F/P

HOBBS OCD
JAN 30 2018
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Form 3160-3
(March 2012)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMNM128366 F/P

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No. NMNM70976X

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. LEA UNIT 49H (302802)

2. Name of Operator LEGACY RESERVES OPERATING LP (240974)

9. API Well No. 30-025-44410

3a. Address 303 West Wall St., Ste 1800 Midland TX 7970

3b. Phone No. *(include area code)* (432)689-5287

10. Field and Pool, or Exploratory LEA / BONE SPRING (37570)

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface SWSE / 630 FSL / 2610 FEL / LAT 32.5966014 / LONG -103.5136355

At proposed prod. zone SWSE / 330 FSL / 1980 FEL / LAT 32.5812716 / LONG -103.5115907

11. Sec., T. R. M. or Blk. and Survey or Area SEC 1 / T20S / R34E / NMP

14. Distance in miles and direction from nearest town or post office* 26 miles

12. County or Parish LEA

13. State NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
630 feet	602.04	602.04
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
50 feet	10500 feet / 15892 feet	FED: NMB001015
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
3678 feet	11/01/2017	30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature	Name *(Printed/Typed)*	Date
(Electronic Submission)	Brian Wood / Ph: (505)466-8120	09/19/2017

Title: President

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
(Electronic Submission)	Cody Layton / Ph: (575)234-5959	01/19/2018
Title	**Office**	
Supervisor Multiple Resources	CARLSBAD	

Application approval 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.
Conditions of approval, if any, are attached.

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.

(Continued on page 2)

*(Instructions on page 2)

APPROVED WITH CONDITIONS

Approval Date: 01/19/2018

KZ 01/31/18

Double sided B.C.

OCD Hobbs 18:56

AFMSS

U.S. Department of the Interior
Bureau of Land Management

Application for Permit to Drill

APD Package Report

Date Printed: 01/23/2018 07:40 AM

APD ID: 10400022151
APD Received Date: 09/19/2017 09:44 AM (240974)
Operator: LEGACY RESERVES OPERATING I

Well Status: AAPD
Well Name: LEA UNIT (302802)
Well Number: 49H

APD Package Report Contents (37570)

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- Form 3160-3

- Operator Certification Report

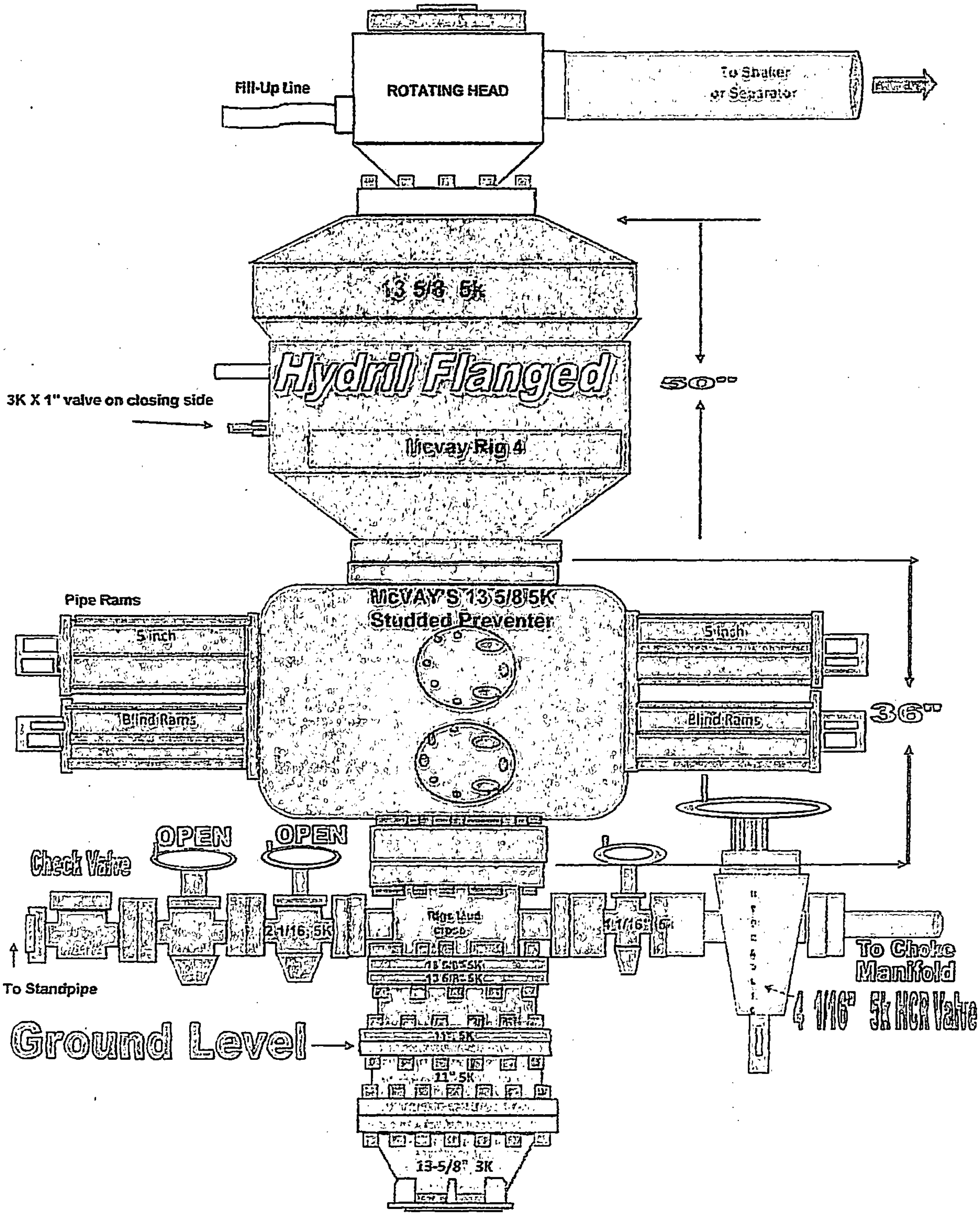
- Application Report
- Application Attachments
  -- Well Plat: 1 file(s)

- Drilling Plan Report
- Drilling Plan Attachments
  -- Blowout Prevention Choke Diagram Attachment: 1 file(s)
  -- Blowout Prevention BOP Diagram Attachment: 1 file(s)
  -- Casing Design Assumptions and Worksheet(s): 4 file(s)
  -- Hydrogen sulfide drilling operations plan: 1 file(s)
  -- Proposed horizontal/directional/multi-lateral plan submission: 1 file(s)
  -- Other Facets: 1 file(s)

- SUPO Report
- SUPO Attachments
  -- Existing Road Map: 1 file(s)
  -- New Road Map: 1 file(s)
  -- Attach Well map: 1 file(s)
  -- Production Facilities map: 1 file(s)
  -- Water source and transportation map: 1 file(s)
  -- Construction Materials source location attachment: 1 file(s)
  -- Well Site Layout Diagram: 1 file(s)
  -- Recontouring attachment: 1 file(s)
  -- Other SUPO Attachment: 2 file(s)

- PWD Report
- PWD Attachments
  -- None

McVay Rig 4



Fill-Up Line
ROTATING HEAD
To Shaker or Separator
13 5/8 5k
Hydril Flanged
Mcvay Rig 4
3K X 1" valve on closing side
50"
Pipe Rams
McVAY'S 13 5/8 5K
Studded Preventer
5 inch
5 inch
Blind Rams
Blind Rams
36"
Check Valve
OPEN
OPEN
2 1/16 5K
To Standpipe
To Choke Manifold
4 1/16" 5k HCR Valve
Ground Level
11" 5K
11" 5K
13-5/8" 3K

Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Certificate

General Information		Hose Specifications	
Customer	HOBBS	*Hose Assembly Type*	Rotary/Vibrator
MWH Sales Representative	CHARLES ASH	*Certification*	API 7K/FSL LEVEL2
Date Assembled	2/19/2017	*Hose Grade*	D
Location Assembled	OKC	*Hose Working Pressure*	5000
Sales Order #	318810	*Hose Lot # and Date Code*	10958-08/13
Customer Purchase Order #	356945	*Hose I.D. (Inches)*	3.5"
Assembly Serial # (Pick Ticket #)	384842	*Hose O.D. (Inches)*	5.45"
Hose Assembly Length	20FT	*Armor (yes/no)*	NO

Fittings			
End A		End B	
Stem (Part and Revision #)	R3.5X64WB	*Stem (Part and Revision #)*	R3.5X64WB
Stem (Heat #)	13105653	*Stem (Heat #)*	13105653
Ferrule (Part and Revision #)	RF3.5X5330	*Ferrule (Part and Revision #)*	RF3.5X5330
Ferrule (Heat #)	34038185	*Ferrule (Heat #)*	3403818
Connection Flange Hammer Union Part	4-1/16 5K	*Connection (Part #)*	4-1/16 5K
Connection (Heat #)		*Connection (Heat #)*	
Nut (Part #)		*Nut (Part #)*	
Nut (Heat #)		*Nut (Heat #)*	
Dies Used	5.62"	*Dies Used*	5.53"

