



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019
www.nm.blm.gov

DEC 04 2013

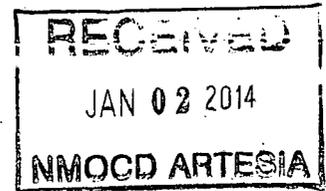
30-005-29120

In Reply Refer to:
NMNM-105885
3105.2 (NMP0130)

CERTIFIED MAIL--RETURN RECEIPT REQUESTED
7010 3090 0000 4492 5628

Legacy Reserves Operating, L.P.
Attn: Mr. Travis McGraw
P.O. Box 10848
Midland, Texas 79702

Accepted for record
LED NMOC 1/2/14



Dear Mr. McGraw

The State of New Mexico has established spacing for the production of oil obtained from the Undesignated Abo/Wolfcamp formations at Forty (40) acres. The subject well Leo 3 Federal-Com. 2H was drilled horizontally through four (4), forty (40) acre spacing described as within the N $\frac{1}{2}$ S $\frac{1}{2}$, Sec. 13, T. 15 S., R. 31 E., NMPM, Chaves County, New Mexico. The surface location of the well is in the NE $\frac{1}{4}$ SE $\frac{1}{4}$, sec. 13, T. 15 S., R. 31 E., NMPM, and was completed in the Abo/Wolfcamp formations on June 6, 2012 with an I. P. of 500 BO, 300 MCFG and 643 BWPD

Part of your Federal Oil and Gas Lease NMNM-105885 is within the spacing unit for the well, and by Federal regulations, an approved communitization agreement, effective prior to the initial production from the well, will be required.

If an Agreement is not submitted for approval, compensatory royalty will be assessed in the amount of the royalty rate for lease NMNM-105885 times the ratio of the acreage of lease NMNM-105885 within the spacing unit to the total acreage within the spacing unit times the total value of the production from the spacing unit well, on a monthly basis effective the first of the month during which production is established.

Standard instructions and a copy of the model communitization agreement form are available upon request. The instructions provide guidance concerning execution and final submittal for approval. If you decide to proceed without securing a model form and instructions, please be advised that executed copies of the agreement, at least one of which must contain the original execution by all signatory parties, should be filed with the authorized officer, address, for approval. Six (6) copies of the approved agreement, including the copy containing the original signatures, will be retained, and the remaining copies will be returned to the operator designated in the agreement. If you require an original for recording purposes or duplicate copies for other distribution, the number of copies submitted should be increased accordingly.

Please submit an application to communitize or a plan to protect drainage within 60 days from the date of this notification and no later than February 7, 2014.

If you have any questions regarding this approval, please call John S. Simitz, geologist, at (575) 627-0288 or the division of land and minerals at (575) 627-0272.

Sincerely,

Angel Mayes
Assistant Field Manager,
Lands and Minerals

cc:

Office of Natural Resources Revenue
Attn: Antoinette Contreras, Stacey Kaiser (copy of Exhibits A & B)
Reference Data Branch MS-357 B1
P.O. Box 25165
Denver, Colorado 80225

NM Taxation & Revenue Dept. (Copy of CA)
Revenue Processing Division - Attention: Manuelita Martinez
P. O. Box 2308
Santa Fe, NM 87504

New Mexico State Land Office
Royalty Management Division
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

NMOCD ✓
1301 West Grand Avenue
Artesia, New Mexico 88210

LLNMP01300, Lease Files NMNM-105885
LLNMP09210