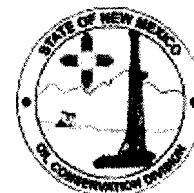


State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

Tony Delfin  
Acting Cabinet Secretary

David R. Catanach, Division Director  
Oil Conservation Division



**\*Response Required - Deadline Enclosed\***

*Field Inspection Program*  
*"Preserving the Integrity of Our Environment"*

10-Feb-17

LEGACY RESERVES OPERATING, LP  
P. O. BOX 10848  
MIDLAND TX 79702

**LETTER OF VIOLATION - Inspection**

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

***INSPECTION DETAIL SECTION***

<b>MOLLY STATE No.001</b>				<b>C-1-22S-31E</b>	<b>30-015-26815-00-00</b>	
<b>Inspection Date</b>	<b>Type Inspection</b>	<b>Inspector</b>	<b>Violation?</b>	<b>*Significant Non-Compliance?</b>	<b>Corrective Action Due By:</b>	<b>Inspection No.</b>
02/10/2017	Routine/Periodic	Gilbert Cordero	Yes	No	5/16/2017	iGC1704136525
<b>Comments on Inspection:</b> Well Sign (Rule 19.15.16.8). OPERATOR NAME (PHILLIPS) IS NOT CORRECT						

<b>MOLLY STATE No.002</b>				<b>F-1-22S-31E</b>	<b>30-015-26830-00-00</b>	
<b>Inspection Date</b>	<b>Type Inspection</b>	<b>Inspector</b>	<b>Violation?</b>	<b>*Significant Non-Compliance?</b>	<b>Corrective Action Due By:</b>	<b>Inspection No.</b>
02/10/2017	Routine/Periodic	Gilbert Cordero	Yes	No	5/16/2017	iGC1704136720
<b>Comments on Inspection:</b> Well Sign (Rule 19.15.16.8). OPERATOR NAME (PHILLIPS) IS NOT CORRECT						

<b>MOLLY STATE No.003</b>				<b>D-1-22S-31E</b>	<b>30-015-26831-00-00</b>	
<b>Inspection Date</b>	<b>Type Inspection</b>	<b>Inspector</b>	<b>Violation?</b>	<b>*Significant Non-Compliance?</b>	<b>Corrective Action Due By:</b>	<b>Inspection No.</b>
02/10/2017	Routine/Periodic	Gilbert Cordero	Yes	No	5/16/2017	iGC1704136444
<b>Comments on Inspection:</b> No Well Sign (Rule 19.15.16.8).						

MOLLY STATE No.004

E-1-22S-31E

30-015-26855-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/10/2017	Routine/Periodic	Gilbert Cordero	Yes	No	5/16/2017	iGC1704143405
Comments on Inspection: Well Sign (Rule 19.15.16.8). OPERATOR NAME (PHILLIPS) IS NOT CORRECT						

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

*Gilbert Cordero*  
Compliance Officer

Artesia OCD District Office

**Note:** Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

\*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.