

District I1625 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

Form C-101
Revised November 14, 2012**RECEIVED**

MAY 22 2013

NMOCD ARTESIA

Energy Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

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

| | | |
|---|--|---|
| ¹ Operator Name and Address LEGACY RESERVES OPERATING LP PO BOX 10848, MIDLAND, TX 79702 | | ² OGRID Number 240974 |
| ⁴ Property Code 302808 | | ³ APL Number 30-015-41387 |
| ⁵ Property Name SHUGART A STATE COM | | ⁶ Well No. 2H |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| H | 16 | 18S | 31E | | 1775' | NORTH | 180' | EAST | EDDY |

8. Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| E | 16 | 18S | 31E | | 2125' | NORTH | 330' | WEST | EDDY |

9. Pool Information

| | |
|--|---------------------------------|
| ⁷ Pool Name SHUGART BONE SPRING, NORTH | ⁸ Pool Code 56405 |
|--|---------------------------------|

Additional Well Information

| | | | | |
|-------------------------------------|---|--|-------------------------------------|---|
| ¹¹ Work Type NEW WELL | ¹² Well Type SINGLE OIL | ¹³ Cable/Rotary ROTARY | ¹⁴ Lease Type STATE | ¹⁵ Ground Level Elevation 3680' |
| ¹⁶ Multiple NO | ¹⁷ Proposed Depth 13,100'-MD, 8500'-TVD | ¹⁸ Formation BONE SPRING | ¹⁹ Contractor UNKNOWN | ²⁰ Spud Date 01/15/14-ESTIMATED |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

21. 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# | 810' | 466 | SURF |
| INT | 12 1/4" | 9 5/8" | 40# | 5,500' | 1426 | SURF |
| PROD | 8 3/4" | 5 1/2" | 17# | 13,100' | 2210 | SURF |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| DOUBLE RAM | 3000 | 3000 | |

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐ if applicable.

Signature: *Craig Sparkman*

Printed name: CRAIG SPARKMAN

Title: OPERATIONS ENGINEER

E-mail Address:

Date: 5/20/13 Phone: 432-689-5200

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date: 5/22/2013 Expiration Date: 5/22/2015

Conditions of Approval Attached

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OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

☐ **AMENDED REPORT**

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|---|---|
| API Number 30-015-41387 | Pool Code 56405 | Pool Name SHUGART BONE SPRING, NORTH |
| Property Code 302808 | Property Name SHUGART A STATE COM | Well Number 2H |
| OGRID No. 240974 | Operator Name LEGACY RESERVES OPERATING LP | Elevation 3680' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 16 | 18 S | 31-E | | 1775 | NORTH | 180 | EAST | EDDY |

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 |
| E | 16 | 18 S | 31-E | | 2125 | NORTH | 330 | WEST | EDDY |

| | | | |
|-----------------|-----------------|--------------------|-----------|
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
| 160 | | | |

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

| | | | |
|---|--|---|--|
| <div style="text-align: center;">2125'</div> <div style="text-align: center;">(BHL)</div> <div style="text-align: center;">330'</div> <div style="text-align: center;">Plane Coordinate X = 638,905.6 Y = 636,411.3</div> | <div style="text-align: center;">S 85°27'05" W - 4785.8'</div> | <div style="text-align: center;">#2H (SL)</div> <div style="text-align: center;">180'</div> <div style="text-align: center;">Plane Coordinate X = 643,675.1 Y = 636,790.8</div> | <div style="text-align: center;">1775'</div> |
| <p>NOTE:</p> <p>1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.</p> | | | |

OPERATOR CERTIFICATION

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.

Craig Sparkman

Signature

5/20/13

Date

CRAIG SPARKMAN

Printed Name

E-mail Address

SURVEYOR CERTIFICATION

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.

