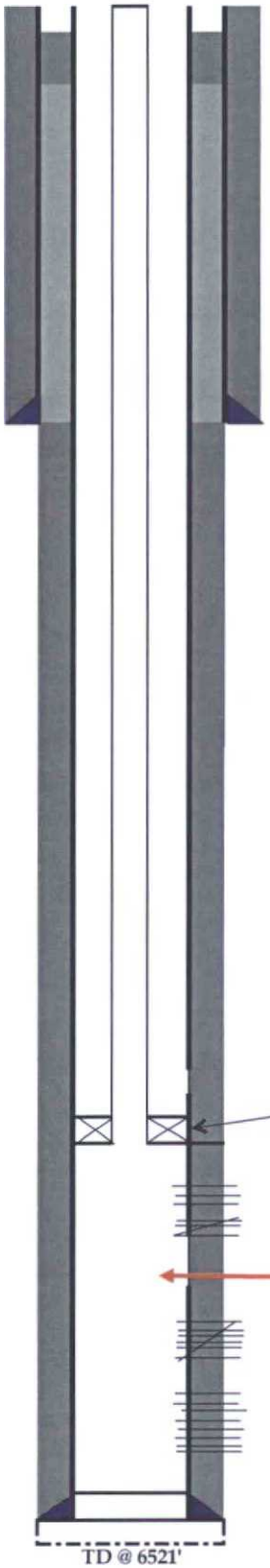
Surface Hole
Bit Size: 12 1/4"

Inter. Hole
Bit Size: None

Production Hole
Bit Size: 7 7/8"

Cement Data:
Lead -
Tail -
Note -

Bit Size: 7-7/8"



Tree Connection: 2-7/8" 8rd

Surface Casing: 8 5/8" 24#
280sks circulated
Setting Depth @ 473'

Interm. Casing: None
Setting Depth: None

2-7/8" J55 IPC set @ 3816.38
119 jts
Btm. PKR @ 3824.45"
Arrow Set 2 7/8 x 5 1/2 AS1-X w/ 2.25 F NP T-2 O/O SS Tool

Perf (3950'- 4250)'
Perf (4184' - 4195') squeezed 6-13-85

Tagged @ 4784' 10/16/15 wire line

Perf (5218'- 5234') (5242' - 5254') squeezed 6-13-85
Perf (5726' - 5748') (5803' - 5809') 2/8/85

Production Csg: 5-1/2" 17#
575 sxs Circulated
Setting Depth @ 6500'
PBTD 6500'