

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

HOBBS OCD
FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

5. Lease Serial No. **SEP 15 2013**
NMNM016795

6. If Indian, Allottee or Tribe Name
RECEIVED

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No.
2. Name of Operator LEGACY RESERVES OPERATING LP		8. Well Name and No. Pearsall Queensand LEGACY #1
3a. Address PO BOX 10848 MIDLAND, TX 79702	3b. Phone No. (include area code) 432-689-5200	9. API Well No. 30-025-00851
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1670' FNL & 2310' FWL, UNIT LETTER F, SEC 5, T18S, R32E		10. Field and Pool or Exploratory Area PEARSALL; SEVEN RIVERS
		11. County or Parish, State LEA CO., NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>RECOMPLETE IN SEVEN RIVERS</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

THIS WELL IS CURRENTLY NAMED THE PEARSALL QUEEN SAND UNIT #11. APPROVAL HAS BEEN OBTAINED FROM ALL PEARSALL QUEEN SAND UNIT OWNERS TO PLUG AND ABANDON THE UNECONOMIC QUEEN PRODUCING INTERVAL AND RECOMPLETE THE WELL IN THE SEVEN RIVERS FROM 3012' - 3620'. ~~THE LEASE NAME WILL CHANGE TO LEGACY. THE WELL NUMBER WILL CHANGE TO #1.~~ IF THE RECOMPLETION IS SUCCESSFUL A NEW PRODUCTION FACILITY WILL BE INSTALLED AT THE WELL LOCATION. AN AMENDMENT IN THE PLAN OF DEVELOPMENT OF THE PEARSALL QUEEN SAND UNIT REFLECTING THIS CHANGE WILL BE SUBMITTED. ATTACHED IS THE PROPOSED WORKOVER PROCEDURE.

submit a sundry to change well name with completion report.

SUBJECT TO LIKE APPROVAL BY STATE

SEE ATTACHED FOR CONDITIONS OF APPROVAL

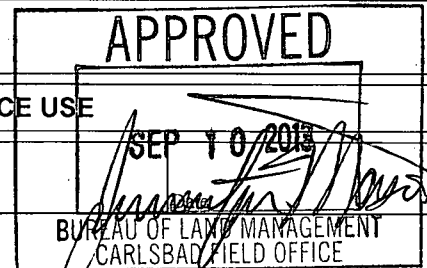
14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) **BLAIN LEWIS** Title **SENIOR ENGINEER**

Signature *Blain Lewis* Date **07/26/2013**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Office _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.



Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

SEP 17 2013

PROCEDURE TO RECOMPLETE IN SEVEN RIVERS
Pearsall Queen Sand Unit #11 (name will change to Legacy #1)
Pearsall, Seven Rivers Field
Lea County, New Mexico

Well Data: KB 9' AGL
5-1/2", 14#, J-55 casing at 3720' with 100 sx, TOC at 2700' (calc.)
Grayburg (Queen) perfs: 3690'-3710' (total of 80 holes)
Un-perf'd Seven Rivers pay: 3012'-3620'
2-3/8" J-55, un-anchored tubing at 3725' with 3/4" rod string and 1.5" pump

Volumes: 5-1/2" csg x 3-1/2" tbg annulus = 0.0125 bbls/ft
5-1/2" csg = 0.0244 bbls/ft
3-1/2" tbg = 0.0087 bbls/ft