Hydrostatic Test Requirements		
Test Pressure (psi)	7,500	*Hose assembly was tested with ambient water temperature.*
Test Pressure Hold Time (minutes)	10 1/2	

Date Tested	*Tested By*	*Approved By*
2/19/2017	Richard Davis	

Surface Casing

Size	Grade	#/ft	Collapse	Burst (Internal Yield)	Tensile	Coupling	Length	Dry Weight	Mud Weight
13.375"	*J-55*	*54.5*	*1130 psi*	*2730 psi*	*514 kips*	*STC*	*1800'*	*98,100 lbs*	*8.5 ppg*

Collapse: $DF_C = 1.25$

Base Assumptions

- Complete internal evacuation of the casing, utilizing a collapse force equivalent to the mud gradient (0.44 psi/ft) in which the casing will be ran.
- Cementing operations in which, utilizes a collapse force equivalent to the gradient of the planned cement slurry (0.77 psi/ft) and an internal force equivalent to the fresh water displacement fluid (0.433 psi/ft).

Collapse Calculations: Collapse Rating / Collapse Force

Complete Evacuation:
1,130psi / [(0.44psi/ft)(1,800')] = **1.42**

Cementing Operations:
1,130psi / [(0.77psi/ft – 0.433psi/ft)(1800')] = **1.86**

Burst: $DF_B = 1.25$

Base Assumption

- Casing pressure test as per Onshore Oil and Gas Order No. 2 (0.22 psi/ft or 1500 psi), utilizing an external force equivalent to the mud gradient (0.44 psi/ft) in which the casing will be ran.

Burst Calculations: Internal Yield Rating / Internal Force

Casing Pressure Test:
2,730psi / [(1500psi)-(0.44 psi/ft)(1,800')] = **3.86**

Tensile: $DF_T = 1.6$

Base Assumption

- A downward force of 100,000 lb. overpull is applied at the base of the casing along with the weight and not considering the effects of buoyancy.

Tensile Calculations: Joint Strength / Axial Load

Overpull:
514 kips / (100,000 lbs. + 98,100 lbs.) = **2.59**

HCK-55: 3950psi / [(0.7psi/ft)(5600')-(0.2psi/ft)(4000')] = **1.27**

Tensile: $DF_T = 1.6$

Base Assumption

- A downward force of 100,000 lb. overpull is applied at the base of the casing along with the weight of the string and not considering the effects of buoyancy.

Tensile Calculations: Joint Strength / Axial Load

Overpull:
J-55: 520 kips / (100,000 lbs. + 224,00 lbs.) = **1.6**
HCK-55: 694 kips / (100,000 lbs. + 64,100 lbs.) = **4.23**

after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9 5/8** inch intermediate casing is:

Option 1:

- Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to Capitan Reef.**

Option 2:

Operator has proposed DV tool at depth of 3950', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range. If an ECP is used, it is to be set a minimum of 50' below the shoe to provide cement across the shoe. If it cannot be set below the shoe, a CBL shall be run to verify cement coverage.

a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.

b. Second stage above DV tool:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to Capitan Reef.**

Option 3:

Operator has proposed DV tool at depth of 3950' and 1850', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range. If an ECP is used, it is to be set a minimum of 50' below the shoe to provide cement across the shoe. If it cannot be set below the shoe, a CBL shall be run to verify cement coverage.

a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.

missing pg's B.C

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9 5/8** inch intermediate casing shoe shall be **5000 (5M)** psi.

D. SPECIAL REQUIREMENT(S)

Commercial Well Determination

A commercial well determination will need to be submitted after production has been established for at least six months.

Unit Wells

The well sign for a unit well shall include the unit number in addition to the surface and bottom hole lease numbers. This also applies to participating area numbers. If a participating area has not been established, the operator can use the general unit designation, but will replace the unit number with the participating area number when the sign is replaced.

Waste Minimization Plan (WMP)

In the interest of resource development, submission of additional well gas capture development plan information is deferred but may be required by the BLM Authorized Officer at a later date.

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3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log.

3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.

5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

b. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.

c. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).

d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

e. The results of the test shall be reported to the appropriate BLM office.

f. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

g. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.