

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

**HOBBS OCD**

State of New Mexico  
Energy Minerals and Natural Resources

Form C-141  
Revised August 8, 2011

MAR 23 2012

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit 1 Copy to appropriate District Office in  
accordance with 19.15.29 NMAC.

RECEIVED

**Release Notification and Corrective Action**

**OPERATOR**

Initial Report  Final Report

Name of Company	Legacy Reserves Operating LP	Contact	Berry Johnson
Address	P.O. Box 10848 Midland, TX 79702	Telephone No.	432-689-5200
Facility Name	State K Com #3	Facility Type	BATTERY
Surface Owner	Mineral Owner	API No. 30-025-23847	

**LOCATION OF RELEASE**

Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
030	16S	36E	660	SOUTH	1830	EAST	LEA

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

**NATURE OF RELEASE**

Type of Release	Oil	Volume of Release	72 bbls	Volume Recovered	33 bbls
Source of Release	Developed hole in 500 bbl steel production tank	Date and Hour of Occurrence	03/13/2012	Date and Hour of Discovery	03/14/2012 by Maxey Brown w/OCD
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?	Date and Hour				
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			
If a Watercourse was Impacted, Describe Fully.*					
Describe Cause of Problem and Remedial Action Taken.*					
Developed hole in 500 bbl steel production tank. Upon receipt of letter from OCD, dispatched vacuum truck to recover approximately 33 bbls.					
Describe Area Affected and Cleanup Action Taken.*					
Dispatched vacuum truck to recover approximately 33 bbls. Oil contained within the berm. Talon Environmental was contacted to initiate a remediation plan.					

DTW = 70'

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Berry Johnson</i>	<b>OIL CONSERVATION DIVISION</b>		
Printed Name: Berry Johnson	Approved by Environmental Specialist: <i>Debbie Schmitz</i>		
Title: Operations Superintendent	Approval Date: 3/23/12	Expiration Date: 5/23/12	
E-mail Address: bjohnson@legacyp.com	Conditions of Approval: SUBMIT FINAL C-141		Attached <input type="checkbox"/>
Date: 03/20/2012 Phone: 432-689-5227	IRP-06-14-3081		

\* Attach Additional Sheets If Necessary

JUN 7 2014

NSAD 1416 455714



September 25, 2013

Mr. Geoffrey Leking  
**NMOCD District I**  
1625 N. French Dr.  
Hobbs, NM 88240

**AMARILLO**  
921 North Bivins  
Amarillo, Texas 79107  
Phone 806.467.0607  
Fax 806.467.0622

**ARTESIA**  
408 West Texas Ave.  
Artesia, New Mexico 88210  
Phone 575.746.8768  
Fax 575.746.8905

**HOBBS**  
318 East Taylor Street  
Hobbs, New Mexico 88240  
Phone 575.393.4261  
Fax 575.393.4658

**MIDLAND**  
2901 State Hwy 349  
Midland, Texas 79706  
Phone 432.522.2133  
Fax 432.522.2180

**OKLAHOMA CITY**  
7700 North Hudson Avenue  
Suite 10  
Oklahoma City, Oklahoma 73116  
Phone 405.486.7030  
Fax 806.467.0622

**SAN ANTONIO**  
11 Commercial Place  
Schertz, Texas 78154  
Phone 210.265.8025  
Fax 210.568.2191

Subject: **Soil Assessment and Remediation Work Plan**  
Legacy Reserves Operating, LP  
State K Com No. 3  
API # 30-025-23847

Dear Mr. Leking,

Legacy Reserves Operating, LP has contracted Talon/LPE (Talon) to perform soil assessment and remediation services at the above referenced State K Com No. 3 release. Our soil sampling results and proposed remediation activities consist of the following:

**Incident Date**

March 14, 2012

**Background Information**

The State K Com No. 3 is located approximately seven (7) miles southwest of Lovington, New Mexico. The legal location for the site is Section 30, Township 16 South and Range 35 East in Lea County, New Mexico. More specifically, the latitude and longitude for the release are 32.887575 North and 103.391621 West.

According to the soil survey provided by the United States Department of Agriculture National Resources Conservation Services, the soil in this area is made up of Kimbrough gravelly loam complex soils with 0 to 3 percent slopes. The local surface and shallow geology, Tertiary Age sedimentary deposits within in the Ogallala Formation, is comprised of calcareous-loamy alluvium and calcareous-loamy eolian deposits derived from sedimentary rock and hard caliches. Drainage courses in this area are normally dry. The New Mexico State Engineer's web site indicates the nearest ground water data to be in S30-T16S-R36E. The ground water in Section 30 is reported to be a depth of 80-feet below ground surface (bgs). The referenced groundwater data is presented in Appendix I.

