



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

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

Jami Bailey
Division Director
Oil Conservation Division



Response Required – Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

29-Aug-11

BASIC ENERGY SERVICES
P.O. BOX 1869
EUNICE, NM 88231

BASIC ENERGY SERVICES, LP
P. O. BOX 10460
MIDLAND TX 79702

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

LEA No.001				B-17-23S-37E	30-025-27400-00-00		
Inspection				*Significant	Corrective		
Date	Type Inspection	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.	
08/25/2011	Bradenhead	Sylvia Dickey	Yes	No	12/2/2011	iSAD1124126487	

Comments on Inspection: WELL HAS BEEN SHUT IN SINCE 02/01/2010; ****OPERATOR'S NOI APPROVED ON 4/14/2010 BY E.L. GONZALES HAS EXPIRED*****WELL HAS NOT BEEN PLUG AND ABANDONED AS STATED BY OPERATOR. ***OPERATOR MUST SUBMIT ADDITIONAL PAPERWORK TO HOBBS DISTRICT I OFFICE ON INTENTIONS OF WELL'S FUTURE USE. OPERATOR MUST EITHER PLUG AND ABANDON, TEMPORARY ABANDON WELL OR BRING BACK ON ACTIVE STATUS****NOTIFY OCD BY PAPERWORK WITHIN 30 DAYS OF RECEIPT OF VIOLATION LETTER OR PLUG AND ABANDON WELL WITHIN 6 MONTHS OF NOTIFICATION LETTER*** CONTACT E.L. GONZALES AT 575-393-6161 X114*** *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 - MECHANICAL INTEGRITY OF WELL **OPERATOR IN VIOLATION OF NMOCD RULE 19.15.25.9 - NOI TO PLUG AND ABANDON WELL ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.25.8 - PROPER ABANDONMENT OF WELLS****

Oil Conservation Division * 1625 N. French Dr.*

* Hobbs, New Mexico 88240

* Phone: (575) 393-6161 * Fax (575) 393-0720* <http://www.emnrd.state.nm.us>



In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



Hobbs OCD District Office
COMPLIANCE OFFICER

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

Inactive Well List

Total Well Count: 9 Inactive Well Count: 2

Printed On: Monday, August 29 2011

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-25433	BELCO #002	F-20-23S-28E	F	246368	BASIC ENERGY SERVICES, LP	P	S	08/2007			
1	30-025-27400	LEA #001	B-17-23S-37E	B	246368	BASIC ENERGY SERVICES, LP	P	S	02/2010	INT TO PA 04/14/2010		

WHERE Ogrid:246368, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Submit 3 Copies 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

Form C-103
 May 27, 2004

RECEIVED
 OIL CONSERVATION DIVISION
 MAR 12 2010
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-27400 ✓
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> ✓
6. State Oil & Gas Lease No
7. Lease Name or Unit Agreement Name LEA ST. ✓
8. Well Number 001 ✓
9. OGRID Number 246368 004094
10. Pool name or Wildcat San Andres SWD

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.)

1. Type of Well. Oil Well Gas Well Other SWD

2. Name of Operator
Basic Energy Services

3. Address of Operator
P.O. Box 10460 Midland, TX 79702

4. Well Location
 Unit Letter B 660 feet from the North line and 1650 feet from the East line
 Section 17 Township 23-S Range 37-E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc)
3327 GL

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water N/A

Pit Liner Thickness: _____ ml Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL. <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER <input type="checkbox"/>		OTHER <input type="checkbox"/>	

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 1103 For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion

- 1) Set CIBP @ 4,408' - Cap w/ 3sx cmt - OR 35'
- 2) Tbg to 4,110' - Circ hole w/ MLF - Cap w/ 40sx cmt WOC-Tag
- 3) Tbg to 2,730' - Spot 40sx cmt - WOC-Tag.
- 4) Tbg to 1,100' - Spot 25sx cmt. 1200' - spot 35sx to cover T/S & 8 5/8 csg shoe - WOC TAG
- 5) Tbg to 400' - Spot 25sx cmt - WOC-Tag
- 6) Tbg to 60' - Spot 15sx cmt

