30-025-41305

HOBBS OCD

JUL 17 2013

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Legacy Reserves Operating LP
Hamon Fed Com A #3H
SHL: 474' FSL, 2004' FEL, Sec. 6, T20S-R34E, Lea County, New Mexico

Surface Use Plan of Operations

Introduction

The following surface use plan of operations will be followed and carried out once the APD is approved. No other disturbance will be created other than what was submitted in this surface use plan. If any other surface disturbance is needed after the APD is approved, a BLM approved sundry notice or right of way application will be acquired prior to any new surface disturbance.

Before any surface disturbance is created, stakes or flagging will be installed to mark boundaries of permitted areas of disturbance, including soils storage areas. As necessary, slope, grade, and other construction control stakes will be placed to ensure construction in accordance with the surface use plan. All boundary markers will be maintained in place until final construction cleanup is completed. If disturbance boundary markers are disturbed or knocked down, they will be replaced before construction proceeds.

If terms and conditions are attached to the approved APD and amend any of the proposed actions in this surface use plan, we will adhere to the terms and conditions.

1. Existing Roads

a. The existing access road route to the proposed project is depicted on **Exhibit 1**. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done, unless otherwise noted in the New or Reconstructed Access Roads section of this surface use plan.
b. The existing access road route to the proposed project does not cross lease or unit boundaries, so a BLM right-of-way grant will not be acquired for this proposed road route.
c. Existing oil and gas roads utilized to access the proposed project will be maintained by crowning, clearing ditches, and fixing potholes. All existing structures on the entire access route such as cattleguards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use.

2. New or Reconstructed Access Roads

a. An access road will be needed for this proposed project. See the survey plat for the location of the access road.
b. The length of access road needed to be constructed for this proposed project is about **1054 feet**.
c. The access road will be 14 feet wide and will be constructed with 6 inches of compacted caliche.
d. When the road is constructed on fairly level ground, the road will be crowned and ditched with a 2% slope from the tip of the road crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes.
e. The access road will be constructed with a ditch on each side of the road.

AUG 26 2013

f. The maximum grade for the access road will be 1 percent.
g. No turnouts will be constructed for this access road.
h. No cattleguards will be installed for this access road.
i. A BLM right-of-way grant is not needed for the construction of this access road because it will be within an existing lease and on private surface land on which Legacy has a surface use agreement.
j. No culverts will be constructed for this access road.
k. No low water crossings will be constructed for the access road.
l. Since the access road is on level ground, no lead-off ditches will be constructed for the proposed access road.
m. Newly constructed or reconstructed roads, on surface under the jurisdiction of the Bureau of Land Management, will be constructed as outlined in the BLM "Gold Book" to meet the standards of the anticipated traffic flow and all anticipated weather requirements as needed. Construction will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well-constructed and safe road.

3. Location of Existing Wells

a. **Exhibit 2** of the APD depicts all known wells within a one mile radius of the proposed well.

4. Location of Existing and/or Proposed Production Facilities

a. All permanent, lasting more than 6 months, above ground structures including but not limited to pumpjacks, storage tanks, barrels, pipeline risers, meter housing, etc. that are not subject to safety requirements will be painted a non-reflective paint color that blends in with the surrounding landscape. The paint color will be one of the colors from the BLM Standard Environmental Colors chart selected by the BLM authorized officer.
b. All proposed production facilities that are located on the well pad will be strategically placed to allow for maximum interim reclamation, recontouring, and revegetation of the well location.
c. Production from the proposed well will be transported to the production facility located on the Hamon Federal Com #1 well location. The location of this well is as follows: 660' FNL & 1980' FEL, Sec. 7, T20S, R34E.
d. A pipeline to transport production will be installed from the proposed well to the existing production facility.
    i. We plan to install a 2.875 inch steel (tubing) pipeline on the surface from the proposed well to the production facility. The maximum working pressure of the pipeline will be 7,260 psi; however, we will not operate

this pipeline at an internal pressure in excess of 125 psi. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline will be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline will be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

ii. **Exhibit 3** depicts the proposed production pipeline route from the well to the production facility.

iii. The proposed pipeline will be on surface on which Legacy has a surface use agreement and on BLM lease acreage, so a right of way grant will not need to be acquired from the BLM.

e. If any plans change regarding the production facility or other infrastructure (pipeline, electric line, etc.), we will submit a sundry notice or right of way (if applicable) prior to installation of construction.

f. An electric line will be applied for through a sundry notice or BLM right-of-way at a later date.