The ranking for this site is 10 based on the as following:

Depth to ground water 50' - 100'  
Wellhead Protection Area >1000'  
Distance to surface water body >1000'

ENVIRONMENTAL CONSULTING  
ENGINEERING  
DRILLING  
CONSTRUCTION  
SPILL MANAGEMENT  
GENERAL CONTRACTING

Toll Free: 866.742.0742  
www.talonlpe.com

## Incident Description

The Oil Conservation Division (OCD) of Hobbs issued a Letter of Violation (LOV) to Legacy Reserves that there was visible contamination inside the berms of the tank battery and the southeast corner of the berm was leaking. The OCD requested a remediation plan be submitted. The tank battery has been subsequently removed by Legacy.

## Actions Taken

On February 14, 2013 Talon/LPE mobilized personnel to begin assessment and soil sampling for the construction of a work plan. Grab soil samples were collected in the impacted areas utilizing a hand auger. A site map is attached illustrating the sample locations.

All soil samples were collected by Talon personnel wearing clean nitrile gloves. The soil samples were placed in laboratory provided sample containers, iced and transported to Cardinal Laboratories in Hobbs, New Mexico for analysis. The samples were tested for TPH (Total Petroleum Hydrocarbons) using EPA Method 8015M, and volatile organics (BTEX) using EPA Method 8021B. The chlorides were analyzed per Method SM4500Cl-B. The complete laboratory report is attached as Appendix II.

## Analytical Results

Analytical results received from Cardinal Laboratories are summarized below:

February 27, 2013

<u>Sample</u>	<u>Depth</u>	<u>BTEX</u>	<u>Chlorides</u>	<u>TPH (mg/kg)</u>
S-1	0.5'	--	1310	--
S-2	0.5'	--	64	--
S-3	0.5'	<0.300	144	829
S-4	0.5'	0.392	48	7396.7

No visible indications of hydrocarbon impacts were noted near sample locations S-1 and S-2.

For this site's ranking, New Mexico Oil Conservation District action level criterion for BTEX is 50 mg/kg, Benzene is 10 mg/kg and TPH is 1,000 mg/kg. The chloride remediation standard is considered to be 1,000 mg/kg.

## Proposed Remedial Actions

- The impacted area in the vicinity of sample location S-4 will be excavated to a depth based upon visible observations and field PID readings. The excavated soil will be transported to a NMOCD approved solid waste disposal facility.
- Confirmation soil samples will be collected from the sidewalls and bottom of the excavation upon completion. The soil samples will be submitted to the laboratory for TPH analysis using Method 8015M and volatile organics (BTEX) using EPA Method 8021B.
- The chloride impacted area at S-1 will be scraped with a backhoe and transported to a NMOCD approved solid waste disposal facility. Field titration for total chlorides will be obtained for confirmation in this area. Upon completion of field testing, a confirmation sample will be obtained and submitted for laboratory analysis.
- Upon NMOCD approval of the confirmation samples, the excavated areas will be backfilled to grade using new material transported from a local borrow pit. The area will be contoured to match the existing terrain.
- A final report documenting all field activities and lab reports will be provided to the NMOCD Hobbs Office utilizing Form C-141.

Should you have any questions or if further information is required, please do not hesitate to contact our office at 575.746.8768.

