

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM0455265

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

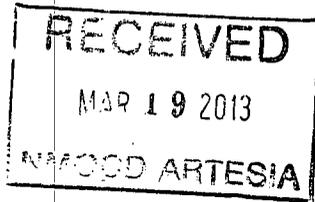
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No.
2. Name of Operator LEGACY RESERVES OPERATING LP		8. Well Name and No. OXY HOPSING FEDERAL #2
3a. Address PO BOX 10848 MIDLAND, TX 79702	3b. Phone No. (include area code) 432-689-5200	9. API Well No. 30-015-32032
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1650' FNL & 860' FEL, UNIT LETTER H, SEC 14, T20S, R27E		10. Field and Pool or Exploratory Area BURTON FLAT; MORROW (PRO GAS)
		11. County or Parish, State EDDY COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompletable horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

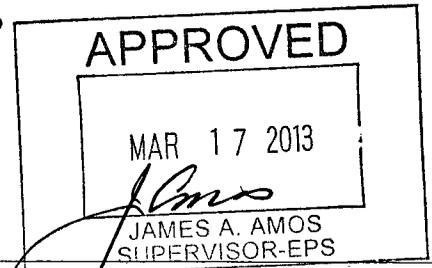
FORMATION - MORROW
WATER PRODUCED - 0
STORED - WATER TANK
MOVED - TRUCKED



SEE ATTACHED FOR
CONDITIONS OF APPROVAL

DISPOSAL - NIX ANN SWD - 1 API # 30-015-23580
LOCATION - 18-T19S-R26E, EDDY COUNTY, NM
PERMIT - NMOC D - 246

Accepted 3/27/13
Accepted for record
NMOC D



14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
KEVIN BRACEY Title OPERATIONS SUPERINTENDENT

Signature *Kevin Bracey* Date 02/19/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Conditions of Approval

Legacy Reserves Operating LP
OXY Hopsing Federal #2
Lease NM0455265 CA-NM107676 3001532032

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. ~~Submit for approval of water disposal method.~~
3. Submit updated facility diagrams as per Onshore Order #3
4. This agency shall be notified of any spill or discharge as required by NTL-3A.
5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
6. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
7. Subject to like approval by NMOCD.

WATER DISPOSAL ONSHORE ORDER #7

The following information is needed before your method of water disposal can be considered for approval.

1. Name(s) of formation (s) producing water on the lease.

Morrow

2. Amount of water produced from each formation in barrels per day.

0

3. How water is stored on the lease.

Water Tank

4. How water is moved to disposal facility.

Trucking

5. Operator's of disposal facility

a. Lease name or well name and number Nix Ann SWD

b. Location by ¼ ¼ Section, Township, and Range of the disposal system _____

Sec. 18 - T19S - R26E

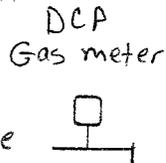
c. The appropriate NMOCD permit number NMOCD # 246

Production Phase

- PV1 - Open - fill line for water tank
- PV2 - Open - fill line for oil tank
- PV3 - Closed - fill line for oil tank
- PV4 - Closed - line to pull Bottoms, water tank
- PV5 - Closed (sealed) - line to pull bottoms, oil tank
- PV6 - Closed (sealed) - line to pull bottoms, oil tank
- PV7 - Closed - Valve on end of load line to pull bottoms on tanks

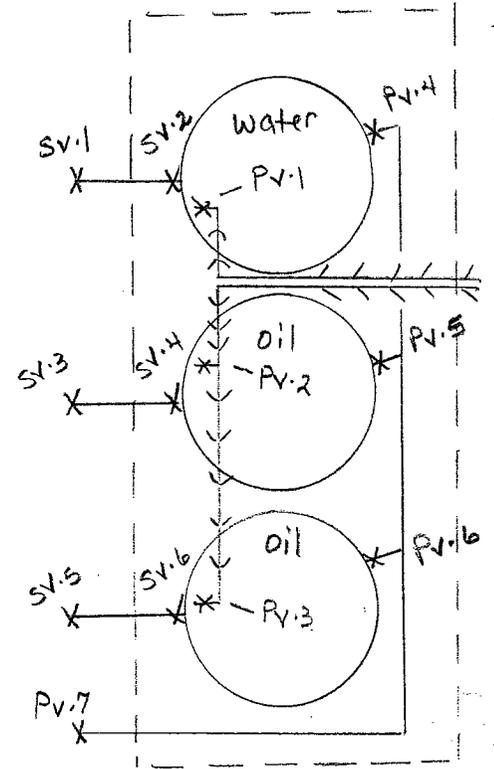
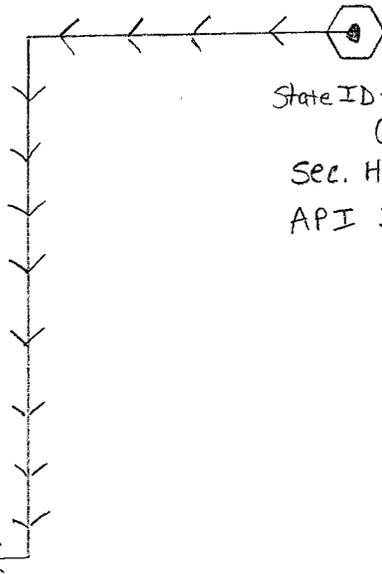
Sales Phase

- SV1 - Closed - load line valve on water tank
- SV2 - Open - Watertank valve on load line
- SV3 - Closed - load line valve on oil tank
- SV4 - Closed (sealed) - oil tank valve on load line
- SV5 - Closed - load line valve on oil tank
- SV6 - Closed (sealed) - oil tank valve on load line



Legacy Reserves
oxy Hopsing Federal #2

State ID - NM 0455265
CA - NM 107676
Sec. H-14-20-S-27E
API 30-D15-32032



Well hooked up direct to gas sales pipeline
Battery Tanks NOT IN SERVICE.

Accepted for Record Purposes.
Approval Subject to Onsite Inspection.
If BLM Objectives are not achieved,
additional work may be required.

Date: 8-17-13

Signature: *[Handwritten Signature]*



WATER ANALYSIS REPORT

SAMPLE

Oil Co: LEGACY
 Lease: OXY HOPSING FED
 Well No.: 2
 Location: BATTERY
 Attention: ACCT. MANAGER

Date Sampled: 12/20/12
 Date Analyzed: 12/26/12
 Lab ID Number: 12/26/12LEGACYOXY HOPSING FED 2
 Account Manager: B. STRUBE
 Requested By: LAB
 File Name: 12/26/12LEGACYOXY HOPSING FED 2

ANALYSIS

1 pH 6.4
 2 Specific Gravity 1.080
 3 CaCO₃ Saturation Index @80 F -0.18
 @140 F 0.67

Note: L
0

	MG/L	EQ. WT	MEQ/L
4 Hydrogen Sulfide	0		
5 Carbon Dioxide	35		
6 Dissolved Oxygen	NOT DETERMINED		

DISSOLVED GASES

4 Hydrogen Sulfide
 5 Carbon Dioxide
 6 Dissolved Oxygen

CATIONS

7 Calcium (Ca⁺⁺)
 8 Magnesium (Mg⁺⁺)
 9 Sodium (Na⁺) (Calculated)
 10 Barium (Ba⁺⁺)

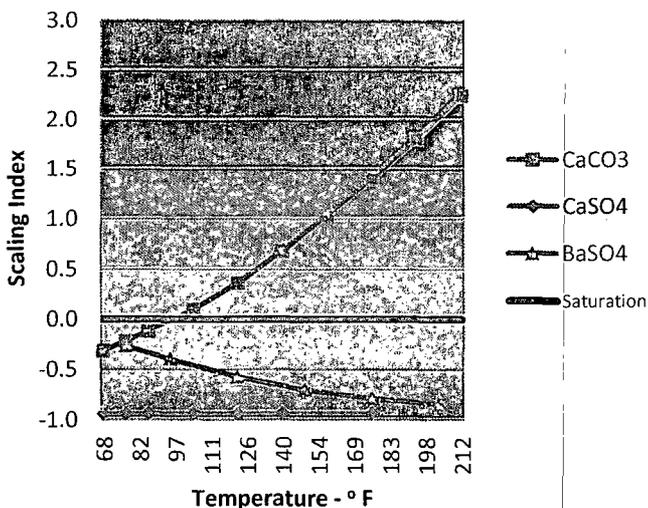
7 Calcium (Ca ⁺⁺)	3,580	20.1	178.11
8 Magnesium (Mg ⁺⁺)	243	12.2	19.93
9 Sodium (Na ⁺) (Calculated)	42,346	23.0	1841.15
10 Barium (Ba ⁺⁺)	1	68.7	0.01

ANIONS

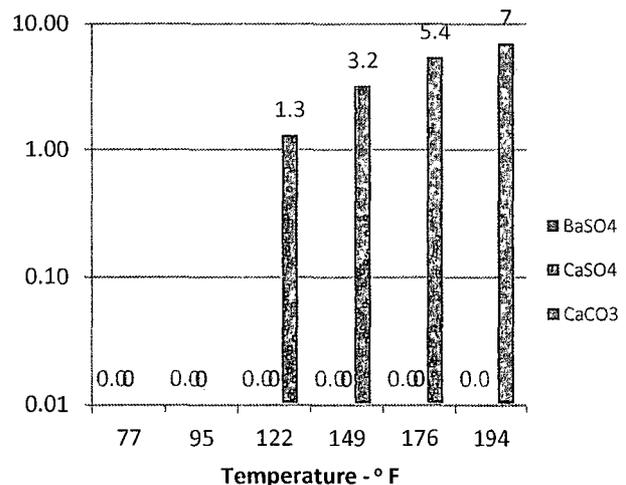
11 Hydroxyl (OH⁻)
 12 Carbonate (CO₃⁻)
 13 Bicarbonate (HCO₃⁻)
 14 Sulfate (SO₄⁻)
 15 Chloride (Cl⁻)
 16 Total Dissolved Solids 118,735
 17 Total Iron (Fe) 46
 18 Total Hardness as CaCO₃ 9,950
 19 Resistivity-NaCl equivalent@ 69 °F 0.0707

11 Hydroxyl (OH ⁻)		17.0	0.00
12 Carbonate (CO ₃ ⁻)		30.0	0.00
13 Bicarbonate (HCO ₃ ⁻)	342	61.1	5.59
14 Sulfate (SO ₄ ⁻)	142	48.8	2.91
15 Chloride (Cl ⁻)	72,000	35.5	2028.17
16 Total Dissolved Solids	118,735		
17 Total Iron (Fe)	46	18.2	2.53
18 Total Hardness as CaCO ₃	9,950		
19 Resistivity-NaCl equivalent@ 69 °F	0.0707	OHM-METERS	

Composite Kel-tech Scaling Index



Maximum Amount of Scale in Pounds per 1000 BBLs



1.0 FACILITY INFORMATION

1.1 Facility Type and Location

Facility Oxy Hopsing Federal #2
Type Facility Onshore Oil and Gas Production
State Identification: NM0455265 / API 30-015-32032
Facility Location 10.9 miles north of Carlsbad
County: Eddy State: New Mexico
Latitude: 32.57613 N
Longitude: 104.24589 W
Directions to Facility: Refer to Facility Location Map, Attachment 1

1.2 Facility Owner and Operator

Name and address of owner:

Name: Legacy Reserves
Address: 303 W. Wall, Suite 1400
Midland, Texas 79708
Telephone: (432) 682-2516

Name and address of operator:

Name: Legacy Reserves
Address: 303 W. Wall, Suite 1400
Midland, Texas 79708
Telephone: (432) 682-2516

1.3 Designated Person Accountable for Oil Spill Prevention at Facility

This person is accountable for discharge prevention and response activities at the subject facility. See Spill Response Plan, Appendix A for designated person.

2.0 DESCRIPTION OF FACILITY OPERATIONS

The Oxy Hopsing Federal #2 facility is located in Eddy County, New Mexico as shown on Figure 1, Location Map. Figure 2 is a Topographic Map of the area surrounding the site. The site is located on the USGS Angel Draw, New Mexico Quadrangle Map. The surface drainage from the facility site is described in Section 5.0.

The lease production flows from the wells through flow lines to the tank battery facility for separation and storage. Production separators and/or treaters separate the oil, water and gas produced from the wells. Produced fluids are removed from the facility as described in Section 2.2 below. Figure 3 is a Site Plan of the subject facility.

