

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs
HOBBS OCL

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

MAY 02 2012

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.
NM63763

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other SWD

2. Name of Operator
LEGACY RESERVES OPERATING LP

3a. Address
P.O. BOX 10848
MIDLAND, TX 79702

3b. Phone No. (include area code)
432-689-5200

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1600' FSL & 1750' FEL, UNIT LETTER J, SEC 23, T19S, R33E

7. If Unit of CA/Agreement, Name and/or No.
SAPPHIRE FEDERAL UNIT

8. Well Name and No.
SAPPHIRE FEDERAL UNIT #1

9. API Well No.
30-025-31491

10. Field and Pool or Exploratory Area
SWD; QUEEN

11. County or Parish, State
LEA COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 checked="" type="checkbox"/> Other Repair hole in
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	5 1/2" casing
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input 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 recompleting 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 recompleting 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.)

We now have a leak at surface the BLM wants us to squeeze off.

3/26/12- Paul Swartz witnessed MIT chart @ 300#, but advised we would monitor backside for pressure and fluid.

4/19/12- Paul Swartz advised us that we would have to squeeze cement to surface.

4/20/12- Talked to Paul and told him we would send Notice of Intent to squeeze Casing Leak to surface.

When repairing Packer, 3/21/12, we identified very small casing. leak on 5 1/2" from 563' to 595', which is below the 8 5/8" csg. @ 520'. However we could get a chart @ 300# and it was agreed to monitor surface. Still has a small amount of fluid to surface & pressures up when closing the valve. We will now Rig up, pooh w/tbg. & pkr., Rih w/ rbp & set below Leak @ 700'. Rih w/ pkr. or retainer, establish rate & squeeze required amount of cmt. to surface. Drillout & test csg., rih w/ pkr. & tbg. to return to Disposal.

SUBJECT TO LIKE
APPROVAL BY STATE

SEE ATTACHED FOR
Per Underground Injection Control Program Manual
CONDITIONS OF APPROVAL
11.6 C Packer shall be set within or less than 100

feet of the uppermost injection perfs or open hole.

14. I hereby certify that the foregoing is true and correct. Name (Printed Type)

BERRY JOHNSON

Title OPERATIONS SUPERINTENDENT

Signature

Berry Johnson

Date 04/20/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

APR 25 2012

Date

Approved by

Title

Office

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.

WESLEY W INGRAM
PETROLEUM ENGINEER

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.

(Instructions on page 2)

MAY 03 2012

Conditions of Approval

Legacy Reserves Operating LP

Sapphire Federal Unit #1

API 3002531491

April 25, 2012

1. **Should the casing require altering (replacement), prior BLM approval is required.**
2. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 4250' or below to top of cement. Less than 500' between the proposed top perforation and top of cement or lack of a 500' overlap above next casing shoe may require correction. The CFO BLM on call engineer may be reached at 575-706-2779.**
3. **Begin cement squeeze with both the 8 5/8" and 5 1/2" surface casing vents open. Close each valve as cement returns are observed. Once cement returns are observed from both valves and with the valves closed, perform a 1000 psig cement squeeze.**
4. Surface disturbance beyond the existing pad must have prior approval.
5. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
6. H₂S monitoring equipment to be used on location and functional.
7. A 2000 (2M) BOPE to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 (attachment 1, 2M diagrams of choke manifold equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
8. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
9. Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. At least 24 hours before the test contact 575-361-2822, if there is no response email Paul R. Swartz pswartz@blm.gov or phone 575-200-7902.
10. Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity. Include the date(s) of the well work, and the setting depths of equipment. Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice".

11. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

Use of Form 3160-5 "Sundry Notices and Reports on Wells"

§ 43 CFR 3162.3-2 Subsequent Well Operations.

a) A proposal for further well operations shall be submitted by the operator on Form 3160-5 for approval by the authorized officer prior to commencing operations to redrill, deepen, perform casing repairs, plug-back, alter casing, perform nonroutine fracturing jobs, recomple in a different interval, perform water shut off, commingling production between intervals and/or conversion to injection. If there is additional surface disturbance, the proposal shall include a surface use plan of operations. A subsequent report on these operations also will be filed on Form 3160-5. The authorized officer may prescribe that each proposal contain all or a portion of the information set forth in §3162.3-1 of this title.

(b) Unless additional surface disturbance is involved and if the operations conform to the standard of prudent operating practice, prior approval is not required for routine fracturing or acidizing jobs, or recompletion in the same interval; however, a subsequent report on these operations must be filed on Form 3160-5.

(c) No prior approval or a subsequent report is required for well cleanout work, routine well maintenance, or bottom hole pressure surveys.

[47 FR 47765, Oct. 27, 1982. Redesigned and amended at 48 FR 36583-36586, Aug. 12, 1983, further amended at 52 FR 5391, Feb. 20, 1987; 53 FR 17363, May 16, 1988; 53 FR 22847, June 17, 1988]

§ 43 CFR 3160.0-9 (c)(1) Information collection.

(c)(1) The information collection requirements contained in part 3160 have been approved by the Office of Management and Budget under 44 U.S.C. 3507 and assigned the following Clearance Numbers:

Operating Forms

Form No.	Name and filing date	OMB No.
3160-3	Application for Permit to Drill, Deepen, or Plug Back—Filed 30 days prior to planned action	1004-0136

3160-4	With Completion of Recompletion Report and Log—Due 30 days after well completion	1004-0137
3160-5	Sundry Notice and Reports on Wells—Subsequent report due 30 days after operations completed	1004-0135

The information will be used to manage Federal and Indian oil and gas leases. It will be used to allow evaluation of the technical, safety, and environmental factors involved with drilling and producing oil and gas on Federal and Indian oil and gas leases. Response is mandatory only if the operator elects to initiate drilling, completion, or subsequent operations on an oil and gas well, in accordance with 30 U.S.C. 181 *et seq.*

§ 3162.4-1 (c) Well records and reports.

Not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed.