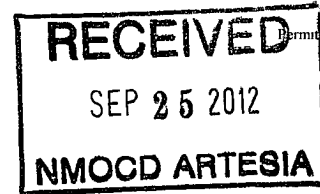


District I  
1625 N French Dr., Hobbs, NM 88240  
Phone (575) 393-6161 Fax (575) 393-0720  
District II  
811 S First St., Artesia, NM 88210  
Phone (575) 748-1283 Fax (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone (505) 334-6178 Fax (505) 334-6170  
District IV  
1220 S St Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-101  
Revised December 16, 2011



**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address <b>Basic Energy Services LP</b>		<sup>2</sup> OGRID Number <b>246368</b>
		<sup>3</sup> API Number <b>3001532438</b>
<sup>4</sup> Property Code <b>30501</b>	<sup>5</sup> Property Name <b>Shugart State</b>	<sup>6</sup> Well No <b>2</b>

<sup>7</sup> Surface Location									
UL - Lot <b>K</b>	Section <b>16</b>	Township <b>18S</b>	Range <b>31E</b>	Lot Idn	Feet from <b>1850</b>	N/S Line <b>South</b>	Feet From <b>1650</b>	E/W Line <b>West</b>	County <b>Eddy</b>

<sup>8</sup> Pool Information <b>SWD; Lower Delaware</b>		<b>96100</b>
---	--	--------------

<sup>8</sup> Additional Well Information				
<sup>9</sup> Work Type <b>E</b>	<sup>10</sup> Well Type <b>S</b>	<sup>11</sup> Cable/Rotary <b>Reverse Unit</b>	<sup>12</sup> Lease Type <b>S</b>	<sup>13</sup> Ground Level Elevation <b>3659</b>
<sup>14</sup> Multiple <b>Yes</b>	<sup>15</sup> Proposed Depth <b>5850'</b>	<sup>16</sup> Formation <b>5150'-5740'</b>	<sup>17</sup> Contractor <b>Basic Energy Services LP</b>	<sup>18</sup> Spud Date <b>3/7/2012</b>
Depth to Ground water None found		Distance from nearest fresh water well n/a		Distance to nearest surface water n/a

<sup>19</sup> Proposed Casing and Cement Program						
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17 1/2"	13 - 3/8"	48#	674'	580sx	Exist. Surface
Intermediate	11"	8 - 5/8"	32#	4516'	1410 sx	Exist. Surface
Production	7 7/8"	5 - 1/2"	17#	11970'	2000sx	Exist. Surface

<sup>19</sup> Casing/Cement Program: Additional Comments
CIL, CBL, GR Neutron Correlation log will be run once Plugs are drilled out and well bore is cleaned to 5840' Perf Intervals from (5150'-5740') will be acidized with NEFE under working string and packer with RBP tested Please see attachment of proposal well bore diagram.

<sup>19</sup> Proposed Blowout Prevention Program			
Type	Working Pressure	Test Pressure	Manufacturer
<b>Hydraulic Actuated</b>	<b>5000</b>	<b>5000</b>	<b>Townsend</b>

I hereby certify that the information given above is true and complete to the best of my knowledge and belief I further certify that the drilling pit will be constructed according to NMOC D guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Signature:			
Printed name: <b>David H. Alvarado</b>		Approved By:	
Title: <b>SENM District Fluid Sales Mgr.</b>		Title: <b>Geologist</b>	
E-mail Address: <b>david.alvarado@basicenergyservices.com</b>		Approved Date: <b>11/16/2012</b> Expiration Date: <b>11/15/2014</b>	
Date: <b>2/9/2012</b>	Phone <b>505.746.2072</b>	Conditions of Approval Attached <b>CANNOT inject until SWD ORDER IS APPROVED</b>	

District I  
1625 N French Dr, Hobbs, NM 88240  
Phone (575) 393-6161 Fax (575) 393-0720  
District II  
811 S First St, Artesia, NM 88210  
Phone (575) 748-1283 Fax (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone (505) 334-6178 Fax (505) 334-6170  
District IV  
1220 S St Francis Dr, Santa Fe, NM 87505  
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
x AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30 015 32438</b>		<sup>2</sup> Pool Code <b>96100</b>	<sup>3</sup> Pool Name <b>SWD, Lower, Delaware</b>
<sup>4</sup> Property Code <b>30501</b>	<sup>5</sup> Property Name <b>Shugart State # 2</b>		<sup>6</sup> Well Number <b>2</b>
<sup>7</sup> OGRID No. <b>246368</b>	<sup>8</sup> Operator Name <b>Basic Energy Services LP</b>		<sup>9</sup> Elevation <b>3659</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>K</b>	<b>16</b>	<b>18S</b>	<b>31E</b>		<b>1850</b>	<b>SOUTH</b>	<b>1650</b>	<b>WEST</b>	<b>EDDY</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

