



APD ID: 10400029978

Submission Date: 05/22/2018

Highlighted data
reflects the most
recent changes

Operator Name: LEGACY RESERVES OPERATING LP

Well Name: LEA UNIT

Well Number: 65H

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - Existing Roads

Will existing roads be used? YES

Existing Road Map:

65H_Well_Pad_Plat_04_17_18_20180507104235.pdf

Existing Road Purpose: ACCESS

Row(s) Exist? YES

ROW ID(s)

ID:

Do the existing roads need to be improved? NO

Existing Road Improvement Description:

Existing Road Improvement Attachment:

Section 2 - New or Reconstructed Access Roads

Will new roads be needed? NO

Section 3 - Location of Existing Wells

Existing Wells Map? YES

Attach Well map:

One_Mile_Radius_Plat_20180521151601.pdf

Operator Name: LEGACY RESERVES OPERATING LP

Well Name: LEA UNIT

Well Number: 65H

Existing Wells description:

Section 4 - Location of Existing and/or Proposed Production Facilities

Submit or defer a Proposed Production Facilities plan? DEFER

Estimated Production Facilities description: In the event the well is found productive, a 4" surface poly flowline (125 psi with oil/gas/water) will be laid along the existing roadway, for 4239.1' to the satellite battery located in the SW/4NW/4 of section 12, T. 20S, R. 34E. All permanent (six months or longer) aboveground structures constructed or installed on location and not subject to safety requirements will be painted to BLM specifications.

Section 5 - Location and Types of Water Supply

Water Source Table

Water source use type: INTERMEDIATE/PRODUCTION CASING, STIMULATION, SURFACE CASING

Describe type:

Source latitude:

Source datum:

Water source permit type: PRIVATE CONTRACT

Source land ownership: PRIVATE

Water source transport method: TRUCKING

Source transportation land ownership: PRIVATE

Water source volume (barrels): 20000

Source volume (gal): 840000

Water source type: PERENNIAL SURFACE

Source longitude:

Source volume (acre-feet): 2.577862

Water source and transportation map:

Water_Transportation_Plat_20180507105800.pdf

Water source comments:

New water well? NO

New Water Well Info

Well latitude:

Well Longitude:

Well datum:

Well target aquifer:

Est. depth to top of aquifer(ft):

Est thickness of aquifer:

Aquifer comments:

Aquifer documentation:

Well depth (ft):

Well casing type:

Operator Name: LEGACY RESERVES OPERATING LP

Well Name: LEA UNIT

Well Number: 65H

Well casing outside diameter (in.):

Well casing inside diameter (in.):

New water well casing?

Used casing source:

Drilling method:

Drill material:

Grout material:

Grout depth:

Casing length (ft.):

Casing top depth (ft.):

Well Production type:

Completion Method:

Water well additional information:

State appropriation permit:

Additional information attachment:

Section 6 - Construction Materials

Construction Materials description: Construction materials: caliche will be used to construct this well pad. Any construction material that may be required for surfacing of the drill pad will be from a contractor having a permitted source of materials within the general area. No construction materials will be removed from Federal lands without prior approval from the appropriate surface management agency. See attached for source information.

Construction Materials source location attachment:

Construction_Material_Plat_20180508150251.pdf

Section 7 - Methods for Handling Waste

Waste type: PRODUCED WATER

Waste content description: Water produced from target formation.

Amount of waste: 400 barrels

Waste disposal frequency : Weekly

Safe containment description: Water produced from the target formation will be held in permanent tanks on the well pad. The tank(s) will be contained by appropriate secondary containment according to SPCC plan.

Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY

Disposal location ownership: COMMERCIAL

Disposal type description:

Disposal location description: NMOCD approved disposal site.

Waste type: COMPLETIONS/STIMULATION

Waste content description: The waste water associated with completions and simulations resulting from hydraulic fracturing of the well bore.

Amount of waste: 140000 barrels

Waste disposal frequency : Daily

Safe containment description: All waste water will be containing in temporary frac tanks located on the well site.

Safe containmant attachment:

Operator Name: LEGACY RESERVES OPERATING LP

Well Name: LEA UNIT

Well Number: 65H

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** COMMERCIAL

Disposal type description:

Disposal location description: NMOCD approved disposal site.

Waste type: FLOWBACK

Waste content description: The waste water associated with flowback resulting from hydraulic fracturing of the wellbore.

Amount of waste: 140000 barrels

Waste disposal frequency : One Time Only

Safe containment description: Flowback water will be held within above ground permanent tanks within the production facility on the well pad location. The tank(s) will be contained by appropriate secondary containment according to the SPCC plan.

Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** COMMERCIAL

Disposal type description:

Disposal location description: NMOCD approved disposal site.

Waste type: DRILLING

Waste content description: Drilling mid and drilling cuttings.

Amount of waste: 2400 barrels

Waste disposal frequency : Weekly

Safe containment description: Drilling mud and cuttings will be contained in a closed system. During drilling activities, trenches will surround all pumps, motors and rig such that runoff will be directed to a sump area on the well site and pumped into haul off tank.

Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** COMMERCIAL

Disposal type description:

Disposal location description: NMOCD approved disposal site.

Reserve Pit

Reserve Pit being used? NO

Temporary disposal of produced water into reserve pit?

Reserve pit length (ft.) **Reserve pit width (ft.)**

Reserve pit depth (ft.) **Reserve pit volume (cu. yd.)**

Is at least 50% of the reserve pit in cut?

Reserve pit liner

Reserve pit liner specifications and installation description

Operator Name: LEGACY RESERVES OPERATING LP

Well Name: LEA UNIT

Well Number: 65H

Cuttings Area

Cuttings Area being used? NO

Are you storing cuttings on location? NO

Description of cuttings location

Cuttings area length (ft.)

Cuttings area width (ft.)

Cuttings area depth (ft.)

Cuttings area volume (cu. yd.)

Is at least 50% of the cuttings area in cut?

WCuttings area liner

Cuttings area liner specifications and installation description

Section 8 - Ancillary Facilities

Are you requesting any Ancillary Facilities?: NO

Ancillary Facilities attachment:

Comments:

Section 9 - Well Site Layout

Well Site Layout Diagram:

McVay_Rig2_Schematic_20180509101657.pdf

Comments:

Section 10 - Plans for Surface Reclamation

Type of disturbance: New Surface Disturbance

Multiple Well Pad Name: LEA UNIT

Multiple Well Pad Number: 65H

Recontouring attachment:

Lea_Unit__65H_Surface_Reclamation_20180507112232.pdf

Drainage/Erosion control construction: To mitigate erosion and protect the natural drainage areas, erosion control methods (e.g. cut and fill ratios of 3:1) will be implemented during the construction and production phases of this project. The slopes of the well pad may be reseeded or replanted per agreement with the landowner. Erosion mitigation such as silt fences and hay bales will be located as necessary around the well pad.

Drainage/Erosion control reclamation: • The original landform will be restored for all disturbed areas including well pads, production facilities, roads, pipelines, and utility corridors. • A self-sustaining, vigorous, diverse, native (or otherwise approved) plant community will be established on the site, with a density sufficient to control erosion and invasion by non-native plants and to re-establish wildlife habitat or forage production. At a minimum, the established plant community will

Operator Name: LEGACY RESERVES OPERATING LP

Well Name: LEA UNIT

Well Number: 65H

consist of species included in the seed mix and/or desirable species occurring in the surrounding natural vegetation. • Erosion features are equal to or less than surrounding area and erosion control is sufficient so that water naturally infiltrates into the soil and gully, headcutting, slumping, and deep or excessive rills (greater than 3 inches) are not observed. • The site will be free of State- or county-listed noxious weeds, oil field debris and equipment, and contaminated soil. Invasive and non-native weeds are controlled.

Well pad proposed disturbance (acres): 0.14	Well pad interim reclamation (acres): 0	Well pad long term disturbance (acres): 0
Road proposed disturbance (acres): 0	Road interim reclamation (acres): 0	Road long term disturbance (acres): 0
Powerline proposed disturbance (acres): 0	Powerline interim reclamation (acres): 0	Powerline long term disturbance (acres): 0
Pipeline proposed disturbance (acres): 0	Pipeline interim reclamation (acres): 0	Pipeline long term disturbance (acres): 0
Other proposed disturbance (acres): 0	Other interim reclamation (acres): 0	Other long term disturbance (acres): 0
Total proposed disturbance: 0.14	Total interim reclamation: 0	Total long term disturbance: 0

Disturbance Comments: Pad and road already exist and have been approved as part of APD process for the existing well (Lea Unit 62H).

Reconstruction method: Final reclamation to achieve restoration of the original landform and a natural vegetative community. The original landform will be restored for all disturbed areas including well pads, production facilities, roads, pipelines, and utility corridors.