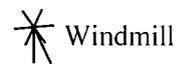
Respectfully submitted,

TALON/LPE

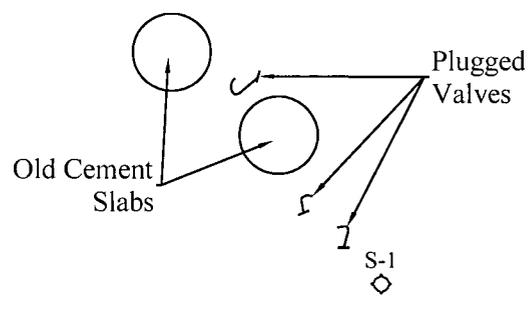
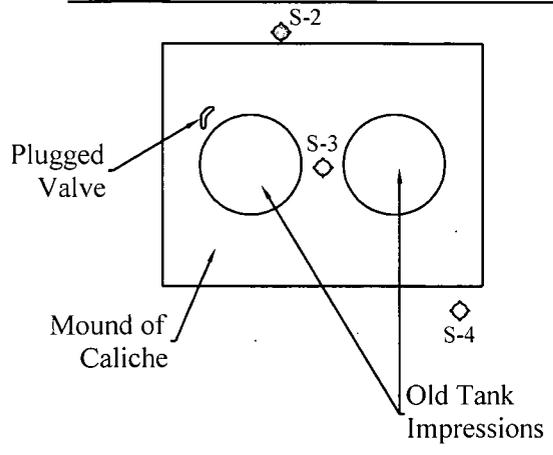
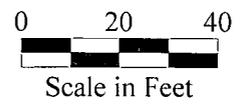
  
Kimberly M. Wilson  
Environmental Scientist

  
David J. Adkins  
District Manager

## **SITE MAP**



Lease Road



Legend	
◇	- Sample Locations



Date: 09/25/2013  
 Scale: 1" = 40'  
 Drawn By: TJS

State K Com #3  
 Legacy Reserves Operation, LP  
 Eddy County, New Mexico  
 Figure 1 - Site Plan

**APPENDIX I**  
**GROUNDWATER DATA**  
**LETTER OF VIOLATION (LOV)**



# New Mexico Office of the State Engineer

## Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

POD Number	POD Code	Subbasin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Distance	Depth Well	Depth Water	Water Column
<u>L 01608</u> POD1			LE	2	2	30	16S	36E		650795	3641175*	1311	145	80	65
<u>L 02145</u>	L		LE	2	3	31	16S	36E		650033	3638743*	1313	120	78	42
<u>L 02187</u>	L		LE	2	3	31	16S	36E		650033	3638743*	1313	122	74	48
<u>L 02212</u>	L		LE	2	3	31	16S	36E		650033	3638743*	1313	105	45	60
<u>L 04932</u>	L		LE	2	1	30	16S	36E		649990	3641162*	1484	104	90	14

Average Depth to Water: **73 feet**

Minimum Depth: **45 feet**

Maximum Depth: **90 feet**

**Record Count: 5**

**UTMNAD83 Radius Search (in meters):**

**Easting (X): 650714**

**Northing (Y): 3639866**

**Radius: 2000**

\*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

**APPENDIX II**  
**LABORATORY RESULTS**



PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

---

February 27, 2013

DAVID ADKINS

TALON LPE

408 W. TEXAS AVE.

ARTESIA, NM 88210

RE: STATE K

Enclosed are the results of analyses for samples received by the laboratory on 02/20/13 8:22.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-11-3. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (\*). For a complete list of accredited analytes and matrices visit the TCEQ website at [www.tceq.texas.gov/field/qa/lab\\_accred\\_certif.html](http://www.tceq.texas.gov/field/qa/lab_accred_certif.html).

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Celey D. Keene".

Celey D. Keene

Lab Director/Quality Manager

**Analytical Results For:**

 TALON LPE  
 DAVID ADKINS  
 408 W. TEXAS AVE.  
 ARTESIA NM, 88210  
 Fax To: (575) 745-8905

Received:	02/20/2013	Sampling Date:	02/14/2013
Reported:	02/27/2013	Sampling Type:	Soil
Project Name:	STATE K	Sampling Condition:	Cool & Intact
Project Number:	701047.043.01	Sample Received By:	Daniel Wade
Project Location:	NOT GIVEN		

**Sample ID: S-1 0.5' (H300462-01)**

Chloride, SM4500CI-B		mg/kg		Analyzed By: DW						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1310	16.0	02/25/2013	ND	432	108	400	3.64		

**Sample ID: S-2 0.5' (H300462-02)**

Chloride, SM4500CI-B		mg/kg		Analyzed By: DW						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	64.0	16.0	02/25/2013	ND	432	108	400	3.64		

**Sample ID: S-3 0.5' (H300462-03)**

BTEX 8021B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	02/26/2013	ND	1.85	92.6	2.00	17.8		
Toluene*	<0.050	0.050	02/26/2013	ND	1.82	91.2	2.00	16.9		
Ethylbenzene*	<0.050	0.050	02/26/2013	ND	1.78	89.0	2.00	16.3		
Total Xylenes*	<0.150	0.150	02/26/2013	ND	5.40	90.0	6.00	17.0		
Total BTEX	<0.300	0.300	02/26/2013	ND						

