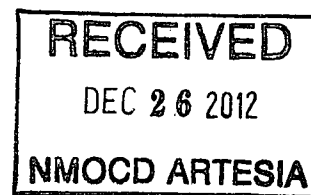




December 19, 2012



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

AUSTIN
911 West Anderson Lane
Suite 202
Austin, Texas 78757
Phone 512.989.3428
Fax 512.989.3487

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

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

TULSA
525 South Main Street
Suite 535
Tulsa, Oklahoma 74103
Phone 918.742.0871
Fax 918.382.0232

ENVIRONMENTAL CONSULTING
ENGINEERING
DRILLING
CONSTRUCTION
SPILL MANAGEMENT
GENERAL CONTRACTING

Mr. Mike Bratcher
NMOCD District 2
1301 West Grand Avenue
Artesia, NM 88210

Subject: **Remediation and Closure Report**
Legacy Reserves Operating, LP
South Red Lake II Unit No. 37
30-015-00715 2RP-1231

Dear Mr. Bratcher,

Legacy Reserves Operation, LP contracted Talon/LPE (Talon) to perform soil assessment and remediation services at the referenced South Red Lake II Unit No. 37 location. The results of our soil assessment, completed remediation activities and closure request are submitted herein.

Incident Date

June 25, 2012

Background Information

The South Red Lake II Unit No. 37 is located approximately thirteen (13) miles southeast of Artesia, New Mexico. The legal location for the site is Section 1, Township 18 South and Range 27 East in Eddy County, New Mexico. More Specifically the latitude and longitude for the release are 32.78253 North and -104.23978 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 Largo-Stony land complex soils with 0 to 25 percent slopes. The local surface and shallow geology, Quaternary Age sedimentary deposits, is comprised of older alluvial deposits of upland plains and piedmont areas which include calcareous alluvium and silty loamy soils underlain by hard caliches. Drainage courses in this area are normally dry. The New Mexico State Engineer web site indicates the nearest ground water data to be in S10-T18S-R27E. The ground water in Section 10 is reported to be at depth of 50' 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'

Toll Free: 866.742.0742
www.talonlpe.com

Incident Description

On June 25, 2012 a leak was found on a 2" steel line that feeds the injection well at the South Red Lake II Unit No. 37. A release of 4 to 5 barrels of produced water is estimated. The well was shut-in, the line repaired and brought back into service. There were no fluids recovered. The release traveled north and east of the well, measuring approximately 30-feet by 50-feet in diameter.

Remedial Actions Taken

On September 6, 2012 Talon personnel mobilized to the site to begin excavation of the impacted area in accordance with the approved work plan. The impacted soil within the area of the release was excavated to a depth of 4-feet and transported to a NMOCD approved solid waste disposal facility, pursuant to the work plan. The excavated area was left open until approval to backfill was obtained from NMOCD.

On September 27, 2012 Talon personnel mobilized to the site to begin closure soil sampling activities on the bottom and sidewalls of the excavation per NMOCD requirements. Grab soil samples were collected and submitted for laboratory analysis. Based upon laboratory results additional excavation was required.

On October 17, 2012 Talon personnel returned to the site for additional soil sampling activities on the west sidewall of the excavation per NMOCD requirements. Grab soil samples were collected and submitted for laboratory analysis.

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 SM4500Cl-B. The complete laboratory reports are attached as Appendix II.

Analytical Results

Analytical results received from Cardinal Laboratories are summarized below:

Report Date: October 3, 2012, post excavation samples

<u>Sample</u>	<u>BTEX</u>	<u>Chlorides</u>	<u>TPH (mg/kg)</u>
S-6, @ 4'	<0.150	3400	32
S-7	--	4480	--
S-8	--	1540	--
S-9	--	1010	--
S-10	--	1630	--

--Analyte Not Tested

Report Date: October 24, 2012, post excavation samples

<u>Sample</u>	<u>Chlorides</u>
---------------	------------------

S-11	1880
------	------

Summary and Conclusions

- The impacted soil from this release was excavated to a depth of 4-feet deep. The excavated soil was transported to a NMOCD approved solid waste disposal facility.
- Upon completion of excavation activities and confirmation samples being submitted to the NMOCD and BLM, approval to place a 20 mil. liner into the bottom of excavated area and to backfill was granted.
- The excavated area was backfilled to grade using new material transported from a local borrow pit. The area were contoured to match the existing terrain
- Legacy Reserves Operating, LP will address any remaining concerns necessary to obtain NMOCD and BLM approval for final reclamation of this facility.
- Based on the depth to groundwater and the remedial actions implemented, it is unlikely that the impacts identified from this release will pose a threat to groundwater.


