

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET
NO. 09-0246616

IN THE BOONESVILLE (BEND CONGL.,
GAS) FIELD, WISE COUNTY, TEXAS

FINAL ORDER
APPROVING THE APPLICATION OF BASIC ENERGY SERVICES L.P.
TO DISPOSE OF OIL AND GAS WASTE BY INJECTION
INTO A POROUS FORMATION PRODUCTIVE OF OIL OR GAS
IN THE BEAMAN LEASE WELL NO. 1
BOONESVILLE (BEND CONGL., GAS) FIELD
WISE COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on May 9 and 23, 2006, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the findings of fact and conclusions of law contained therein, incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein, and adopts the following additional finding of fact and conclusion of law:

Additional Finding of Fact 13

13. All parties have agreed in writing that this Final Order shall be effective as of the date a Master Order relating to this Final Order is signed.

Additional Conclusion of Law 8

8. Pursuant to Texas Government Code §2001.144(a)(4), and the agreement of all parties, this Final Order is effective when a Master Order relating to this Final Order is signed on September 12, 2006.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that Basic Energy Services L.P. be and is hereby authorized to conduct salt water disposal operations in its Beaman Lease Well No. s, Boonesville (Bend Congl., Gas) Field, Wise County, Texas, subject to the following terms and conditions:

SPECIAL CONDITIONS:

1. Oil and gas waste shall only be injected into strata in the subsurface depth interval from 3310 feet to 3804 feet.
2. The injection volume shall not exceed 5,000 barrels of saltwater per day.

3. The maximum operating surface injection pressure shall not exceed 827 psig.

STANDARD CONDITIONS:

1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.
2. The District Office must be notified 48 hours prior to:
 - a. running tubing and setting packer;
 - b. beginning any workover or remedial operation; or
 - c. conducting any required pressure tests or surveys.
3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
4. Prior to beginning injection, and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.
5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin Office.
6. Within 30 days after completion, conversion to disposal, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed in duplicate with the District Office to show the current completion status of the well. The date of the disposal well permit and the permit number must be included on the new Form W-2 or G-1.
7. Written notice of intent to transfer the permit to another operator must be submitted to the Commission at least 15 days prior to the date the transfer will occur by filing Form P-4.
8. This permit will expire when the Form W-3, Plugging Record, is filed with the Commission.
9. Form P-18, Skim Oil Report, must be filed in duplicate with the District Office by the 15th day of the month following the month covered by the report.
10. That the well be identified and operated according to Permit Number_____.
11. Prior to beginning operation, all collecting pits, skimming pits, or washout pits must be permitted under the requirements of Statewide Rule 8;
12. A catch basin constructed of concrete, steel, or fiberglass must be installed to catch oil and gas waste which may spill as a result of connecting and disconnecting hoses or other apparatus while transferring oil and gas waste from tank trucks to the disposal facility.

13. All fabricated waste storage and pretreatment facilities (tanks, separators, or flow lines) shall be constructed of steel, concrete, fiberglass, or other materials approved by the Assistant Director, Environmental Services, and shall be maintained so as to prevent discharges of oil and gas waste.
14. Dikes shall be placed around all waste storage, pretreatment, or disposal facilities. The containment area shall be dewatered within 24 hours by being disposed of in an authorized disposal facility.
15. The facility shall have security to prevent unauthorized access. Access shall be secured by 24-hour attendant, a fence and a locked gate when unattended, or a key-controlled access system. For a facility without a 24-hour attendant, fencing shall be required unless terrain or vegetation prevents truck access except through entrances with lockable gates.
16. Each storage tank shall be equipped with a device (visual gauge or alarm) to alert drivers when each tank is within 130 barrels from being full.
17. Operators of commercial oil and gas waste disposal facilities must comply with Statewide Rule 56 in regard to the reporting of skim oil on Form P-18.

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and disposal operation must be stopped until the fluid migration from such strata is eliminated. The special permit conditions may be modified after notice and opportunity for hearing to prevent migration of injection fluid from the approved strata.

Effective this twelfth day of September, 2006.

RAILROAD COMMISSION OF TEXAS
(Order approved and signatures affixed by
OGC Unprotested Master Order dated
September 12th, 2006.)