APR 11 2013

Date of Survey

[Signature]

Signature & Seal of Professional Surveyor

SC

12185

W.O. Num 2013-0638

SC

Certificate No. MACON McDONALD

12185



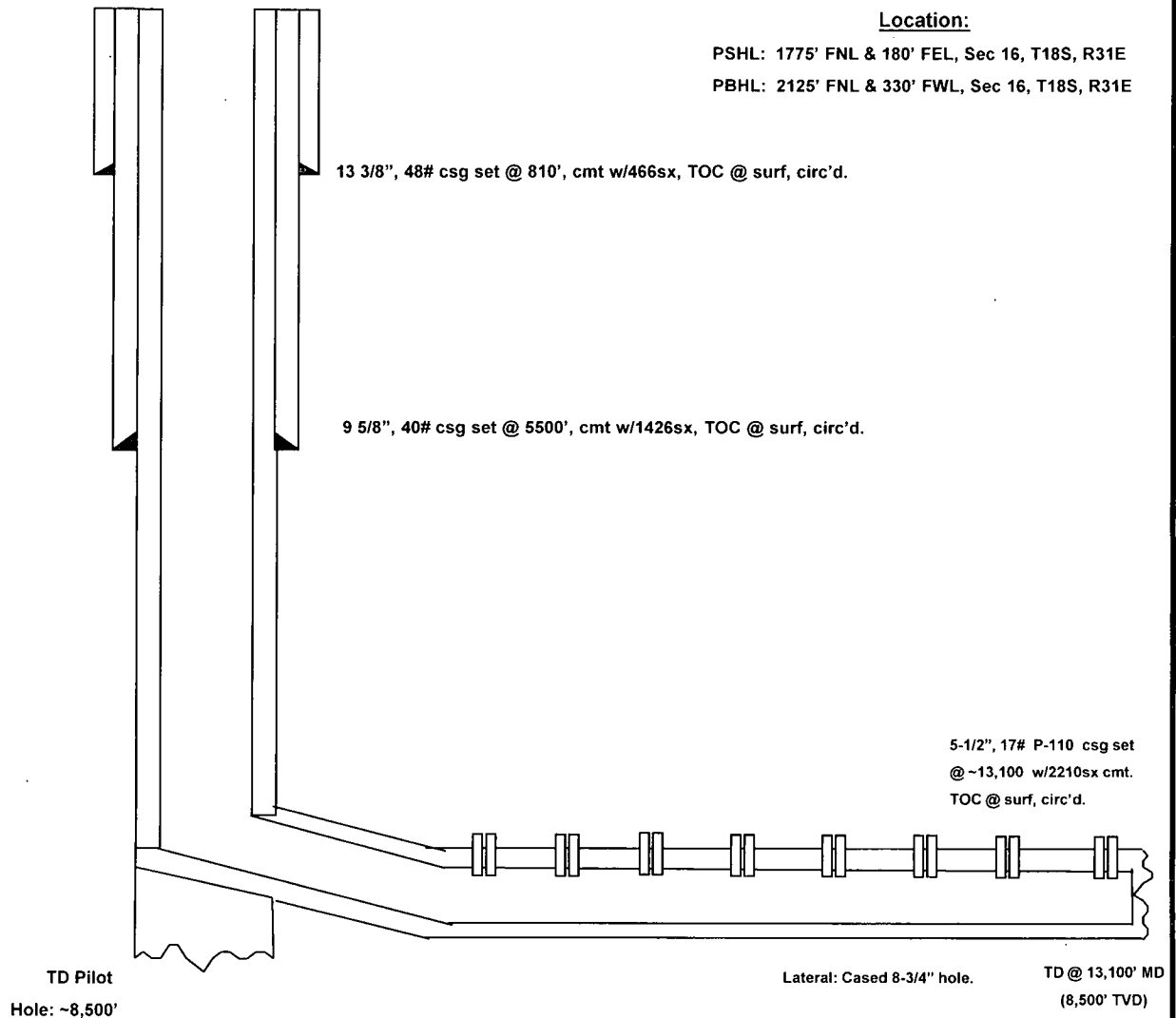
SHUGART A STATE COM #2H

LOCATION: See Below for SHL & PBHL.

FIELD: Shugart Bone Spring, North
COUNTY: Eddy
STATE: New Mexico

GL: 3688'
KB: 3714'
SPUD DATE: 01/15/2014

LATEST UPDATE: 05/15/2013
BY: CSPARKMAN
API No: 30-015-



Permit Conditions of Approval

API: 30-015-41387

| OGD Reviewer | Condition |
|-----------------|--|
| CSHAPARD | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |