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*Case 15255*

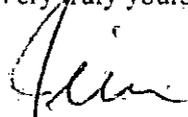
December 9, 2014

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Legacy Reserves Operating LP, is an application to institute a tertiary recovery project for the Drickey Queen Sand Unit, and to qualify the project for the recovered oil tax rate, Chaves County, New Mexico, together with a proposed advertisement. Please set this matter for the January 8, 2015 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Legacy Reserves LP

Parties Being Notified

Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, NM 87504

Trigg Oil & Gas LP  
P.O. Box 520  
Roswell, NM 88202

Bureau of Land Management  
620 East Greene  
Carlsbad, NM 88220

Anadarko E&P Onshore LLC  
P.O. Box 1330  
Houston, TX 77251

Blanco Company  
P.O. Box 25968  
Albuquerque, NM 87125

OXY USA WTP Limited Partnership  
5 Greenway Plaza  
Houston, TX 77046

Slash Ranch  
P.O. Box 1876  
Lovington, NM 88260

Reliance Energy, Inc.  
Suite 1200  
500 West Illinois  
Midland, TX 79701

ConocoPhillips Company  
P.O. Box 2197  
Houston, TX 77252-2197

Chevron U.S.A. Inc.  
P.O. Box 36366  
Houston, TX 77232

S&S Inc.  
P.O. Box 1046  
Eunice, NM 88231

Ruth Zimmerman, Trustee  
of the Ruth Zimmerman Trust  
842 Muirlands Vista Way  
La Jolla, CA 92037

Hazel Z. Hart, Trustee  
of the Hazel Z. Hart Trust  
842 Muirlands Vista Way  
La Jolla, CA 92037

Sawyer Ward  
207 Porr Drive  
Ruidoso, NM 88345

Scharbauer Alston Ward  
P.O. Box 64  
Nogal, NM 88341

Laine W. Gilbert  
c/o Western Commerce Bank  
Trust Department  
1003 West Avenue D  
Lovington, NM 88260

Jill C. Johnson  
c/o Western Commerce Bank  
Trust Department  
1003 West Avenue D  
Lovington, NM 88260

Cimarex Energy Co.  
Magnum Hunter Production, Inc.  
Suite 600  
600 North Marienfeld  
Midland, TX 79701

Hardin-Simmons University  
2200 Hickory Street  
Abilene, TX 79698

Marianne Hannon Schoefield  
Apartment 143  
600 Park Grove Lane  
Katy, TX 77450

Jan H. Thomas  
10180 Paganica Pass  
Hutchinson, KS. 67502

Marshall & Winston, Inc.  
P.O. Box 50880  
Midland, TX 79710

Rapid Company, Inc.  
P.O. Box 1231  
Loyington, NM 88260

Kevin O. Butler & Associates, Inc.  
Suite 660  
550 West Texas  
Midland, TX 79701

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF LEGACY RESERVES OPERATING  
LP TO INSTITUTE A TERTIARY RECOVERY  
PROJECT FOR THE DRICKEY QUEEN SAND UNIT,  
AND TO QUALIFY THE PROJECT FOR THE  
RECOVERED OIL TAX RATE, CHAVES COUNTY,  
NEW MEXICO.

Case No. 15255

APPLICATION

Legacy Reserves Operating LP, whose address is P.O. Box 10848, Midland, Texas 79702, applies for an order approving a tertiary recovery project for the Drickey Queen Sand Unit Area (the "Unit Area"), and qualifying the project for the recovered oil tax rate. In support thereof, applicant states:

1. Applicant is the operator of the Unit Area, originally approved by Commission Order No. R-1477.

2. The Unit Area has been expanded at various times since it was originally approved, and under Division Order No. R-1477-A it now covers the lands described below:

Township 13 South, Range 31 East, N.M.P.M.:

Section 33: E $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$   
Section 34: S $\frac{1}{2}$   
Section 35: NE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , and S $\frac{1}{2}$

Township 14 South, Range 31 East, N.M.P.M.:

Section 1: Lots 3, 4, and SW $\frac{1}{4}$ NW $\frac{1}{4}$   
Section 2: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$ , and S $\frac{1}{2}$  (All)  
Section 3: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$ , and S $\frac{1}{2}$  (All)  
Section 4: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$   
Section 9: All  
Section 10: All  
Section 11: N $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , and SE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 14: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , and SW $\frac{1}{4}$ SW $\frac{1}{4}$   
Section 15: All  
Section 16: N $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$   
Section 22: N $\frac{1}{2}$  and NW $\frac{1}{4}$ SE $\frac{1}{4}$

Containing 7002.52 acres, more or less, of federal, state, and fee lands. A plat of the Unit Area is attached hereto as Exhibit A.