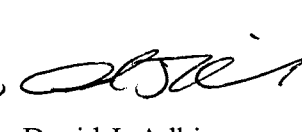
Closure

On behalf of Legacy Reserves Operating, LP, we respectfully request that no further actions be required and that closure with respect to this release be granted.

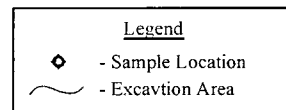
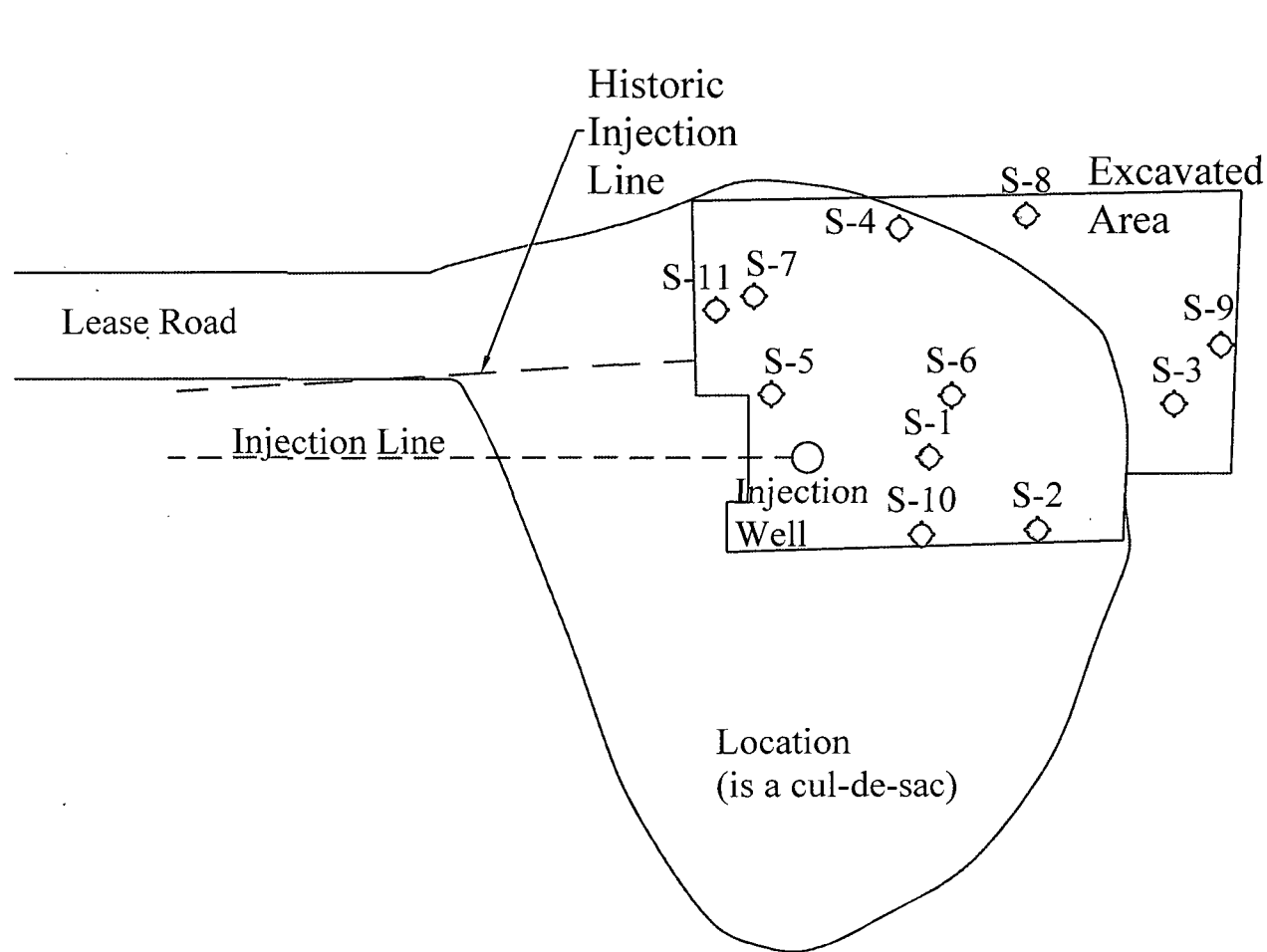
If we can provide additional information or be of further assistance please contact our office at 575.746.8768.