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Gary Eggleston TITLE P&A Supervisor (Basic Energy Services) DATE 3/10/10

Type or print name: Gary Eggleston E-mail address: gary.eggleston@basicenergyservices.com Telephone No 432-530-0907

APPROVED BY [Signature] TITLE STAFF MGR DATE 4-14-10

Conditions of Approval (if any). THE OIL CONSERVATION DIVISION MUST BE NOTIFIED 24 HOURS PRIOR TO THE BEGINNING OF PLUGGING OPERATIONS

Betore

Basic Energy Services
 Leaf # 1 SWD
 Unit B 660 ft North 1650 ft East Sec. 17 T. 23 S. 37 E. API # 30-025-27400 Lea County, NM

12 3/4 csg @ 30'
 30#
 Redimex to surface

8 5/8 csg @ 1151 61'
 24#
 550 Sx CL C circulated

5 1/2 csg @ 7194'
 17#
 1st 700 Sx Pozmix - circulated
 2nd 1600 Sx Hal Lite & 200 Sx C
 circulated

**Cleaned out fill from
 4315 - 4508 ft. with 4 3/4 rock bit
 Ran 5 1/2 csg. Scraper to 4508 ft**

2/22/2010
 TIH 27jts PC 2 7/8 tbg / Pkr
 Placed Valve and disconnected
 all lines

Formation tops	
Anhy	1090
Salt	2480
Yates	2680
Queens	3360
Grayburg	3626
San Andres	3950
Glorieta	5082
Blinbery	5510
Tubb	6164
Drinkard	6450
Abo	6713



Top bad csg @ 3065

Btm Bad csg @ 3096 rate @ 5 bbls/ min @ 400 psi

Top bad csg @ 3473 ft

95 ft feel it might be a split or pitted csg

Btm bad csg @ 3568 ft

Top bad csg @ 3983 ft

32 ft pin hole or collar leak very small
 psi to 600 leaked off 100 # in one minute

Btm bad csg @ 4015

Tested good below @ 4077 - 4110
 RBP set @ 4110 ft

TOP PERF. @ 4125 ft



Plug @ 4508 cleaned out to plug (took sample 2") Not reported on file

BTM PERF 4699 ft



CIBP @ 5050 ft



PBTD 7150
 TD 7200

After

Basic Energy Services
Leaf # 1 SWD
 Unit B: 660 ft North 1650 ft East Sec. 17, T. 23 S., R. 37 E., APN: 30-025-27400, Lea County, NM

12 3/4 csg @ 30'
 30#
 Redimex to surface

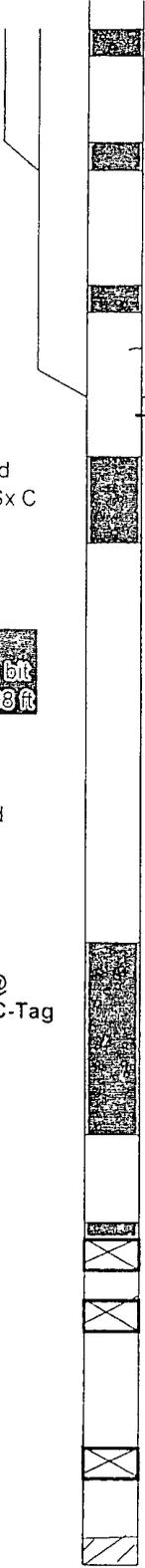
8 5/8 csg @ 1151 61'
 24#
 550 Sx CL C circulated

5 1/2 csg @ 7194'
 17#
 1st 700 Sx Pozmix - circulated
 2nd 1600 Sx Hal Lite & 200 Sx C circulated

**Cleaned out fill from 4315 - 4508 ft with 4 3/4 rock bit
 Ran 5 1/2 csg. Scraper to 4508 ft**

2/22/2010
 TIH 27jts PC 2 7/8 tbg / Pkr
 Placed Valve and disconnected all lines

Spot 40sxs cmt @ 4110'-3725' - WOC-Tag



15sxs cmt @ 60'-3'

