

HOBBS OCD

AUG 22 2016

REC-10

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

OCD-HOBBS

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 20105. Lease Serial No.
NMNM03085

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
LEA UNIT 179. API Well No.
30-025-3279410. Field and Pool, or Exploratory
LEA; DEVONIAN11. County or Parish, and State
LEA COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

LEGACY RESERVES OPERATING LP

Contact: PAT DARDEN

E-Mail: pdarden@legacyp.com

3a. Address

PO BOX 10848
MIDLAND, TX 79702

3b. Phone No. (include area code)

Ph: 432-689-5200

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 13 T20S R34E SWSE 900FSL 1756FEL

12. CHECK 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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The following pipe and cement will be used in the running of the liner on the Lea Unit #17:

+/-14,345' of 5", 18#, P-110, ULT-FJ liner with yield load of 414,100ft/lbs. (flush joint coupling is same size as tube).

Lead cement: 255sx (740.4 CF) @ 11.3 ppg, 2.92 CF/sx & 17.52 gps wtr.

Tail cement: 465sx (495.4 CF) @ 16.4 ppg, 1.07 CF/sx & 4.29 gps wtr.

*Workover for conversion to open hole
Devonian Water Disposal.*

**SUBJECT TO LIKE
APPROVAL BY STATE****SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #346171 verified by the BLM Well Information System
For LEGACY RESERVES OPERATING LP, sent to the Hobbs
Committed to AFMSS for processing by PAUL SWARTZ on 07/29/2016 (1)

Name (Printed/Typed) PAT DARDEN

Title SENIOR ENGINEERING ADVISOR

Signature (Electronic Submission)

Date 07/28/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

Approved By

Title

Date

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.

Office

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

JUL 29 2016

**BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE**

Conditions of Approval

**Legacy Reserves Operating, LP
Lea Unit - 17, API 3002532794
T20S-R34E, Sec 13, 900FSL & 1751FEL
July 29, 2016**

- 1. Operator is required to have BLM approved NOI procedure with applicable conditions of approval on location during workover operations.**
2. Due to being within the Lesser Prairie Chicken habitat, this workover activity will be restricted to the hours of 9:00am through 3:00am for the period of March 1 through June 15. Exceptions to these restrictions may be granted by BLM's Johnny Chopp <jchopp@blm.gov> 575.234.2227.
3. Surface disturbance beyond the existing pad shall have prior approval.
4. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
5. Functional H₂S monitoring equipment shall be on location.
6. 5000 (5M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Blind ram(s) and pipe ram(s) designed to close on all workstring diameters used is required equipment. A manual BOP closure system (hand wheels) shall be available for use regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
7. All waste (i.e. 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.
8. Restrict the injection fluid to the approved formation.
9. Subject to like approval by the New Mexico Oil Conservation Division.
10. Notify BLM as work begins. Some procedures may be witnessed. In Eddy County 575-361-2822. In Lea County phone 575-393-3612. Note the contact, time, & date in your subsequent report.
- 11. Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 14,000 or below to top of cement taken with 0psig casing pressure. The CBL is to be attached to WIS submitted subsequent Form 3160-5 sundry.**
12. File intermediate **subsequent sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete (dated daily) workover subsequent sundry.

13. Submit the BLM Form 3160-4 **Recompletion Report** within 30 days of the date all BLM approved procedures are complete. **Include formation tops on every well Recompletion Report.** The operator shall provide to the BLM their formation depth picks based on mud log and geophysical logs along with a copies of the mud log and open-hole logs.
14. Workover approval is good for 90 days (completion to be within 90 days of approval).
15. **The well is considered a commercial hydrocarbon producer until proven otherwise. Submit an evaluation of the disposal injection zone utilizing appropriate method(s):**
 - a) A production test or the formation's production history evaluation.
 - b) The operator may utilize other reservoir evaluation methods (i.e. evaluation of mud logs, open-hole resistivity and water saturation, coupled to petro physical analysis) confirming that hydrocarbons cannot be produced in paying quantities.
 - c) This "no hydrocarbon" subsequent sundry evaluation report shall be reviewed by the BLM prior to injection of disposal fluids. Attach electric copies of the supportive logs and reports to this sundry submitted via BLM's Well Information System.
16. Disposal fluid from another lease, communitization, or unit agreement require BLM Reality surface right-of-way agreement **approvals** and if applicable, authorization from the surface owner prior to injection.
17. Disposal of fluid from another operator requires that the well be designated as a commercial well and involves BLM Reality or other surface owner right-of-way agreement **approval** prior to injection.
18. Reference the applicable surface right-of-way documents in the "no hydrocarbon " subsequent sundry, do not submit the documents.

An inactive/shut-in well bore is a non-producing completion that is capable of "beneficial use" i.e. production in **paying quantities** or of service use.

19. Should "beneficial use" not be achieved submit for BLM approval a plan for plug and abandonment.

Well with a Packer - Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with a minimum 200 psig differential between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). **Verify all annular casing vents are plumbed to surface and those valves open to the surface during this pressure test.** An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.

- 3) Document the pressure test on a one hour full rotation calibrated (within 6 months) recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) Make arrangements 24 hours before the test for BLM to witness. In Eddy County phone 575-361-2822. In Lea County phone 575-393-3612. If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number.
- 5) The setting depths and descriptions of inside casing injection equipment is to be included in the subsequent sundry.
- 6) Compliance with a NMOCD Administrative Order is required.
 - a) Approved injection pressure compliance is required.
 - b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
 - c) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 7) Stimulation injection pressures are not to exceed BLM's permitted wellhead pressure or the well's frac pressure established by a BLM approved step rate test for Class II water injection wells.
- 8) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 9) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of a full annular fluid level at any time.
- 10) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 11) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 12) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 13) Gain of annular fluid pressure requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 14) Class II (production water disposal) wells will not be permitted Stimulation Pressures or "Injectivity Tests" that exceed the NMOCD/BLM generic frac pressure which is: .2 x ft depth to the topmost injection or 50psig below the frac point as clearly indicated by a BLM accepted "Step Rate Test".
- 15) A NOI sundry shall be submitted to the BLM for the purpose of applying for increased disposal wellhead pressure prior to running a "Step Rate Test". An injectivity test ran to determine the disposal rate at 0.2 x the depth of the top perforation requires no sundry.

- 16) The subsequent report is to include all stimulation injection pressures. Report maximum/minimum injection rate (BPM) and max/min stimulation injection pressures (psig).
- 17) Submit a (BLM Form 3160-5 subsequent report (daily reports) via BLM's Well Information System; <https://www.blm.gov/wispermits/wis/SP> describing (dated daily) all wellbore activity including the Mechanical Integrity Test chart document.