



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



September 19, 2011

Administrative Order IPI-406
Application No. pTGW1123748737

Basic Energy Services LP
500 W. Illinois, Suite 100
Midland, TX 70702

Attention: David Alvarado

RE: Injection Pressure Increase
Belco State Well No. 2, Unit Letter F
Section 20, T23 South, R28 East
Eddy County, New Mexico

Dear Mr. Alvarado:

Reference is made to your request on behalf of Basic Energy Services LP (OGRID 246368) received by the Division on August 25, 2011 to increase the surface injection pressure on the Belco State Well No. 2.

This well was approved by the Division for injection into the Delaware Mountain Group Formation from approximately 2,540 feet to 3,680 feet with SWD-1292 and given a maximum surface injection pressure of 508 psi.

It is our understanding that this well will not take a sufficient volume of water at this pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the injection formation and confining strata.

Based on a step rate injection test for this well run by Cardinal Surveys on August 15, 2011 we feel it does support an increase to 1056 psi. Any future requested increase beyond 1056 psi will require resubmission of additional data and a new step-rate test.



You are hereby authorized to increase the surface injection pressure on the following well located in Eddy County, New Mexico:

Well Number	Delaware Mountain Group Perforations	Surface Injection Pressure
Belco State Well No. 2 API No. 30-015-25433, Unit F, Section 20, Township 23 South, Range 28 East	2540'-3680'	1056 PSI

This approval is based on a provision that the tubing size, packer setting depth and perforation depths do not change. You are prohibited from injecting at pressures that would induce fracturing.

The operator is responsible for ensuring injected waters do not migrate upward inside or outside of this casing and enter formations above the permitted injection interval.

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected fluid is not being confined to the injection zone or is endangering any fresh water aquifers.

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

Sincerely,



Jami Bailey
Director

JB/tw

cc: Oil Conservation Division – Artesia