Topsoil redistribution: Topsoil will be redistributed after the well pad has been returned to original contours, or as close as practical.

Soil treatment: No soil treatment will be needed.

Existing Vegetation at the well pad:

Existing Vegetation at the well pad attachment:

Existing Vegetation Community at the road:

Existing Vegetation Community at the road attachment:

Existing Vegetation Community at the pipeline:

Existing Vegetation Community at the pipeline attachment:

Existing Vegetation Community at other disturbances:

Existing Vegetation Community at other disturbances attachment:

Non native seed used? NO

Non native seed description:

Seedling transplant description:

Will seedlings be transplanted for this project? NO

Seedling transplant description attachment:

Operator Name: LEGACY RESERVES OPERATING LP

Well Name: LEA UNIT

Well Number: 65H

Will seed be harvested for use in site reclamation? NO

Seed harvest description:

Seed harvest description attachment:

Seed Management

Seed Table

Seed type:

Seed source:

Seed name:

Source name:

Source address:

Source phone:

Seed cultivar:

Seed use location:

PLS pounds per acre:

Proposed seeding season:

Seed Summary

Total pounds/Acre:

Seed Type	Pounds/Acre
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Seed reclamation attachment:

Operator Contact/Responsible Official Contact Info

First Name: Scott

Last Name: St. John

Phone: (405)286-9326

Email: sstjohn@rsenergysolutions.com

Seedbed prep:

Seed BMP:

Seed method:

Existing invasive species? NO

Existing invasive species treatment description:

Existing invasive species treatment attachment:

Weed treatment plan description: Weeds will be mowed regularly to prevent them from becoming dominant within the project area

Weed treatment plan attachment:

Monitoring plan description: The project location will be periodically monitored by Legacy Reserves Operating, LP's staff that are responsible for infrastructure maintenance.

Monitoring plan attachment:

Success standards: Develop sufficient plant and root coverage to maximize erosion and sediment control.

Operator Name: LEGACY RESERVES OPERATING LP

Well Name: LEA UNIT

Well Number: 65H

Pit closure description: No pit will be utilized for this project.

Pit closure attachment:

Section 11 - Surface Ownership

Disturbance type: WELL PAD

Describe:

Surface Owner: PRIVATE OWNERSHIP

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland:

USFS Ranger District:

Fee Owner: Kenneth Smith Inc.

Phone: (575)390-2642

Surface use plan certification: YES

Surface use plan certification document:

signed_affidavit_of_notification_20180522135307.pdf

Surface access agreement or bond: Agreement

Surface Access Agreement Need description: A Surface Use Agreement has been established

Surface Access Bond BLM or Forest Service:

BLM Surface Access Bond number:

USFS Surface access bond number:

Fee Owner Address: 267 Smith Ranch Road, Hobbs, NM
88240

Email: wayne_smith1970@yahoo.com

Operator Name: LEGACY RESERVES OPERATING LP

Well Name: LEA UNIT

Well Number: 65H

Section 12 - Other Information

Right of Way needed? NO

Use APD as ROW?

ROW Type(s):

ROW Applications

SUPO Additional Information:

Use a previously conducted onsite? YES

Previous Onsite information: On-site performed 05/17/2018 resulted in proposed location being ok where staked. Present at the on-site meeting was: Matt Dickson with Legacy Reserves Operating, L.P., Matt Wirth with the Bureau of Land Management, and Austin Lindsay and Blayne Housh from Reagan Smith Energy Solutions, INC.

Other SUPO Attachment

Legacy_Reserves_Operating_LP_BLM_Bond_20180507123955.pdf



IN REPLY REFER TO:

3104 (NM92200-emr)

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office

P.O. Box 27115

Santa Fe, New Mexico 87502-0115

www.blm.gov/nm



September 1, 2015

DECISION

Principal:

Legacy Reserves Operating LP
303 W. Wall Street, Suite 1800
Midland, TX 79701

Surety:

Argonaut Insurance Company
c/o Teresa D. Kelly – Attorney-in-Fact
P.O. Box 469011
San Antonio, TX 78246

:
:
: BLM Bond No.: NMB001300
:
: Surety Bond No.: SUR0033468
:
: Bond Type: Oil and Gas
:
: Bond Amount: \$25,000.00
:
: Execution Date: August 28, 2015
:

Statewide Surety Bond Accepted

On August 31, 2015, this office received the surety bond described above in the amount of \$25,000.00 with Legacy Reserves Operating LP as principal, and underwritten by Argonaut Insurance Company, as surety.