5. Location and Types of Water

a. The source and location of the water supply are as follows: The well will be drilled with a combination of fresh water and brine water based mud systems. The water will be obtained from commercial suppliers in the area and/or piped or hauled to the location by transport trucks over existing and proposed roads as indicated in **Exhibit #1**. Any temporary pipelines for transfer of water will be installed along existing roads and removed within one week following the final use of such pipelines.

6. Construction Materials

a. Construction material that will be used to build the well pad and road will be caliche.

b. All material required for construction of the drill pad and access roads will be obtained from private, state, or federal pits. If the well pad is flipped to acquire caliche underneath the well pad, Legacy shall stay within the approved well pad area when performing these operations. A federal mineral material permit will be acquired prior to flipping the location for caliche or acquiring caliche from a federal pit.

7. Methods of Handling Waste

a. Drilling fluids and produced oil and water from the well during completion operations will be stored safely and disposed of properly in an NMOCD-approved disposal facility.
b. Garbage and trash produced during drilling and completion operations will be collected in a trash bin and disposed of properly at a state approved site. All trash on and around the well site will be collected for disposal.
c. Human waste and grey water will be properly contained and disposed of properly at a disposal facility.
d. After drilling and completion operations, trash, chemicals, salts, frac sand and other waste material will be removed and disposed of properly at a disposal site.
e. The well will be drilled utilizing a closed loop system. Drill cuttings will be properly disposed of into steel tanks and taken to an NMOCD-approved disposal facility.

8. Ancillary Facilities

a. No ancillary facilities will be needed for this proposed project.

9. Well Site Layout

a. The proposed drilling pad was staked and surveyed by a professional surveyor. The attached survey plat of the well site depicts the drilling pad layout as staked.
b. The well site diagram is shown in **Exhibit 4**. **Exhibit 6** is a diagram that depicts the drilling rig layout.
c. Topsoil Salvaging:
Grass, forbs, and small woody vegetation, such as sagebrush will be excavated as the topsoil is removed. Large woody vegetation will be stripped and stored separately and respread evenly on the site following topsoil respreading. Topsoil depth is defined as the top layer of soil that contains 80% of the roots. In areas to be heavily disturbed, the top 6 inches of soil material will be stripped and stockpiled on the perimeter of the well location and along the perimeter of the access road to control run-on and run-off, to keep topsoil viable, and to make redistribution of topsoil more efficient during interim reclamation. Stockpiled topsoil should include vegetative material. Topsoil will be clearly segregated and stored separately from subsoils. Contaminated soil will not be stockpiled, but properly treated and handled prior to topsoil salvaging.

10. Plans for Surface Reclamation

a. Reclamation Objectives:

i. The objective of interim reclamation is to restore vegetative cover and a portion of the landform sufficient to maintain healthy, biologically active topsoil; control erosion; and minimize habitat and forage loss, visual impact, and weed infestation, during the life of the well or facilities.

ii. The long-term objective of final reclamation is to return the land to a condition approximating that which existed prior to disturbance. This includes restoration of the landform and natural vegetative community, hydrologic systems, visual resources, and wildlife habitats. To ensure that the long-term objective will be reached through human and natural processes, actions will be taken to ensure standards are met for site stability, visual quality, hydrological functioning, and vegetative productivity.

iii. The BLM will be notified at least 3 days prior to commencement of any reclamation procedures.

iv. If circumstances allow, interim reclamation and/or final reclamation actions will be completed no later than 6 months from when the final well on the location has been completed or plugged. We will request written permission from the BLM if more time is needed.

b. Interim Reclamation

i. Interim reclamation will be performed on the well site after well #4H, the second planned well on this location, has been drilled and completed. **Exhibit 5** depicts the location and dimensions of the planned interim reclamation for the well site.

ii. Within 30 days of well completion, the well location and surrounding areas will be cleared of, and maintained free of, all materials, trash, and equipment not required for production.

iii. In areas planned for interim reclamation, all the surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.

iv. The areas planned for interim reclamation will then be recontoured to the original contour if feasible, or if not feasible, to an interim contour that blends with the surrounding topography as much as possible. Where applicable, the fill material of the well pad will be backfilled into the cut to bring the area back to the original contour. The interim cut and fill slopes prior to re-seeding will not be steeper than a 3:1 ratio, unless the adjacent native topography is steeper. Note: Constructed slopes may be

much steeper during drilling, but will be recontoured to the above ratios during interim reclamation.

v. Topsoil will be evenly respread and aggressively revegetated over the entire disturbed area not needed for all-weather operations including cuts & fills. To seed the area, the proper BLM seed mixture, free of noxious weeds, will be used. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.

vi. Proper erosion control methods will be used on the area to control erosion, runoff and siltation of the surrounding area.

vii. The interim reclamation will be monitored periodically to ensure that vegetation has reestablished and that erosion is controlled.

c. Final Reclamation (well pad, buried pipelines, etc.)

i. Prior to final reclamation procedures, the well pad, road, and surrounding area will be cleared of material, trash, and equipment.

ii. All surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.

iii. All disturbed areas, including roads, pipelines, pads, production facilities, and interim reclaimed areas will be recontoured to the contour existing prior to initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.

iv. After all the disturbed areas have been properly prepared, the areas will be seeded with the proper BLM seed mixture, free of noxious weeds. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.

v. Proper erosion control methods will be used on the entire area to control erosion, runoff and siltation of the surrounding area.

vi. All unused equipment and structures including pipelines, electric line poles, tanks, etc. that serviced the well will be removed.

vii. All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, and that erosion is controlled.

11. Surface Ownership

a. The surface ownership of the proposed project is private and federal.
   Surface Owner: Kenneth Smith Inc.
   Phone Number: 575-942-8421
   Address: 267 Smith Ranch Road, Hobbs, New Mexico 88240
b. A surface use agreement was obtained from the private surface owner regarding the proposed project.
c. A good faith effort will be made to provide a copy of the APD Surface Use Plan of Operations to the private surface owner.

12. Other Information

a. No other information is needed at this time.

13. Maps and Diagrams

a. Exhibit 1 - Existing Road
b. Exhibit 2 - Wells Within One Mile Radius of the PSHL and PBHL
c. Exhibit 3 - Production Pipeline
d. Exhibit 4 - Well Site Diagram
e. Exhibit 5 - Interim Reclamation
f. Exhibit 6 – Rig Layout Plat
g. Exhibit 7 – Rig Inventory

Legacy Reserves Operating LP, P.O. Box 10848, Midland, Texas 79702

OPERATOR CERTIFICATION: **Application for Permit to Drill**
Hamon Fed Com A #3H
Legacy Reserves Operating LP
Lea County, New Mexico

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this Application for Permit to Drill (APD) package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Legacy Reserves Operating LP and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application with bond coverage provided by BLM Bond Number NMB001014. This statement is subject to the provisions of 18 U.S.C. 1001 for filing a false statement.

Blain K. Lewis

Date: 4/24/13

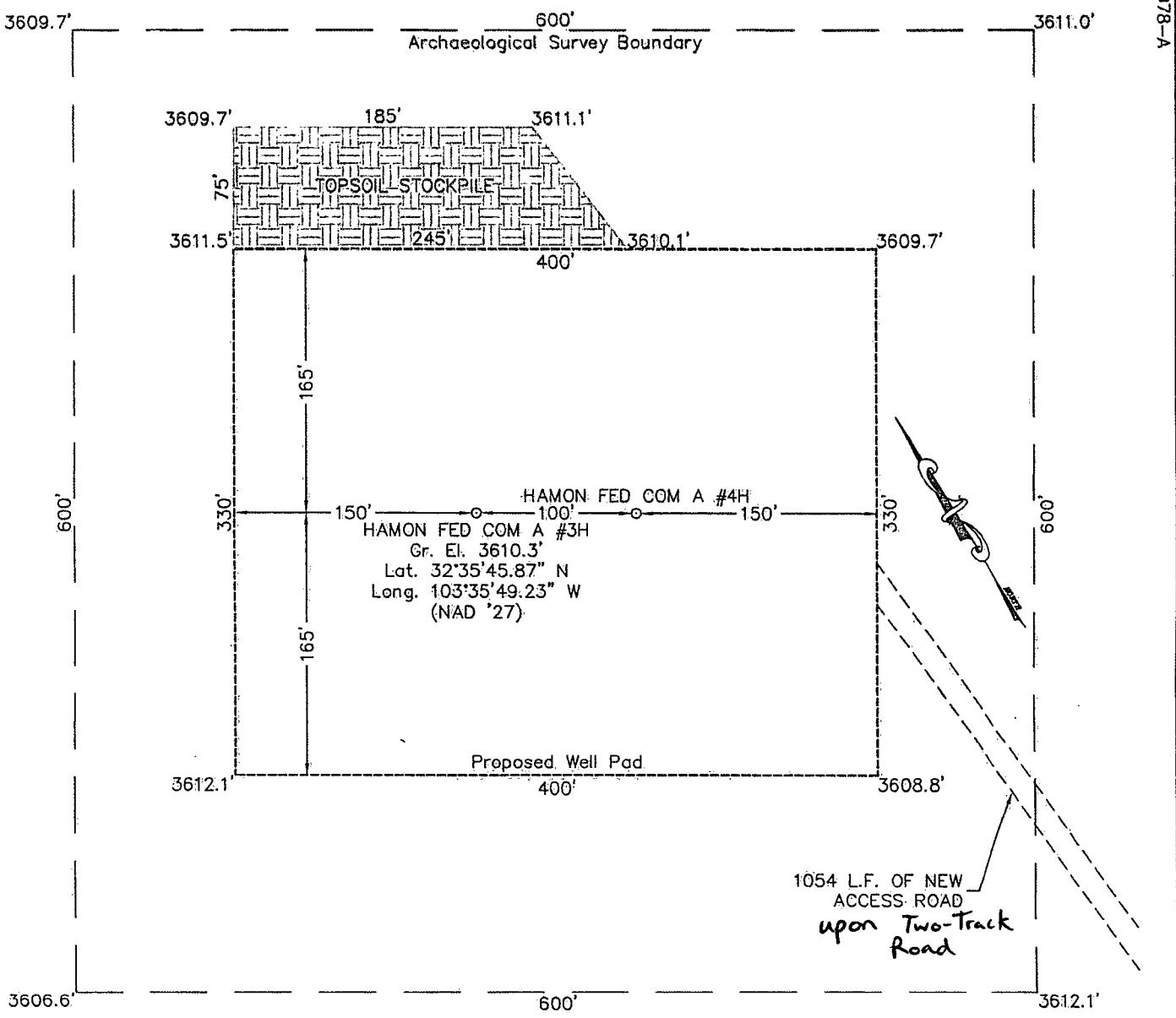
Blain K. Lewis
Senior Engineer
P.O. Box 10848
Midland, Texas 79702

EXHIBIT 4

SECTION 6, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M.

LEA COUNTY NEW MEXICO

L-2013-0078-A



DRIVING DIRECTIONS

TN 5/20/13

FROM THE INTERSECTION OF STATE HIGHWAY 18 AND U.S. HIGHWAY 62-180 IN HOBBS, NEW MEXICO GO WEST AND SOUTHWEST ON U.S. HIGHWAY 62-180 28.5 MILES TO LEASE ROAD ON SOUTH (LEFT) SIDE OF THE HIGWAY, THEN GO SOUTH 1.6 MILES TO ANOTHER LEASE ROAD ON THE WEST (RIGHT) SIDE OF THE ROAD, THEN GO WEST 0.3 MILE TO ANOTHER LEASE ROAD ON NORTH (RIGHT) SIDE OF THE ROAD, THEN CONTINUE WEST ALONG A FLAGGED OUT PROPOSED ROAD 0.6 MILE TO THE PROPOSED LOCATION.

LEGACY RESERVES OPERATING LP

HAMON FED COM A #3H

Located 474' FSL & 2004' FEL, Section 6
Township 20 South, Range 34 East, N.M.P.M.
Lea County, New Mexico

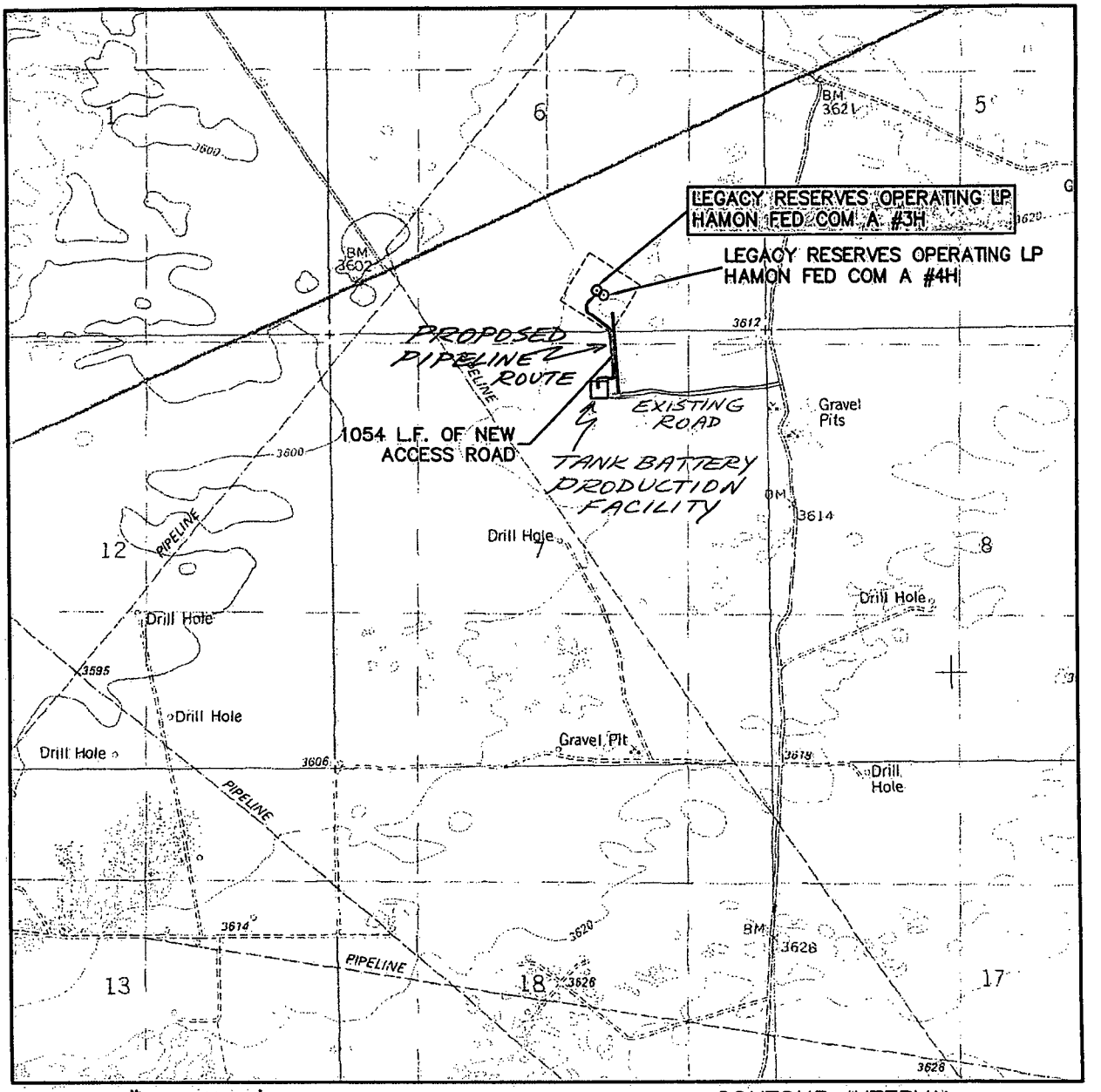
Drawn By: LVA	Date: April 4, 2013
Scale: 1" = 100'	Field Book: 566 / 76-77
Revision Date: 4-05-2013	Quadrangle: Lea
W.O. No: 2013-0078	Dwg. No.: L-2013-0078-A

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

EXHIBIT 3

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LEA – 10'

SEC. 6 TWP. 20-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 474' FSL & 2004' FEL

ELEVATION 3610'

OPERATOR LEGACY RESERVES OPERATING LP

LEASE HAMON FED COM A

U.S.G.S. TOPOGRAPHIC MAP
LEA

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 – (432) 687-0868 FAX

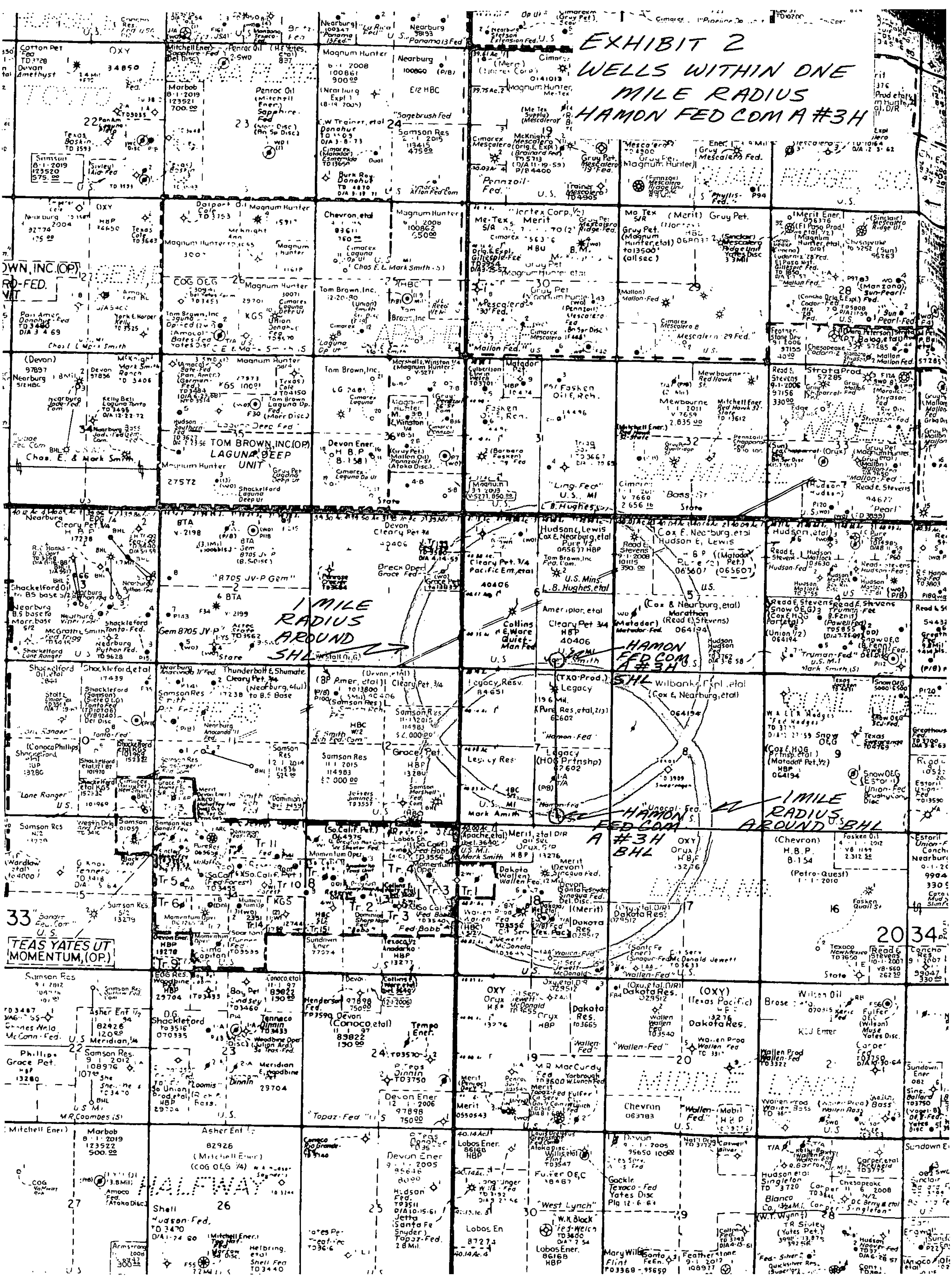


EXHIBIT 2
WELLS WITHIN ONE
MILE RADIUS
HAMON FED COM A #3H
1 MILE
RADIUS
AROUND
SHL
HAMON
FED COM
A #3H
SHL
1 MILE
RADIUS
AROUND BHL
HAMON
FED COM
A #3H
BHL
TOM BROWN, INC (OP)
LAGUNA DEEP
UNIT
TEAS YATES UT
MOMENTUM, (OP.)