

COPY



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S
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September 15, 2017

Via Certified Mail

Basic Energy Services, LP
Attn: Cody Bissett & Alan Krenek, Partners
801 Cherry St., Suite 2100
Fort Worth, TX 76102

HOBBS OCD
SEP 21 2017
RECEIVED

Re: Cancellation of NM State- Land Office Salt Water Disposal Easement SWD-251-1 (API 30-025-28468, State No 001 [306002])

Dear Mr. Bissett and Mr. Krenek:

This letter is to inform you of the termination of Salt Water Disposal Easement SWD-251-1.

This office received your application for re-issue of the above referenced saltwater disposal easement on March 30, 2017. Upon review and investigation it has been determined that the Land Office is unable to re-issue the easement as the well is not in compliance with numerous Oil Conservation Division rules and regulations, namely

- MIT-Failure Rule# 19.15.26.11 -Operator conceded failure – violation not resolved
- High levels of chloride and dissolved salt in nearby watering well(s)
- OCD Authority to Inject has expired

Should you wish to resume salt water disposal activity at this location, you must remedy the above listed concerns within 30 days of the date of this letter, and remit proof of such remedy, along with a new Renewal Application for the water easement. No salt water disposal may take place using the well designated the State No. 001 [306002], API 30-025-~~28468~~ absent a new easement.

Otherwise, all equipment on site used exclusively for the disposal of salt water must be removed. And the State No. 001 [306002], API 30-025-~~28468~~ must be plugged and abandoned per the requirements of the New Mexico Oil Conservation Division.

If you have any questions, please contact Faith Crosby of the Oil, Gas and Minerals Division at the address above or by calling 505/827-5849.

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Basic Energy Services, LP
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Respectfully,



Audrey Dunn
Commissioner of Public Lands

AD/EM/lis

Cc: Via e-mail to: brian@permitswest.com
Mr. Brian Wood, Consultant
PO Box 1375
Artesia, NM 88211-1375

And

OCD District 1
Attn: Karen Sharp
1625 French Dr. Hobbs, NM 88240