The bond has been examined and found satisfactory. Therefore, the bond is accepted effective August 31, 2015, the date of receipt and should be referenced in all correspondence as BLM bond number NMB001300.

The bond constitutes coverage of all operations conducted by or on behalf of the principal on oil and gas leases in the State of Texas. The bond provides coverage of the principal where that principal has interest in, and/or responsibility for operations on, leases authorized under the authority of any of the Acts cited on the bond form. Federal leases do not include Indian leases.

The bond will be maintained by this office. Termination of liability under the bond will be permitted only after this office is satisfied that there is no outstanding liability on the bond or satisfactory replacement bond coverage is furnished.

If you have any questions regarding this bond, please call Elizabeth Rivera at (505) 954-2162 or email: lriviera@blm.gov.

Gloria S. Baca
Gloria S. Baca
Supervisory Land Law Examiner
Branch of Adjudication

Form 3000-4
(June 1988)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-359)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)
Act of December 24, 1970 (30 U.S.C. 1001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Bond Number

SUR0033468

Lease Serial Number (For Individual Bond Only)

CHECK ONE ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE

☒ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT Legacy Reserves Operating LP

(name)

of 303 W. Wall Street, Suite 1800, Midland, TX 79701

(address)

as principal, and Argonaut Insurance Company

(name)

of P.O. Box 469011, San Antonio, TX 78246

(address)

are held and firmly bound unto the United States of America in the sum of Twenty-Five Thousand and No/100

dollars (\$ 25,000.00),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☐ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That

(name)

of _____, as principal, is held and firmly

(address)

bound unto the United States of America in the sum of _____

dollars (\$ _____), lawful money of the United States which sum may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

☐ NATIONWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations.

☒ STATEWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of TEXAS.

☐ INDIVIDUAL BOND — Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND — This bond shall cover:

☐ NPR-A LEASE BOND — The terms and conditions of a single lease.

☐ NPR-A WIDE BOND — The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations.

(Continued on page 2)

POA #AS-0079833

BOND CONDITIONS

The conditions of the foregoing obligations are such that:

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond; and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include:

a. Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b. Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s); and

c. Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond; and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond; and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding: Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon; and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

a. Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s); and

b. Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal; and

c. Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of oper-

ations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s); and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond; and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner; and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s); and

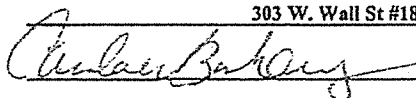
9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE if said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void; otherwise to remain in full force and effect.

Signed this 28th day of August, 20 15, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

303 W. Wall St #1800, Midland, TX 79701

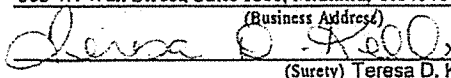


Candace D. Bosheers, 5444 Westheimer #900, Houston, TX 77056

(Principal)

303 W. Wall Street, Suite 1800, Midland, TX 79701

(Business Address)



(Surety) Teresa D. Kelly Attorney-in-Fact

P.O. Box 469011, San Antonio, TX 78246

(Business Address)

If this bond is executed by a corporation, it must bear the seal of that corporation.

AS-0079833

Argonaut Insurance Company
Deliveries Only: 225 W. Washington, 24th Floor
Chicago, IL 60606

United States Postal Service: P.O. Box 469011, San Antonio, TX 78246

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the Argonaut Insurance Company, a Corporation duly organized and existing under the laws of the State of Illinois and having its principal office in the County of Cook, Illinois does hereby nominate, constitute and appoint:

Dan W. Burton, Candace D. Bosheers, Teresa D. Kelly

Their true and lawful agent(s) and attorney(s)-in-fact, each in their separate capacity if more than one is named above, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all bonds, contracts, agreements of indemnity and other undertakings in suretyship provided, however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

\$40,000,000.00

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of Argonaut Insurance Company:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the Company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the Argonaut Insurance Company, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

IN WITNESS WHEREOF, Argonaut Insurance Company has caused its official seal to be hereunto affixed and these presents to be signed by its duly authorized officer on the 18th day of July, 2013.



by: _____

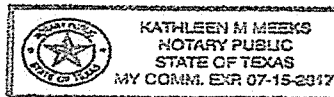
Joshua C. Betz, Senior Vice President

STATE OF TEXAS

COUNTY OF HARRIS SS:

On this 18th day of July, 2013 A.D., before me, a Notary Public of the State of Texas, in and for the County of Harris, duly commissioned and qualified, came THE ABOVE OFFICER OF THE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of same, and being by me duly sworn, deposed and said that he is the officer of the said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said corporation, and that Resolution adopted by the Board of Directors of said Company, referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my Official Seal at the County of Harris, the day and year first above written.



