

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

David Martin  
Cabinet Secretary

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

Jami Bailey, Division Director  
Oil Conservation Division



**\*Response Required - Deadline Enclosed\***

*Field Inspection Program*  
*"Preserving the Integrity of Our Environment"*

20-Oct-14

LEGACY RESERVES OPERATING, LP  
P. O. BOX 10848  
MIDLAND TX 79702

**LETTER OF VIOLATION - Inspection**

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

**INSPECTION DETAIL SECTION**

|  |                  |                    |                           |                              |                           |                |
|--|------------------|--------------------|---------------------------|------------------------------|---------------------------|----------------|
| <b>SKELLY PENROSE A UNIT</b>   | <b>No.081</b>    | <b>A-4-23S-37E</b> | <b>30-025-33784-00-00</b> |                              |                           |                |
| Inspection Date  | Type Inspection  | Inspector          | Violation?                | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 10/20/2014   | Routine/Periodic | Mark Whitaker      | Yes                       | No                           | 1/23/2015                 | iMAW1429346129 |
| Violations   |                  |                    |                           |                              |                           |                |
| Surface Damage/Restoration   |                  |                    |                           |                              |                           |                |
| Comments on Inspection: DO NOT RELEASE. Dry hole marker good. OPERATOR SHOULD REMOVE THE 2 SECONDARY POWER POLES ASSOCIATED WITH THIS LOCATION. ALSO BATTERY SITE OF SOUTH EDGE OF LOCATION AND EXCAVATION ON EAST SIDE WILL NEED TO BE CHECKED FOR POSSIBLE CONTAMINATION AND REMEDIATED IF NECESSARY. IF NO CONTAMINATION IS FOUND, FILL IN EXCAVATION, REMOVE PLASTIC FROM BATTERY SITE, AND RE-CONTOUR LOCATION. 1st notice. |                  |                    |                           |                              |                           |                |

20  
OCT 17 2014

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

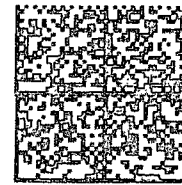
  
COMPLIANCE OFFICER

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

\*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

EMNRD  
OIL CONSERVATION DIVISION  
1625 N FRENCH DRIVE  
HOBBS NM 88240



HASLER 015H14150977  
\$0.48  
10/20/14  
Mailed From 88240  
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LEGACY RESERVES OPERATING, LP  
P.O. BOX 10848  
MIDLAND, TX 79702-0848