This is an unmanned facility that processes and stores produced fluids 24 hours per day. This facility is inspected at least once every day by operations personnel.

2.1 Tank Battery

The storage tanks at this facility are constructed to API specifications. The tank construction material is compatible with the fluids to be stored in each tank as detailed in Table 1 below. Each tank is equipped with vent lines and vacuum/pressure relief hatches to prevent tank rupture or collapse during product filling or removing operations. Multiple tank installations also include equalizing lines between the tanks to prevent accidental overflow of a tank. A description of the secondary containment structure for this tank battery facility is included in Section 4.0 below.

Table 1 DESCRIPTION OF OIL TANK BATTERY				
CONTENTS OF TANKS	CAPACITY (BBLs)	TANK CONSTRUCTION	SERIAL NUMBER	CONDITION
Oil	300	Steel	32389	Good
Oil	300	Steel	32390	Good
Water	300	Poly	N/A	Good
Total Storage Capacity:		Oil: 600 Water: 300	BBLs BBLs	25,200 Gallons 12,676 Gallons

Table 2 DESCRIPTION OF OIL INJECTION STATION				
CONTENTS OF TANKS	CAPACITY (BBLs)	TANK CONSTRUCTION	SERIAL NUMBER	CONDITION
Oil				
Oil				
Oil				
Water				
Water				
Total Storage Capacity:		Oil: 0 Water: 0	BBLs BBLs	0 Gallons 0 Gallons

2.2 Transfer Facilities

The produced oil is removed from this facility by: Transport Truck Pipeline

The transfer valve is located within the secondary containment structure. Yes No

A containment vessel is located on the load line valve. Yes No

The produced water is removed from this facility by: Transport Truck Pipeline
Injection

The transfer valve is located within the secondary containment structure. Yes No

A containment vessel is located on the load line valve. Yes No

A full secondary containment structure for the truck loading area is not practical due to the terrain and site restrictions at the subject facility. All drivers will perform a walk-around inspection prior to moving the truck from the loading area. The driver will ensure that transfer lines are disconnected and properly secured, all valves are fully closed, and inspect for leaks from the truck and tank valves.

2.3 Treating and Processing Equipment:

Separators 0

Treaters: 0

Injection
Pumps: 0

2.4 Description of Flow lines

The steel flow line(s) from the producing well(s) to the subject facility is buried. Yes No

Steel flow lines have cathodic protection. Yes No

Secondary containment for buried flow lines is not practical due to the depth of burial
Secondary containment for flow lines laid on the surface of the ground is not practical due to the terrain and potential erosion of the ground.

A program for flow line maintenance is detailed in the Legacy Reserves Discharge Prevention Plan. The flow line rights-of-way are routinely checked for leaks and spills and the lines are repaired or replaced as necessary.

2.5 Types of Fluids Handled and Stored at Facility

This facility processes and stores produced oil and water from oil field operations.

2.6 Site Security

This oil production facility is not subject to the security provisions of 40 CFR 112.7 (g).

3.0 FREEBOARD STANDARD FOR SECONDARY CONTAINMENT

Tank and flow-through process vessel (production equipment) installations include a means of secondary containment sufficient to contain 110% of the capacity of the largest tank/vessel. Calculations to determine the net capacity of each secondary containment structure (Sections 4.1 and 4.2) include adjustments for the displacement due to additional tanks and/or other obstructions within the containment structure.

4.0 DESCRIPTION OF SECONDARY CONTAINMENT

The secondary containment structure(s) will be maintained in a manner to assure the structure is capable of retaining the required volume of fluid in the event of an accidental discharge. Legacy Reserves depends on early detection and quick response to contain any leaks from company facilities. Response procedures for spills are detailed in the Legacy Reserves Spill Response Plan (SRP). Procedures for the drainage of accumulated rainwater from the secondary containment structure(s) are detailed in the Legacy Reserves Discharge Prevention Plan (DPP).

4.1 Tank Battery

A secondary containment structure surrounds the tank battery installation to prevent the spread of produced oil and water from an accidental discharge of fluids from the tank battery.