Kathleen M. Meeks

(Notary Public)

I, the undersigned Officer of the Argonaut Insurance Company, Illinois Corporation, do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the Seal of said Company, on the 18th day of August, 2015.



Sarah Heineman

Sarah Heineman, VP-Underwriting Surety

THIS DOCUMENT IS NOT VALID UNLESS THE WORDS ARGO POWER OF ATTORNEY AND THE SERIAL NUMBER IN THE UPPER RIGHT HAND CORNER ARE IN BLUE, AND THE DOCUMENT IS ISSUED ON WATERMARKED PAPER. IF YOU HAVE QUESTIONS ON AUTHENTICITY OF THIS DOCUMENT CALL (210) 321 - 8400.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-359)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)
Act of December 24, 1970 (30 U.S.C. 1001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Bond Number

SUR0033468

Lease Serial Number (For Individual Bond Only)

CHECK ONE ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE

☒ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT Legacy Reserves Operating LP

(name)

of 303 W. Wall Street, Suite 1800, Midland, TX 79701

(address)

as principal, and Argonaut Insurance Company

(name)

of P.O. Box 469011, San Antonio, TX 78246

(address)

are held and firmly bound unto the United States of America in the sum of Twenty-Five Thousand and No/100

dollars (\$ 25,000.00),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☐ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That _____

(name)

of _____, as principal, is held and firmly

(address)

bound unto the United States of America in the sum of _____

dollars (\$ _____),

lawful money of the United States which sum may be increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

☐ **NATIONWIDE BOND** — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations.

☒ **STATEWIDE BOND** — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of TEXAS.

☐ **INDIVIDUAL BOND** — Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND — This bond shall cover:

☐ **NPR-A LEASE BOND** — The terms and conditions of a single lease.

☐ **NPR-A WIDE BOND** — The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations.

(Continued on page 2)

POA #AS-0079833

BOND CONDITIONS

The conditions of the foregoing obligations are such that:

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond; and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include:

a. Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b. Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s); and

c. Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond; and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond; and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding: Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon; and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

a. Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s); and

b. Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal; and

c. Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of oper-

ations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s); and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond; and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner; and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s); and

9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE If said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void; otherwise to remain in full force and effect.

Signed this 28th day of August, 20 15, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

Miranda Chadwick
Miranda Chadwick, 303 W. Wall St #1800, Midland, TX 79701
Candace D. Bosheers

Candace D. Bosheers, 5444 Westheimer #900, Houston, TX 77056

Kyle M. Hammond (Principal) Exec VP & CDO (L.S.)
303 W. Wall Street, Suite 1800, Midland, TX 79701
(Business Address)
Teresa D. Kelly (L.S.)
(Surety) Teresa D. Kelly, Attorney-in-Fact
P.O. Box 469011, San Antonio, TX 78246
(Business Address)

If this bond is executed by a corporation, it must bear the seal of that corporation.

Argonaut Insurance Company
Deliveries Only: 225 W. Washington, 24th Floor
Chicago, IL 60606

United States Postal Service: P.O. Box 469011, San Antonio, TX 78246

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the Argonaut Insurance Company, a Corporation duly organized and existing under the laws of the State of Illinois and having its principal office in the County of Cook, Illinois does hereby nominate, constitute and appoint:

Dan W. Burton, Candace D. Bosheers, Teresa D. Kelly

Their true and lawful agent(s) and attorney(s)-in-fact, each in their separate capacity if more than one is named above, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all bonds, contracts, agreements of indemnity and other undertakings in suretyship provided, however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

\$40,000,000.00

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of Argonaut Insurance Company:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the Company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the Argonaut Insurance Company, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

IN WITNESS WHEREOF, Argonaut Insurance Company has caused its official seal to be hereunto affixed and these presents to be signed by its duly authorized officer on the 18th day of July, 2013.