3. The unitized interval is the Queen formation. Under Division regulations, the Queen formation is developed on statewide rules, with 40 acre well spacing, and wells to be located no closer than 330 feet to a quarter-quarter section line.

4. The Unit Area was formed for purposes of instituting a secondary recovery project in a portion of the Caprock-Queen Pool. All of the tracts in the Unit Area are subject to Division-approved secondary recovery operations under Order No. R-1477-A.

5. Applicant seeks approval to institute a tertiary recovery project for the Unit Area by the injection of water and carbon dioxide into the Queen formation in 31 water injection wells and 20 WAG (water-alternating-gas) injection wells.

6. Applicant requests that additional injection wells be approved administratively.

7. Applicant further requests that the Drickey Queen Sand Unit Enhanced Recovery Project be qualified for the recovered oil tax rate, pursuant to the Enhanced Oil Recovery Act (L. 1992, ch. 38) and Division regulations. Project data is set forth on Exhibit B attached hereto. Applicant requests that the entire Unit Area be certified for the recovered oil tax rate.

8. The Form C-108 for the project is attached hereto as Exhibit C.

9. Approval of this application will prevent waste and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order approving the injection application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", written over a horizontal line.

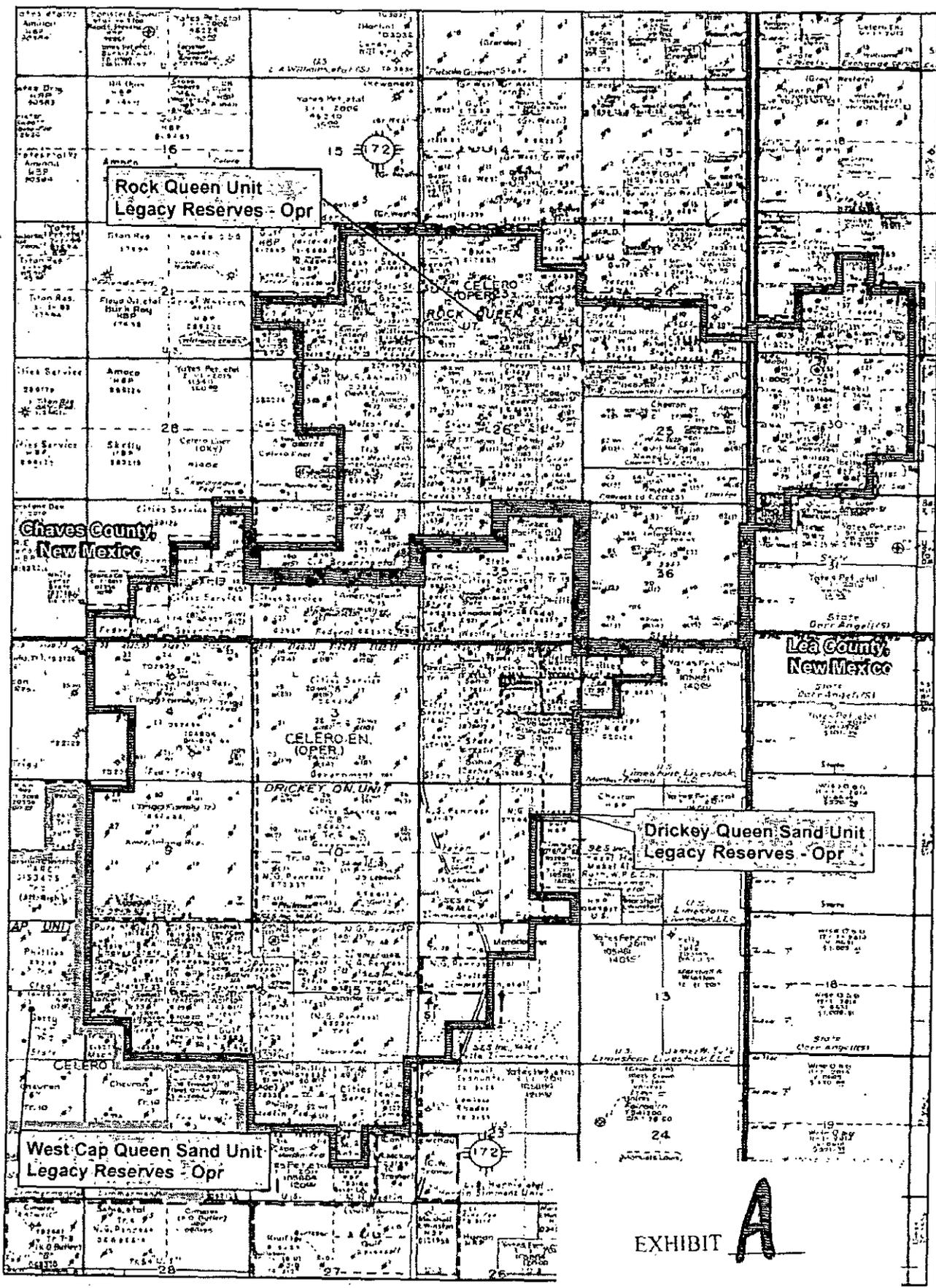
James Bruce

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attorney for Legacy Reserves Operating LP



EXHIBIT

A

Legacy Reserves LP  
Application for EOR Project Involving Use of CO2 Miscible  
Displacement

**Name of Project:** Drickey Queen Sand Unit CO2 Project

**Description of Project Area:** All of Drickey Queen Sand Unit consisting of parts of Sections 33, 34, and 35, Township 13S, Range 31E, all of Sections 2, 3, 9, 10, and 15, Township 14S, Range 31E, and parts of Sections 1, 4, 11, 14, 16, and 22, Township 14S, Range 31E, Chaves County, New Mexico.

**Total Area:** 7002.5 acres, more or less, of Fee, State, and Federal lands.

**Pool and Formation:** Caprock Pool, Queen Formation

The Drickey Queen Sand Unit took its current shape on September 9, 2011, Order R-1477-A when the existing Drickey Queen Sand Unit was combined with all of Section 9 and part of Section 4, Township 14S, Range 31E (formerly Trigg Federal Lease) in addition to the southeast quarter section of Section 34, Township 13S, Range 31E (formerly Federal 'V' Lease). Waterflood projects were approved for the Drickey Queen Sand Unit on February 12, 1958, Order No. R-1128, Case No. 1356, Cities Service Oil Company, Operator, for the Trigg Federal Lease on August 1, 1959, Order No. R-1456, Case No. 1714, John H. Trigg, Operator, and for the Federal 'V' Lease on November 27, 1959, Order No. R-1536, Case No. 1808, John H. Trigg, Operator.

**List of Current Producing Wells:** Drickey Queen Sand Unit Nos. 3, 6, 12, 14(TA), 19, 22, 23, 28, 30, 35, 39, 41(SI), 43, 45, 49(TA), 58, 144, 804, 806, 808, 813, 815(SI), 822(SI), 824, 831(SI), 147(TA), 701, and 704. Total 28 wells. In addition to the current producing wells, Legacy has plans to drill 8 new wells and re-enter 2 plugged wells.

**List of Current Water Injection Wells:** Drickey Queen Sand Unit Nos. 1, 2, 4, 5, 7, 8, 9, 16, 17, 18, 24N, 25, 26, 27, 29, 31, 32, 33, 34, 36, 38, 40(SI), 46(SI), 53(SI), 54, 55, 56, 57, 805(TA), 812(SI), 816(TA). Total 31 wells.

**List of Proposed WAG Injection Wells:** Active well nos. 2, 5, 9, 16, 18, 24, 144, and 701; proposed re-entry of P&A well no. 503; and planned new drill well nos. 301, 302, 304, 307, 310, 312, 314, 315, 316, 317, and 319.

**Capital Cost of Additional Facilities** is \$27.8 MM (\$27.3 MM forward, \$0.5 MM spent)

**Total Project Cost (including facilities)** is \$69.7 MM (\$69.2 MM forward, \$0.5 MM spent)

**Estimated Total Value of Additional Production:** \$375 MM

**Production History and Project Forecast** follow.

EXHIBIT 

PROPOSED ADVERTISEMENT

Case No. 15255:

*Application of Legacy Reserves Operating LP to institute a tertiary recovery project for the Drickey Queen Sand Unit, and to qualify the project for the recovered oil tax rate, Chaves County, New Mexico.* Applicant seeks approval to institute a tertiary recovery project for the Drickey Queen Sand Unit by the injection of water and carbon dioxide into the Queen formation into 31 water injection wells and 20 WAG (water-alternating-gas) injection wells located on 7002.52 acres of federal, state, and fee lands covering all or parts of 33-35, Township 13 South, Range 31 East, N.M.P.M., and Sections 1-4, 9-11, 14-16, and 22, Township 14 South, Range 31 East, N.M.P.M. Applicant further seeks to qualify the tertiary recovery project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1-5). The unit area is centered approximately 19-1/2 miles south-southwest of Caprock, New Mexico.