Dimensions of Secondary Containment (ft.):	80 x 30 x 1
Total Capacity of Secondary Containment:	427 BBLS
Capacity of Largest Tank:	300 BBLS
Net Capacity of Secondary Containment:	387 BBLS
Required Secondary Containment Capacity:	330 BBLS
Type and condition of Berm:	Earth with rock cap, good
Type and Condition of Containment Floor:	Pea gravel, good
Type of Drain:	None
Direction of flow away from the tank battery area:	South

4.2 Production Equipment

The treating and processing facilities at this site are within a secondary containment area.
Yes No No equipment on site

The secondary containment area is separate from the tank battery. Below is a description of this area.

Dimensions of Secondary Containment (ft.):	None
Total Capacity of Secondary Containment:	N/A
Volume of Largest Production Vessel:	N/A
Net Capacity of Secondary Containment:	N/A
Required Secondary Containment Capacity:	N/A
Type and condition of Berm:	N/A
Type and Condition of Containment Floor:	N/A
Type of Drain:	N/A
Direction of flow away from the tank battery area:	N/A

5.0 PROBABLE DIRECTION AND RATE OF FLOW OF DISCHARGES

This facility processes 0 BBLS of oil, 0.5 BBLS of water, and 30.7 MCF of gas per 24-hour day. The surface drainage from this area is to the south / southeast direction for 0.28 miles to Angel Draw.

Areas where potential for an oil spill to exist are:

- 1. Tanks Leak from tank due to overflow, corrosion hole in tank shell, failure of vent/vacuum system, or lightning striking tank resulting in explosion with spillage and/or fire.
- 2. Load Lines Valve leak or overflow of containment system.
- 3. Flow Lines Corrosion leak in line, damage due to construction activity.
- 4. Vessels Leaks and equipment failure, pressure relief valve operation.
- 5. Connections Leaks at connections, valves and fittings.
- 6. Wellhead Leaks and equipment failure, stuffing box.

Source	Contents of Vessel	Total Volume (BBLS)	Leak Rate (BBLS/Hr.)	Secondary Containment
Tank 3	Oil	300	75	Dike
Tank 2	Oil	300	75	Dike
Tank 1	Water	300	75	Dike
Wellhead/Flow line	Oil/Water	NA	0.02	None

6.0 PLANS FOR THE PROTECTION OF ENVIRONMENTALLY SENSITIVE AREAS

The following measures have been established to protect all environmentally sensitive areas. These items are either in place at this facility or are readily available to company personnel.

- | | | |
|--|--|---|
| Secondary Containment around: | Tank Battery <input checked="" type="checkbox"/> | Production Equipment <input type="checkbox"/> |
| Compressor Skid Sump <input type="checkbox"/> | Dehy Sump <input type="checkbox"/> | Absorbent Pads <input checked="" type="checkbox"/> |
| Weir Booms <input checked="" type="checkbox"/> | Hand Tools <input checked="" type="checkbox"/> | DPP & SRP Plans <input checked="" type="checkbox"/> |

7.0 DISCHARGE PREVENTION PLAN

The Legacy Reserves Discharge Prevention Plan is considered to be an integral part of this SPCC Plan. The Discharge Prevention Plan details information and procedures for: facility inspection, facility drainage, spill reporting and analysis, personnel training, and drilling and work over activities.

1. A section for filing required Facility Inspection Forms can be found at the end of this section of the SPCC Plan.
2. A section for filing required Spill Report Forms can be found at the end of this section of the SPCC Plan.

8.0 SPILL RESPONSE PLAN

The Legacy Reserves Spill Response Plan is considered to be an integral part of this SPCC Plan. The Spill Response Plan provides information and procedures to be utilized in the event of a discharge of oil from the subject facility.

9.0 PERSONNEL AND EQUIPMENT AVAILABLE FOR RESPONSE

1. See Spill Response (Emergency Response) Plan, Appendix A, for listing of Company Personnel and Equipment.
2. See Spill Response (Emergency Response) Plan, Appendix B, for listing of Contract Personnel and Equipment.

10. ACTION ITEMS

Any action items that are required by this Plan or recommended by the Professional Engineer to bring the Facility into compliance with the SPCC requirements shall be identified below. This Plan is conditionally approved and certified by the Professional Engineer based upon satisfactory completion and documentation of the Action Items.

ACTION ITEM	COMPLETED	
	DATE	SIGNATURE

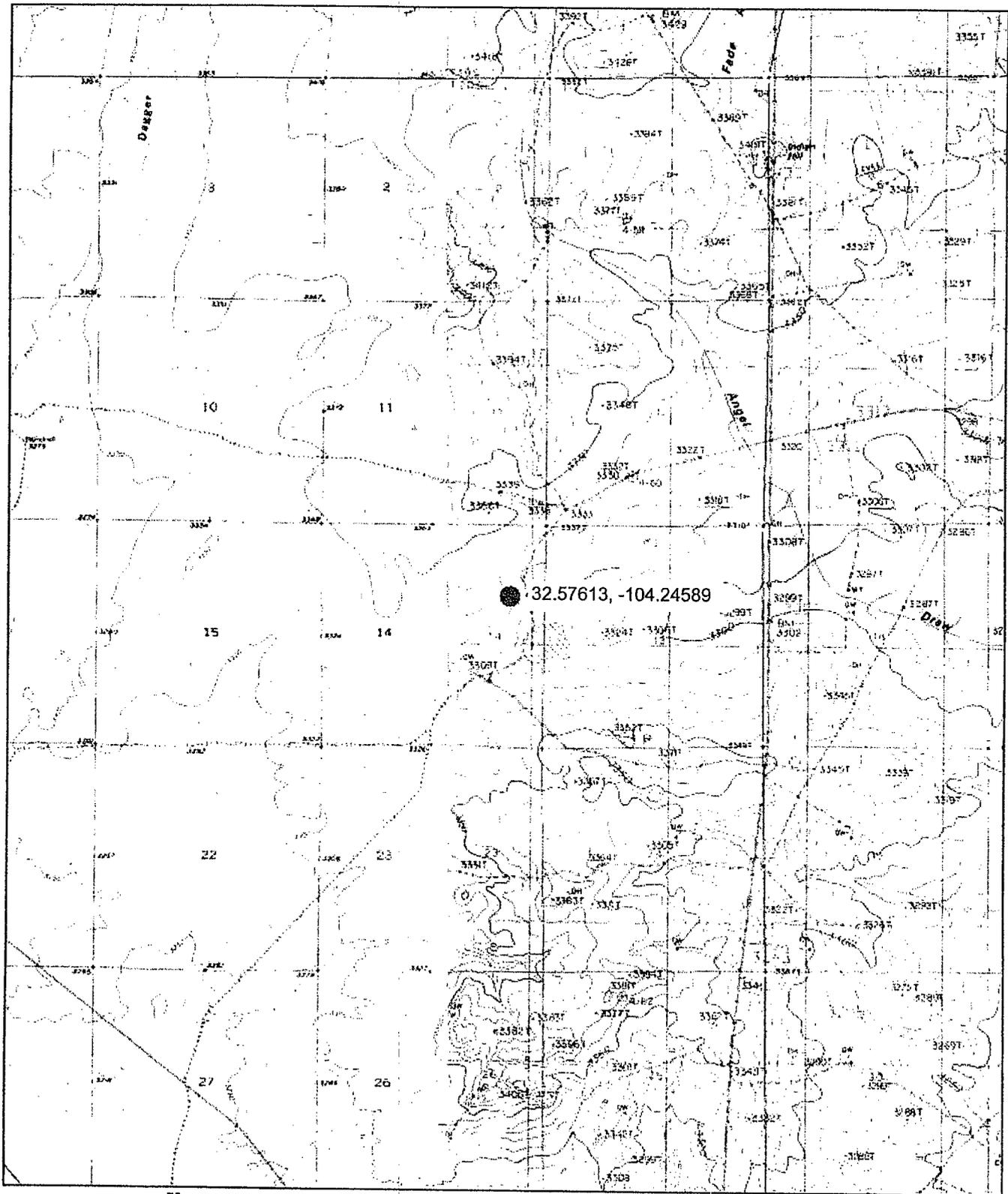
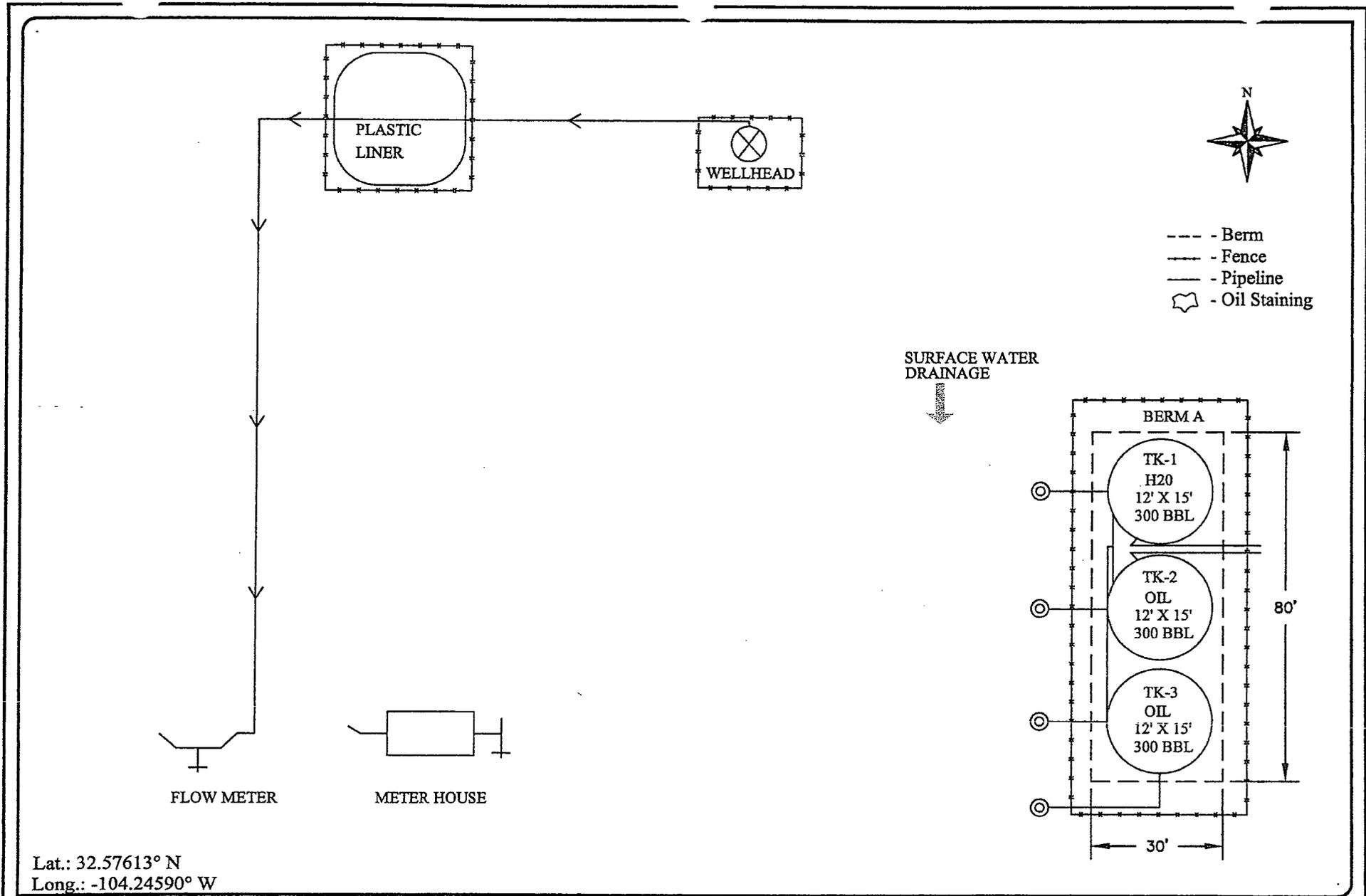


Figure 2-
Topographic Map

Legacy Reserves / Oxy Hopping Federal #2
Eddy County, New Mexico



Lat.: 32.57613° N
 Long.: -104.24590° W



Date: 06/07/2012
 Scale: NTS
 Drawn By: EMF

Oxy Hopping Federal #2
 Legacy Reserves
 Eddy County, New Mexico
 SPCC Site Plan

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Disposal of Produced Water From Federal Wells
Conditions of Approval**

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
6. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
7. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
8. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.

9/22/09