

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**NMOCD - ACOI 160-D**

**IN THE MATTER OF LEGACY RESERVES OPERATING LP,**

**Respondent.**

**AMENDED  
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 7 of Agreed Compliance Order 160 ("Order"), the Director of the Oil Conservation Division ("OCD") hereby amends that Order as follows:

**FINDINGS**

1. The Order required Legacy Reserves Operating LP ("Operator") to return to compliance with OCD Rules 703 and 201 the following six wells identified in Ordering Paragraph 2 by September 30, 2007, and file a compliance report by that date:

Langlie Mattix Penrose Sand Unit No. 104	30-025-23262	Injection
Langlie Mattix Penrose Sand Unit No. 135	30-025-10481	Injection
Langlie Mattix Penrose Sand Unit No. 171	30-025-23213	Injection
State Y No. 010	30-025-25376	Injection
Lea Unit No. 008	30-025-02431	Injection
Lea Unit SWD No. 002	30-025-28528	Injection

2. Operator filed a timely compliance report, and OCD records verified that Operator returned to compliance the six wells identified above and the following three wells:

JM Denton No. 002	30-025-05276	Producer
South Justis Unit No. 190	30-025-31825	Injector
Wimbery JH Federal Com No. 001	30-025-11714	Producer

3. The Order provided that if Operator returned to compliance with OCD Rules 703 and 201 the six wells identified in Ordering Paragraph 2 by September 30, 2007, and filed a timely compliance report, the OCD would issue an amendment extending the terms of the Order, requiring Operator to return to compliance by March 30, 2008 the Langlie Mattix Penrose Sand Unit No. 331, 30-025-10552 and five other wells identified in Exhibit A to the Order.

4. The Order provides that if Operator returns more wells to compliance than it is required to for a particular six-month period, the excess wells will be counted towards Operator's compliance goal for the subsequent period.

5. Because Operator met and exceeded its compliance goal for the first period by three wells, the OCD amended the Order to extend its terms by six months, and required Operator to return to compliance with OCD Rules 703 and 201 the Langlie Mattix Penrose Sand Unit No. 331, 30-025-10552 and two other wells identified in Exhibit A, by March 30, 2008, and file a compliance report by that date.

6. Operator filed a timely compliance report, and OCD records verified that Operator returned the Langlie Mattix Penrose Sand Unit No. 331, 30-025-10552, and the following six wells identified in Exhibit A to compliance:

Andrew Arnquist Estate No. 002	30-015-21942	Producer
Andrew Arnquist Estate No. 003	30-015-22041	Producer
Andrew Arnquist Estate No. 004	30-015-22040	Producer
Denton No. 001	30-025-25495	Producer
Langlie Mattix Penrose Sand Unit No. 322	30-025-01567	Injection
Langlie Mattix Penrose Sand Unit No. 353	30-025-10566	Injection

7. Because Operator met and exceeded its compliance goal for the second period by four wells, the OCD amended the Order to extend its terms by six months, and required Operator to return to compliance with OCD Rules 703 and 201 two additional wells identified in Exhibit A, by September 30, 2008, and file a compliance report by that date

8. Operator filed a timely compliance report, and OCD records verify that Operator returned the L R Chamberlin No. 002, 30-025-05312, to compliance.

9. Ordering Paragraph 12 provides that if Operator fails to meet its compliance goal, the OCD may exercise discretion determining whether to issue an amendment, and the Operator may be subject to a penalty of \$1,000.00 for each well it fell short of its goal. Operator has submitted a \$1,000.00 payment for its failure to meet its compliance goal for the third six-month period by one well.

### CONCLUSIONS

1. Operator failed to meet its goal of returning two additional wells identified in Exhibit A to the Order to compliance by September 30, 2008, falling short by one well.

2. Operator has demonstrated good faith in its attempt to meet its compliance goal, and paid a \$1,000.00 payment for its failure to meet its compliance goal for the third six-month period by one well. Therefore, the OCD has decided to exercise its discretion and amend ACOI 160 to extend its terms through March 30, 2009, requiring Operator to return to compliance by that date six additional wells identified in Exhibit A of the Order.

## ORDER

1. Operator shall return to compliance by March 30, 2009 six additional wells identified in Exhibit A to the Order that are not identified in the above Findings.

2. Operator shall file a written compliance report by March 30, 2009 identifying the well(s) it returned to compliance in the third period, stating the date the well(s) were returned to compliance, and stating how the well(s) were returned to compliance (returned to production or other beneficial use; wellbore plugged; or placed on approved temporary abandonment status). The report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager (email: [daniel.sanchez@state.nm.us](mailto:daniel.sanchez@state.nm.us)) and Assistant General Counsel (email: [sonny.swazo@state.nm.us](mailto:sonny.swazo@state.nm.us)) so that it is received by compliance deadline March 30, 2009.

3. The terms of the Order otherwise remain in effect.

Done at Santa Fe, New Mexico this 22<sup>nd</sup> day of Oct, 2008

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division