Spot 25sxs cmt @ 400'-300' WOC-Tag

35 FX
 Spot 25sxs cmt @ 1100'-1000' 1200'

Spot 40sxs cmt @ 2730'-2380' WOC-Tag

Formation tops	
Anhy	1090
Salt	2480
Yates	2680
Queens	3360
Grayburg	3626
San Andres	3950
Glorieta	5082
Blinebry	5510
Tubb	6164
Drinkard	6450
Abo	6713

Top bad csg @ 3065

Btm. Bad csg @ 3096 rate @ .5 bbls/ min @ 400 psi

Top bad csg @ 3473 ft

95 ft feel it might be a split or pitted csg

Btm bad csg @ 3568 ft

Top bad csg @ 3983 ft

32 ft pin hole or collar leak very small psi to 600 leaked off 100 # in one minute

Btm bad csg @ 4015

Tested good below @ 4077 - 4110

RBP set @ 4110 ft

TOP PERF @ 4125 ft

CIBP @ 4408' - Cap w/ 3sxs cmt

Plug @ 4508 cleaned out to plug (took sample 2") Not reported on file

BTM PERF 4699 ft

CIBP @ 5050 ft

PBT D 7150
 TD 7200

Office

Energy, Minerals and Natural Resources

October 13, 2009

District I

1625 N French Dr Hobbs NM

RECEIVED
FEB 23 2010
HOBBSOCD

OIL CONSERVATION DIVISION

District II

1301 W Grand Ave Artesia, NM 88210

1220 South St. Francis Dr.

District III

1000 Rio Brazos Rd. Aztec, NM 87410

Santa Fe, NM 87505

District IV

1220 S. St. Francis Dr. Santa Fe NM

87505

WELL API NO. 30-025-27400 ✓
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6 State Oil & Gas Lease No
7. Lease Name or Unit Agreement Name Lea St.
8. Well Number #001 ✓
9. OGRID Number 004094 ✓
10. Pool name or Wildcat SWD; ✓ SAN ANDRES
11. Elevation (Show whether DR, RKB, RT, GR, etc)

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)

1 Type of Well Oil Well Gas Well Other DISPOSAL WELL ✓

2 Name of Operator
BASIC Energy Services ✓

3. Address of Operator
P O 1869 EUNICE NM 88231

4 Well Location
Unit Letter B 660 feet from the NORTH line and 1650 feet from the EAST line
Section 17 Township 23 S Range 37 E NMPM County LEA COUNTY ✓

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- DOWNHOLE COMMINGLE
- OTHER

SUBSEQUENT REPORT OF:

- REMEDIAL WORK
- COMMENCE DRILLING OPNS.
- CASING/CEMENT JOB
- ALTERING CASING
- P AND 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

Cleaned well bore from 4315-4508 found top of plug @ 4508 ft

Found bad csg 3983 - 4015, 3473 - 3568, 3065 - 3096 ft

Pkr Has been set above bad casing and a valve and PSI gauge has been placed on top of tubular for monitoring

All other lines have been disconnected at this time

We are asking for Temporarily abandonment until Corp. decides to Fix or file C - 103 for plugging.

DENIED

Pkr Too High (1000'±) Above P&A

ELG 7-25-10

Condition of Approval. Notify OCD Hobbs office 24 hours prior to running MIT Test & Chart

Spud Date

[Empty box for Spud Date]

Rig Release Date:

[Empty box for 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 SENM DISTRICT MGR

DATE 1-23-09

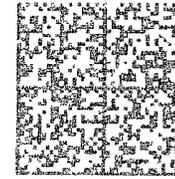
Type or print name DAVID ALVARADO E-mail address: david.alvarado@basicenergyservices.com PHONE 575 746 9663

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any): _____

**EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240**

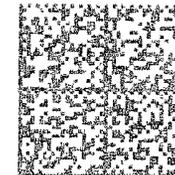


HASLER 015H14150977
\$0.64
08/22/11
Mailed From 88240

US POSTAGE

BASIC ENERGY SERVICES
P.O. BOX 1869
EUNICE, NM 88231

**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240**



HASLER 015H14150977
\$0.64
08/29/11
Mailed From 88240

US POSTAGE

BASIC ENERGY SERVICES
P.O. BOX 10460
MIDLAND, TX 79702