- 1) **Day one:** MIRU pulling unit. POH and visually inspect rods and pump (\$12,000 is in AFE to replace rods if necessary). NU BOP. POH with tubing. Unload 3700' of 3-1/2", 9.3#, N-80, EUE, 8R work string.
- 2) **Day two:** RIH with 4-3/4" bit, casing scraper and production tubing. RIH to bottom at +/- 3715'. POH and lay down casing scraper and bit.
- 3) MIRU wireline unit. RIH with GR/CCL/CBL log tools, get on depth with Lane Wells GR/N log dated 3/19/56 and log from bottom to 2500'. Report cement top to Blain Lewis (perfs may be adjusted). POH with logging tools. RIH with CIBP and set on wireline at +/- 3685' (middle of first joint above shoe joint of 5-1/2" casing). RIH with 3-1/8" select-fire slick gun and perf Seven Rivers with 1 shot at each of the following depths: 3620', 3453', 3418', 3372', 3316', 3249', 3198', 3162', 3052' and 3012' (10 holes). POH with wireline. NOTE: If cement top is found to be above +/- 3200', perfs will be adjusted to shoot total of 10 holes below 3200'. RIH with bailer on wireline and dump 2 sx (20') cement on CIBP for PBTD 3665'. POH and RDMO wireline unit.
- 4) **Day three:** RIH with packer and 3-1/2" tubing to +/- 2900'. MIRU frac equipment as per attached recommendation with +/- 1,500 bbls 2% KCl water. Circulate hole with +/- 62 bbls 2% KCl water and set packer at +/- 2900'. Test casing annulus to 500 psig for 15 min. and monitor throughout stimulation. NU frac valve to 3-1/2" tubing and treat Seven Rivers perfs 3012'-3620' at 6-10 BPM and 5,000 psig maximum with spearhead of 2,000 gals (47.6 bbls) 15% NEFE HCl. Frac down 3-1/2" tubing at 15-20 BPM, 5000 psig maximum. Flush to top perf with 28 bbls linear gelled 2% KCl water. Report ISIP and 5-10-15 min. SIP's. RDMO frac equipment and leave well SI overnight.
- 5) **Day four:** Open and flow down to tank. Release packer and POH laying down work string and packer.
- 6) RIH with BPMA, perf sub, SN, TAC and remainder of production tubing (hydrotest tubing in hole) to set bottom of BPMA above perfs at +/- 3000', SN at +/- 2965' and TAC at +/- 2960'. ND BOP. NU wellhead.

Procedure to Recomplete in Seven Rivers
Pearsall Queen Sand Unit #11

- 7) **Day five:** RIH with 1.25" bore insert pump and rods, seat pump, space out and hang on pumping unit. Load and pressure test tubing. Put well on pump. RDMO pulling unit.
- 8) Optimize production rate by adjusting SPM or pump size as necessary.

ESTIMATED COSTS:

Pulling unit – 5 days	\$ 25,000
Stimulation services	\$ 60,000
Wireline services	\$ 15,000
Rental tools	\$ 15,000
Contract labor	\$ 15,000
Rod string	\$ 12,000
3000' 2-3/8" tbg	\$ 10,000
Misc. equip	\$ 7,000
5% contingencies	<u>\$ 6,500</u>
TOTAL	\$165,500

PREPARED BY: Blain Lewis **Date:** 06/05/13



Pearsall Queen Sand Unit #11

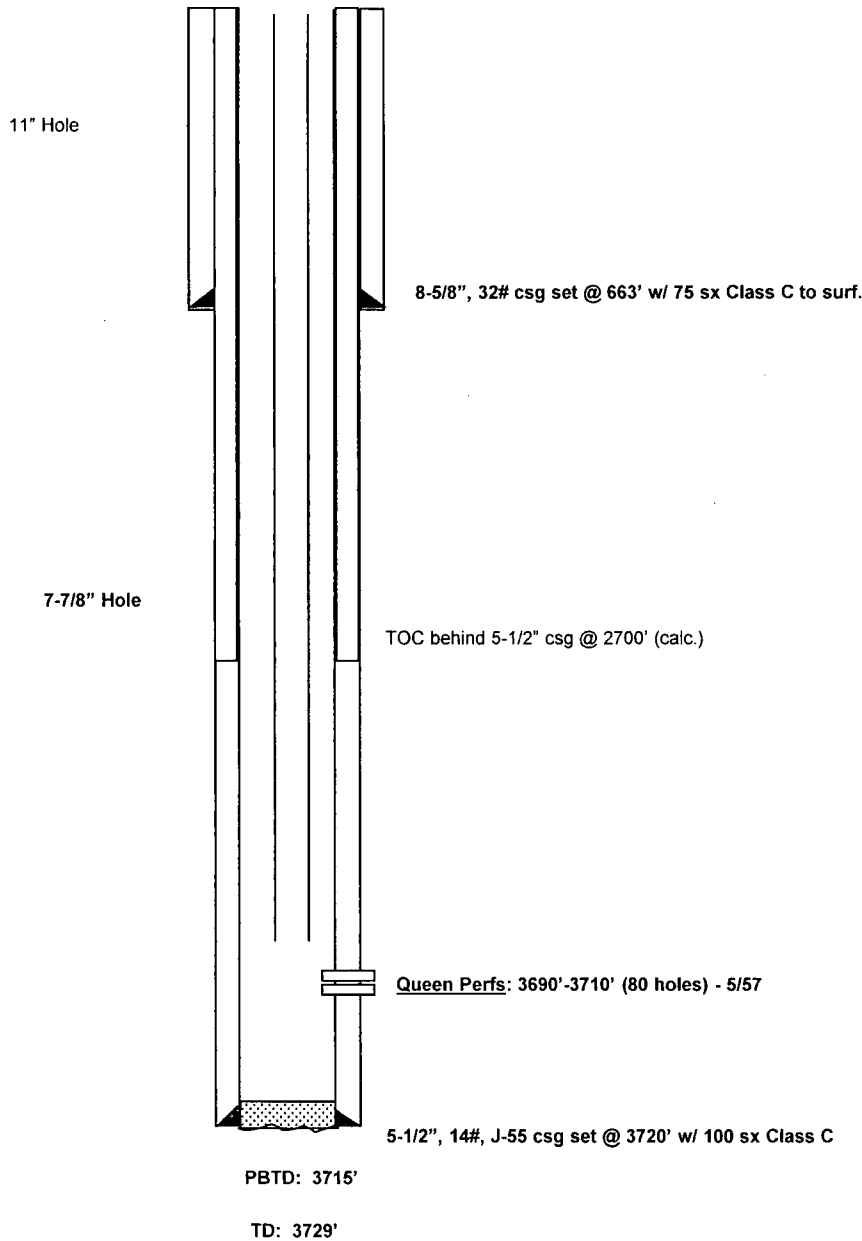
LOCATION: 1670' FNL & 2310' FWL, Sec 5, T18S, R32E

Current Wellbore Diagram

FIELD: Pearsall
COUNTY: Lea
STATE: New Mexico

GL: 3862'
KB:
SPUD DATE: 5/27/1957

LATEST UPDATE: 06/07/2013
BY: BKL
API No: 30-025-00851





Pearsall Queen Sand Unit #11 (aka Legacy #1)

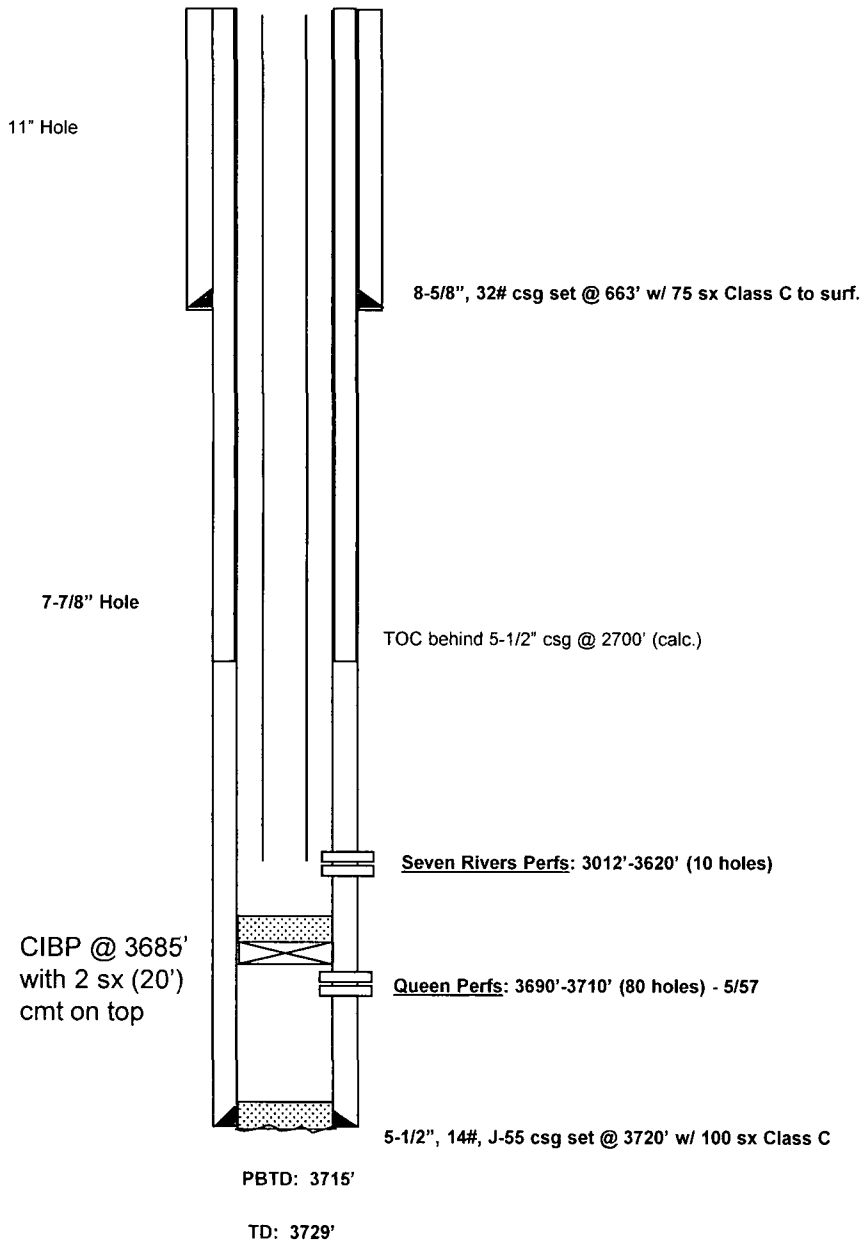
LOCATION: 1670' FNL & 2310' FWL, Sec 5, T18S, R32E

Proposed Wellbore Diagram

FIELD: Pearsall
COUNTY: Lea
STATE: New Mexico

GL: 3862'
KB:
SPUD DATE: 5/27/1957

LATEST UPDATE: 06/07/2013
BY: BKL
API No: 30-025-00851



Conditions of Approval

Legacy Reserves Operating LP

Pearsall Queen Sand Unit 11

API 30-025-00851

September 10, 2013

Work to be completed by December 10, 2013.

- 1. Operator shall place a CIBP at 3680' and place 35' of bailed cement on top. Tag required.**
- 2. Must conduct a casing integrity test before any perforating or fracturing can be done. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure.**
3. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
4. Surface disturbance beyond the originally approved pad must have prior approval.
5. Closed loop system required.
6. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
7. Operator to have H2S monitoring equipment on location.
8. A minimum of a 2000 (2M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
- 9. Operator shall submit a sundry after recompletion for a name change removing "unit" from the name.**

10. Subsequent sundry required detailing work done, C-102 with new formation, and completion report for the new formation. Operator to include well bore schematic of current well condition when work is complete.

11. Operator shall update POD and address as to why this well is no longer needed as a unit well.

NOTE: Operator will no longer report production to the unit, but to the lease.

JAM 091013