Surrogate: 4-Bromofluorobenzene (PIC) 116% 89.4-126

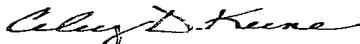
Chloride, SM4500CI-B		mg/kg		Analyzed By: DW						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	144	16.0	02/25/2013	ND	432	108	400	3.64		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	

Cardinal Laboratories

\* = Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager

**Analytical Results For:**

 TALON LPE  
 DAVID ADKINS  
 408 W. TEXAS AVE.  
 ARTESIA NM, 88210  
 Fax To: (575) 745-8905

Received:	02/20/2013	Sampling Date:	02/14/2013
Reported:	02/27/2013	Sampling Type:	Soil
Project Name:	STATE K	Sampling Condition:	Cool & Intact
Project Number:	701047.043.01	Sample Received By:	Daniel Wade
Project Location:	NOT GIVEN		

**Sample ID: S-3 0.5' (H300462-03)**

TPH 8015M	mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	02/26/2013	ND	177	88.3	200	12.4	
<b>DRO &gt;C10-C28</b>	<b>829</b>	10.0	02/26/2013	ND	161	80.7	200	15.8	
<i>Surrogate: 1-Chlorooctane</i>	<i>80.3 %</i>	<i>65.2-140</i>							
<i>Surrogate: 1-Chlorooctadecane</i>	<i>112 %</i>	<i>63.6-154</i>							

Cardinal Laboratories

\*=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager

**Analytical Results For:**

 TALON LPE  
 DAVID ADKINS  
 408 W. TEXAS AVE.  
 ARTESIA NM, 88210  
 Fax To: (575) 745-8905

 Received: 02/20/2013  
 Reported: 02/27/2013  
 Project Name: STATE K  
 Project Number: 701047.043.01  
 Project Location: NOT GIVEN

 Sampling Date: 02/14/2013  
 Sampling Type: Soil  
 Sampling Condition: Cool & Intact  
 Sample Received By: Daniel Wade

**Sample ID: S-4 0.5' (H300462-04)**

BTEX 8021B		mg/kg		Analyzed By: AP				S-04		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	02/27/2013	ND	1.85	92.6	2.00	17.8		
Toluene*	<0.050	0.050	02/27/2013	ND	1.82	91.2	2.00	16.9		
<b>Ethylbenzene*</b>	<b>0.392</b>	0.050	02/27/2013	ND	1.78	89.0	2.00	16.3		
Total Xylenes*	<0.150	0.150	02/27/2013	ND	5.40	90.0	6.00	17.0		
<b>Total BTEX</b>	<b>0.392</b>	0.300	02/27/2013	ND						

Surrogate: 4-Bromofluorobenzene (PID) 200 % 89.4-126

Chloride, SM4500CI-B		mg/kg		Analyzed By: DW				S-06		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
<b>Chloride</b>	<b>48.0</b>	16.0	02/25/2013	ND	432	108	400	3.64		

TPH 8015M		mg/kg		Analyzed By: MS				S-06		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
<b>GRO C6-C10</b>	<b>96.7</b>	50.0	02/26/2013	ND	177	88.3	200	12.4		
<b>DRO &gt;C10-C28</b>	<b>7300</b>	50.0	02/26/2013	ND	161	80.7	200	15.8		

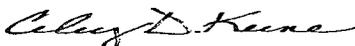
Surrogate: 1-Chlorooctane 113 % 65.2-140

Surrogate: 1-Chlorooctadecane 303 % 63.6-154

Cardinal Laboratories

\*=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager

**Notes and Definitions**

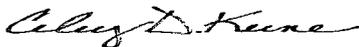
- S-06            The recovery of this surrogate is outside control limits due to sample dilution required from high analyte concentration and/or matrix interference's.
- S-04            The surrogate recovery for this sample is outside of established control limits due to a sample matrix effect.
- ND             Analyte NOT DETECTED at or above the reporting limit
- RPD            Relative Percent Difference
- \*\*             Samples not received at proper temperature of 6°C or below.
- \*\*\*            Insufficient time to reach temperature.
- Chloride by SM4500Cl-B does not require samples be received at or below 6°C  
Samples reported on an as received basis (wet) unless otherwise noted on report

---

Cardinal Laboratories

\*=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



---

Celey D. Keene, Lab Director/Quality Manager



**CHAIN-OF-CUSTODY AND ANALYSIS REQUEST**

101 East Marland, Hobbs, NM 88240  
 (575) 393-2326 FAX (575) 393-2476

Company Name: <u>Talon/LPC</u>		<b>BILL TO</b>		<b>ANALYSIS REQUEST</b>																																			
Project Manager: <u>D. Adkins</u>		P.O. #:																																					
Address: <u>408 D Texas Ave.</u>		Company: <u>Talon</u>																																					
City: <u>Artesia</u> State: <u>NM</u> Zip: <u>88210</u>		Attn:																																					
Phone #: <u>575-746-8903</u> Fax #: <u>575-746-8905</u>		Address:																																					
Project #: <u>701047.047.01</u> Project Owner: <u>Legacy</u>		City:																																					
Project Name: <u>State K</u>		State: Zip:																																					
Project Location:		Phone #:																																					
Sampler Name: <u>Sheldon Hitchcock</u>		Fax #:																																					
FOR LAB USE ONLY																																							
Lab I.D.		Sample I.D.		# CONTAINERS		MATRIX				PRESERV.		SAMPLING																											
				(GRAB OR (C)OMP.)		GROUNDWATER		WASTEWATER		SOIL		OIL		SLUDGE		OTHER:		ACID/BASE:		ICE / COOL		OTHER:		DATE		TIME													
<u>A3004162</u>				<u>5</u>																				<u>2/14/13</u>		<u>2:01p</u>													
<u>1</u>		<u>5-1 0.5'</u>		<u>5</u>																				<u>2/14/13</u>		<u>2:03p</u>													
<u>2</u>		<u>5-2 0.5'</u>		<u>5</u>																				<u>2/14/13</u>		<u>2:05p</u>													
<u>3</u>		<u>5-3 0.5'</u>		<u>5</u>																				<u>2/14/13</u>		<u>2:12p</u>													
<u>4</u>		<u>5-4 0.5'</u>		<u>5</u>																				<u>2/14/13</u>		<u>2:12p</u>													

Total Chlorides  
 8015M - TPH  
 8021B - BTEX

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Relinquished By: <u>Sheldon Hitchcock</u>		Date: <u>2/20/13</u>	Received By: <u>Paul Wade</u>		Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
Time: <u>9:22am</u>					Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Relinquished By:		Date:	Received By:		REMARKS:	
Time:						
Delivered By: (Circle One)		Sample Condition		CHECKED BY:		
Sampler - UPS - Bus - Other: <u>50</u>		Cool Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		(Initials) <u>[Signature]</u>		

† Cardinal cannot accept verbal changes. Please fax written changes to (575) 393-2326



NEW MEXICO ENERGY, MINERALS and  
NATURAL RESOURCES DEPARTMENT

**Susana Martinez**  
Governor

**John H. Bemis**  
Cabinet Secretary

**Jami Bailey**  
Division Director  
Oil Conservation Division

\*Response Required – Deadline Enclosed\*

*Field Inspection Program  
Protecting the Integrity of Our Environment*

14-Mar-12

**HOBBS OCD**

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

**MAR 15 2012**

**RECEIVED**

**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.

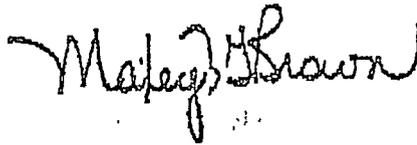
**INSPECTION DETAIL SECTION**

STATE K COM No.003		O-30-16S-36E	30-025-23847-00-00			
Inspection Date	Type Inspection	Inspector	Violation?	Significant Non-Compliance?	Corrective Action Due By	Inspection No
03/14/2012	Routine/Periodic	Maxeby Brown	Yes	No	6/17/2012	MGB1207434480
Violations		Absent Well Identification Signs (Rule 103)				
Surface Leaks/Spills						
Comments on Inspection		NEED TO INSTALL SIGN AT TANK BATTERY. RULE 19.15.16.8. MUST INCLUDE CURRENT OPERATOR. ALSO CONTAMINATION INSIDE OF BERM AND LEAKING TO THE SOUTHEAST CORNER ON THE OUTSIDE. IDENTIFY FILE C-141 REPORT AND TAKE CORRECTIVE ACTION. PROD IS CURRENT. NEW LEGACY SIGN AT WELL. MGB				

**MAR 15 2012**

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



Hobbs OCD District Office

**COMPLIANCE OFFICER**

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 LPA, Region VI, Dallas, Texas