Respectfully submitted,

TALON/LPE

 Kimberly M. Wilson Environmental Scientist	 David J. Adkins District Manager
--	---

SITE MAP



Date: 12/20/2012

Scale: NTS

Drawn By: TJS

South Red Lake #37
 Legacy Reserves Operating, L.P.
 Artesia, New Mexico
 Figure 1 - Site Plan

APPENDIX I
GROUNDWATER DATA



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
RA 04561			ED	4	2	26	17S	27E		570871	3630142*	2728	250		
RA 03917			LE	4	1	2	10	18S	27E	569019	3625660*	2812	130	50	80
Average Depth to Water:														50 feet	
Minimum Depth:														50 feet	
Maximum Depth:														50 feet	

Record Count: 2

UTMNAD83 Radius Search (in meters):

Easting (X): 571202

Northing (Y): 3627434

Radius: 3000

*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

October 03, 2012

DAVID ADKINS

TALON LPE

408 W. TEXAS AVE.

ARTESIA, NM 88210

RE: SOUTH RED LAKE #37

Enclosed are the results of analyses for samples received by the laboratory on 09/27/12 17:20.

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.

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, appearing to read "C. D. Keene", written in a cursive style.

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: 09/27/2012
Reported: 10/03/2012
Project Name: SOUTH RED LAKE #37
Project Number: 701047.053.01
Project Location: D-1-18S-27E

Sampling Date: 09/27/2012
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Celey D. Keene

Sample ID: S - 6 4' (H202362-01)

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	10/02/2012	ND	1.93	96.6	2.00	7.67	
Toluene*	<0.050	0.050	10/02/2012	ND	2.12	106	2.00	7.69	
Ethylbenzene*	<0.050	0.050	10/02/2012	ND	2.09	105	2.00	7.36	
Total Xylenes*	<0.150	0.150	10/02/2012	ND	6.38	106	6.00	7.61	

Surrogate: 4-Bromofluorobenzene (PIE) 103 % 89.4-126

Chloride, SM4500CI-B			mg/kg		Analyzed By: AP				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	3400	16.0	10/01/2012	ND	400	100	400	0.00	
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	10/02/2012	ND	211	105	200	1.95	
DRO >C10-C28	32.0	10.0	10/02/2012	ND	210	105	200	2.01	

Surrogate: 1-Chlorooctane 86.9 % 65.2-140

Surrogate: 1-Chlorooctadecane 93.0 % 63.6-154

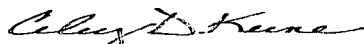
Sample ID: S - 7 (H202362-02)

Chloride, SM4500CI-B			mg/kg		Analyzed By: AP				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	4480	16.0	10/01/2012	ND	400	100	400	0.00	

Cardinal Laboratories

*=Accredited Analyte

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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:	09/27/2012	Sampling Date:	09/27/2012
Reported:	10/03/2012	Sampling Type:	Soil
Project Name:	SOUTH RED LAKE #37	Sampling Condition:	Cool & Intact
Project Number:	701047.053.01	Sample Received By:	Celey D. Keene
Project Location:	D-1-18S-27E		

Sample ID: S - 8 (H202362-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1540	16.0	10/01/2012	ND	400	100	400	0.00	

Sample ID: S - 9 (H202362-04)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1010	16.0	10/01/2012	ND	400	100	400	0.00	

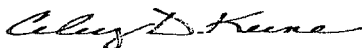
Sample ID: S - 10 (H202362-05)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1630	16.0	10/01/2012	ND	400	100	400	0.00	

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

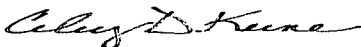
Notes and Definitions

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

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*=Accredited Analyte

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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>Jalon LPE</u>				BILL TO				ANALYSIS REQUEST																		
Project Manager: <u>David Adkins</u>				P.O. #:																						
Address: <u>408 W. Texas</u>				Company: <u>Jalon LPE</u>																						
City: <u>Artesia</u> State: <u>NM</u> Zip: <u>88210</u>				Attn:																						
Phone #: <u>575-746-8768</u> Fax #: <u>575-746-8905</u>				Address:																						
Project #: <u>701047.053.01</u> Project Owner: <u>Leggrip</u>				City:																						
Project Name: <u>S. Red Lk. #37</u>				State: Zip:																						
Project Location: <u>D-1-18-27</u>				Phone #:																						
Sampler Name: <u>Kimberly M. Wilson</u>				Fax #:																						
FOR LAB USE ONLY				MATRIX		PRESERV		SAMPLING																		
Lab I.D.	Sample I.D.	# CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER	DATE	TIME													
H202362	5-6 4'	G			/				/			9-27-12	8:11	TPH												
1	5-7	G			/				/			9-27-12	8:13	BTEX												
2	5-8	G			/				/			9-27-12	8:15	Chlorides												
3	5-9	G			/				/			9-27-12	8:18													
4	5-10	G			/				/			9-27-12	8:22													
5																										