				<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</i></p> <p>Signature: <i>David H Alvarado</i> Date: <i>2/9/2012</i></p> <p>DAVID H ALVARADO Printed Name</p> <p>david.alvarado@basicenergyservices.com E-mail Address</p>
				<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p><i>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 belief</i></p>
				<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p>
				<p>Certificate Number</p>

## IX Proposed Stimulation Program

Basic Energy Services LP

Shugart State # 2

API 3001532438 Eddy Co.

Basic Energy Services LP Proposes to clean out well bore to 5850', Circulate hole twice its capacity till clean return is seen. Run a CIL, CBL, Correlation DIN, GR Neutron Log. Set CIBP @ 5840' with 35 feet of Cement a top of well plug by bail dump on wire line. Wait on Cement. Perforate intervals as reported on C-108 run packer and retrievable plug. Shugart State # 2 will

be treated in three stages possible two shots per foot.

32 gal NEFE 15 % per perf hole possible use of CLO2 behind acid and flush with three to five pounds of rock salt for block with the possibilities of bio balls used thru a ball gun. (1<sup>st</sup> Stage Set RBP @ 5750' Pkr @ 5590), (2<sup>sd</sup> Stage Set RBP @ 5590' Pkr. @ 5330'), (3<sup>rd</sup> Stage Set RBP @ 5330' Pkr. @ 5130')

<b><i>INTERVALS</i></b> <b><i>Stage 1</i></b>	<b><i>NET PAY</i></b>	<b><i>SPF</i></b>	<b><i>PERF</i></b> <b><i>HOLES</i></b>	<b><i>NEFE 15%</i></b> <b><i>gal / shot.</i></b>	<b><i>Net gal</i></b> <b><i>NEFE /</i></b> <b><i>Interval</i></b>	<b><i>Net 1bls/</i></b> <b><i>Salt block</i></b> <b><i>@ 4 lbs per</i></b> <b><i>hole</i></b>
5600-5610	10'	2	20	32	640	80
5640-5660	20'	2	40	32	1280	160
5700-5740	40'	2	80	32	2560	320
<b>Totals Stage 1</b>	<b>70'</b>		<b>140</b>		<b>4480</b>	<b>560</b>
<b><i>INTERVALS</i></b> <b><i>Stage 2</i></b>	<b><i>NET PAY</i></b>	<b><i>SPF</i></b>	<b><i>PERF</i></b> <b><i>HOLES</i></b>	<b><i>NEFE 15%</i></b> <b><i>gal / shot.</i></b>	<b><i>Net gal</i></b> <b><i>NEFE /</i></b> <b><i>Interval</i></b>	<b><i>Net 1bls/</i></b> <b><i>Salt block</i></b> <b><i>@ 4 lbs per</i></b> <b><i>hole</i></b>
5340-5550	210	2	420	32	13,440	1680
5560-5570	10	2	20	32	640	80
<b>Totals Stage 2</b>	<b>220</b>		<b>440</b>		<b>14,080</b>	<b>1760</b>
<b><i>INTERVALS</i></b> <b><i>Stage 3</i></b>	<b><i>NET PAY</i></b>	<b><i>SPF</i></b>	<b><i>PERF</i></b> <b><i>HOLES</i></b>	<b><i>NEFE 15%</i></b> <b><i>gal / shot.</i></b>	<b><i>Net gal</i></b> <b><i>NEFE /</i></b> <b><i>Interval</i></b>	<b><i>Net 1bls/</i></b> <b><i>Salt block</i></b> <b><i>@ 4 lbs per</i></b> <b><i>hole</i></b>
5150-5180	30	2	60	32	1920	240
5260-5320	60	2	120	32	3840	480
<b>Totals Stage 3</b>	<b>90</b>		<b>180</b>		<b>5,760</b>	<b>720</b>

## Proposal

Basic Energy Services LP

Shugart State Com # 2

1850" FSL, 1650' FWL, Unit (K), Sec 16, T18S, R31E

API # 30-016-32438 Eddy County