Argonaut Insurance Company

by: _____

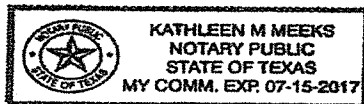
Joshua C. Betz, Senior Vice President

STATE OF TEXAS

COUNTY OF HARRIS SS:

On this 18th day of July, 2013 A.D. before me, a Notary Public of the State of Texas, in and for the County of Harris, duly commissioned and qualified, came THE ABOVE OFFICER OF THE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of same, and being by me duly sworn, deposed and said that he is the officer of the said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said corporation, and that Resolution adopted by the Board of Directors of said Company, referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my Official Seal at the County of Harris, the day and year first above written.



Kathleen M. Meeks

(Notary Public)

I, the undersigned Officer of the Argonaut Insurance Company, Illinois Corporation, do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the Seal of said Company, on the 28th day of August, 2015.



Sarah Heineman

Sarah Heineman, VP-Underwriting Surety

THIS DOCUMENT IS NOT VALID UNLESS THE WORDS ARGO POWER OF ATTORNEY AND THE SERIAL NUMBER IN THE UPPER RIGHT HAND CORNER ARE IN BLUE, AND THE DOCUMENT IS ISSUED ON WATERMARKED PAPER. IF YOU HAVE QUESTIONS ON AUTHENTICITY OF THIS DOCUMENT CALL (210) 321 - 8400.



Section 1 - General

Would you like to address long-term produced water disposal? NO

Section 2 - Lined Pits

Would you like to utilize Lined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Lined pit PWD on or off channel:

Lined pit PWD discharge volume (bbl/day):

Lined pit specifications:

Pit liner description:

Pit liner manufacturers information:

Precipitated solids disposal:

Describe precipitated solids disposal:

Precipitated solids disposal permit:

Lined pit precipitated solids disposal schedule:

Lined pit precipitated solids disposal schedule attachment:

Lined pit reclamation description:

Lined pit reclamation attachment:

Leak detection system description:

Leak detection system attachment:

Lined pit Monitor description:

Lined pit Monitor attachment:

Lined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Lined pit bond number:

Lined pit bond amount:

Additional bond information attachment:

Section 3 - Unlined Pits

Would you like to utilize Unlined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Unlined pit PWD on or off channel:

Unlined pit PWD discharge volume (bbl/day):

Unlined pit specifications:

Precipitated solids disposal:

Describe precipitated solids disposal:

Precipitated solids disposal permit:

Unlined pit precipitated solids disposal schedule:

Unlined pit precipitated solids disposal schedule attachment:

Unlined pit reclamation description:

Unlined pit reclamation attachment:

Unlined pit Monitor description:

Unlined pit Monitor attachment:

Do you propose to put the produced water to beneficial use?

Beneficial use user confirmation:

Estimated depth of the shallowest aquifer (feet):

Does the produced water have an annual average Total Dissolved Solids (TDS) concentration equal to or less than that of the existing water to be protected?

TDS lab results:

Geologic and hydrologic evidence:

State authorization:

Unlined Produced Water Pit Estimated percolation:

Unlined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Unlined pit bond number:

Unlined pit bond amount:

Additional bond information attachment:

Section 4 - Injection

Would you like to utilize Injection PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Injection PWD discharge volume (bbl/day):

Injection well mineral owner:

Injection well type:

Injection well number:

Injection well name:

Assigned injection well API number?

Injection well API number:

Injection well new surface disturbance (acres):

Minerals protection information:

Mineral protection attachment:

Underground Injection Control (UIC) Permit?

UIC Permit attachment:

Section 5 - Surface Discharge

Would you like to utilize Surface Discharge PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Surface discharge PWD discharge volume (bbl/day):

Surface Discharge NPDES Permit?

Surface Discharge NPDES Permit attachment:

Surface Discharge site facilities information:

Surface discharge site facilities map:

Section 6 - Other

Would you like to utilize Other PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Other PWD discharge volume (bbl/day):

Other PWD type description:

Other PWD type attachment:

Have other regulatory requirements been met?

Other regulatory requirements attachment:



U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Bond Info Data Report

09/18/2018

Bond Information

Federal/Indian APD: FED

BLM Bond number: NMB001300

BIA Bond number:

Do you have a reclamation bond? NO

Is the reclamation bond a rider under the BLM bond?

Is the reclamation bond BLM or Forest Service?

BLM reclamation bond number:

Forest Service reclamation bond number:

Forest Service reclamation bond attachment:

Reclamation bond number:

Reclamation bond amount:

Reclamation bond rider amount:

Additional reclamation bond information attachment: