



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division

* Response Required – Deadline Enclosed*

Field Inspection Program

Preserving the Integrity of Our Environment

14-Mar-12

HOBBS OCD

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

MAR 15 2012

RECEIVED

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.

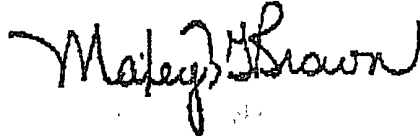
INSPECTION DETAIL SECTION

STATE K COM No.003				O-30-16S-36E	30-025-23847-00-00	
Inspection Date	Type Inspection	Inspector	Violation*	¹ Significant Non-Compliance?	Corrective Action Due By*	Inspection No
03/14/2012	Routine/Periodic	Maxey Brown	Yes	No	6/17/2012	1MGB1207434480
Violations						
Absent Well Identification Signs (Rule 103)						
Surface Leaks/Spills						
Comments on Inspection						
NEED TO INSTALL SIGN AT TANK BATTERY. RULE 19.15.16.8. MUST INCLUDE CURRENT OPERATOR. ALSO CONTAMINATION INSIDE OF BERM AND LEAKING TO THE SOUTHEAST CORNER ON THE OUTSIDE. IDENTIFY FILE C-141 REPORT AND TAKE CORRECTIVE ACTION. PROD IS CURRENT. NEW LEGACY SIGN AT WELL. MGB						

MAR 15 2012

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

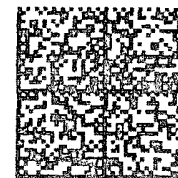


Hobbs OCD District Office

COMPLIANCE OFFICER

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 LPA, Region VI, Dallas, Texas.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



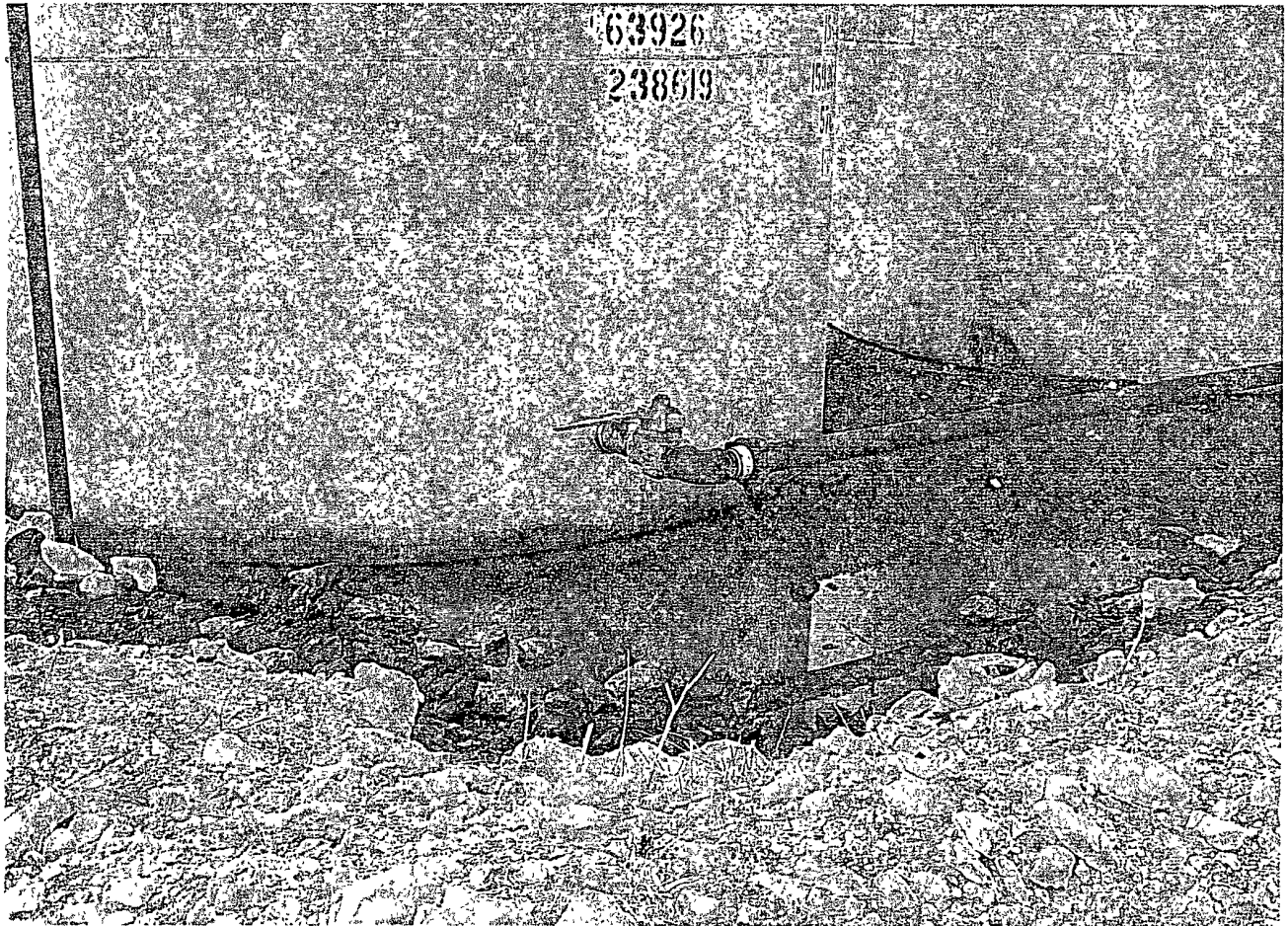
HASLER	015H14150977	US POSTAGE
	\$0.45	
	03/15/12	
	Mailed From 88240	

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

SIGN INCOMPLETE 7



SEC 30-16S-36E 3/14/2012



LEGACY RESERVES
STATE K TANK BATTERY



LEAK THROUGH BERM



EAST TANK