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Relinquished By: <u>Kimberly M. Wilson</u>	Date: <u>9/27/12</u>	Received By: <u>[Signature]</u>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
Relinquished By: <u>[Signature]</u>	Date: <u>9/27/12</u>	Received By: <u>[Signature]</u>	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One)	Time: <u>3:20 P</u>	Time: <u>5:20 P</u>	REMARKS:	
Sampler - UPS - Bus - Other:	Sample Condition	CHECKED BY: (Initials)		
	Cool / Intact			
	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476



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

October 24, 2012

DAVID ADKINS

TALON LPE

408 W. TEXAS AVE.

ARTESIA, NM 88210

RE: SOUTH RED LAKE #37

Enclosed are the results of analyses for samples received by the laboratory on 10/22/12 15:05.

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.

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,

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: 10/22/2012
Reported: 10/24/2012
Project Name: SOUTH RED LAKE #37
Project Number: 701047.053.01
Project Location: D-1-18S-27E

Sampling Date: 10/17/2012
Sampling Type: Soil
Sampling Condition: ** (See Notes)
Sample Received By: Jodi Henson

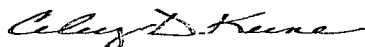
Sample ID: S-11 (H202576-01)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1880	16.0	10/23/2012	ND	400	100	400	3.92		

Cardinal Laboratories

* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

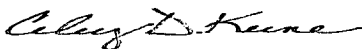
Notes and Definitions

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

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Celey D. Keene, Lab Director/Quality Manager



CARDINAL Laboratories

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240

(575) 393-2326 FAX (575) 393-2476

[illegible]

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 to 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: <i>Kimberly M. Wilson</i>	Date: <i>10/22/12</i>	Received By:	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
Time: <i>11:35 A</i>	<i>Michelle Stowell</i>		Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Relinquished By: <i>Michelle Stowell</i>	Date: <i>10/22/12</i>	Received By: <i>Jodi Benson</i>	REMARKS:	
Time: <i>3:05</i>				
Delivered By: (Circle One)	Sample Condition	CHECKED BY:		
Sampler - UPS - Bus - Other:	Cool <input type="checkbox"/> Intact <input type="checkbox"/>	(Initials)		
	<i>27°</i> Yes <input type="checkbox"/> No <input type="checkbox"/>	<i>CS</i>		

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476

#26

FINAL C-141

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company - Legacy Reserves Operating, LP	Contact: Berry Johnson
Address - PO box 10848, Midland, TX 79702-7848	Telephone No. : 432-689-5200
Facility Name - South Red Lake II Unit #37	Facility Type: WTW

Surface Owner:	Mineral Owner: Federal	Lease No. API # 30-015-00715 2RP-1231
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LOCATION OF RELEASE

Unit Letter D	Section 1	Township 18S	Range 27E	Feet from the 330'	North/South Line North	Feet from the 330'	East/West Line West	County Eddy
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Latitude 32.78253 N Longitude -104.23978 W

NATURE OF RELEASE

Type of Release: Produced Water	Volume of Release 4-5 bbls	Volume Recovered -0- bbls
Source of Release : 2" steel line	Date and Hour of Occurrence 6/25/2012	Date and Hour of Discovery 6/25/2012
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? BLM	
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.* There was a leak at the 2" steel line that feeds injection well. No water was recovered, the well was shut in, the line was repaired and brought back into service. The affected area was about 30' X 50' just east and south of the well. There was a small amount of mist that settled northeast of the location. Talon/LPE had been contracted to complete site assessment, work plan activities, and remediation services.		
Describe Area Affected and Cleanup Action Taken.* The impacted area from this release was excavated to a depth of 4-feet deep, a 20 mil liner was placed in the bottom of the excavations, and analytical testing was completed. The excavation was backfilled to grade using new material and contoured to match the surrounding terrain.		
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOC 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 NMOC 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, NMOC 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>Sharon Bowersock</i>	<u>OIL CONSERVATION DIVISION</u>	
Printed Name: Sharon Bowersock	Approved by District Supervisor:	
Title: Eng./Regulatory Tech	Approval Date:	Expiration Date:
E-mail Address: sbowersock@legacyp.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 12/11/2012 Phone: 432-689-5200		

* Attach Additional Sheets If Necessary