30-025-41616

HOBBS OCD

JAN 22 2014

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SURFACE USE PLAN
Legacy Reserves Operating, L. P.
Hamon Fed Com A 1H
SHL: 200' FNL & 1010' FWL, Section 18, T. 20 S., R. 34 E.
BHL: 330 FNL & 1980' FWL, Section 7, T. 20 S., R. 34 E.
Lea County, New Mexico

This plan is submitted with form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

A. DIRECTIONS: Go northeast of Carlsbad, NM, on Highway 285, for 46 miles. Turn south onto Skeen Road for 1.6 miles. Turn west on lease road for 0.3 miles. The proposed road to the west begins at this point. All existing roads are either paved or a caliche lease road.

B. See attached plats and maps provided by West Company of Midland Surveys.

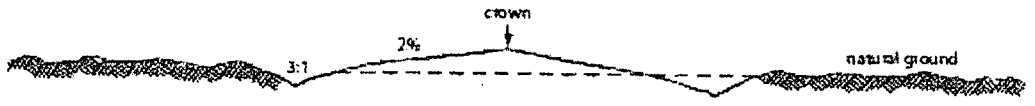
C. The access routes from Skeen Road to the well location is depicted on **Exhibit A.** The route highlighted in red is all within the company's lease.

D. Existing roads on the access route will be improved and maintained to the standard set forth in Section 2 of this Surface Use Plan of Operations.

2. NEW OR RECONSTRUCTED ACCESS ROADS:

A. There will be 3106 ft. of a two-track road that will be upgraded to the northwest corner of the well pad location.

B. The maximum width of the driving surface will be 14 feet. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1 foot deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.



Level Ground Section

C. Surface material will be native caliche. The average grade of the entire road will be approximately 3%.
D. Fence Cuts: No
E. Cattle guards: No
F. Turnouts: No
G. Culverts: No
H. Cuts and Fills: Not significant
I. Approximately 6 inches of topsoil (root zone) will be stripped from the proposed access road prior to any further construction activity. The topsoil that was stripped will be spread along the edge of the road and within the ditch. The topsoil will be seeded with the proper seed mix

JAN 27 2014

designated by the BLM.

J. The access road will be constructed and maintained as necessary to prevent soil erosion and accommodate all-weather traffic. The road will be crowned and ditched with water turnouts installed as necessary to provide for proper drainage along the access road route.

K. The access road and associated drainage structures will be constructed and maintained in accordance with road guidelines contained in the joint BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development, The Gold Book, Fourth Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

3. LOCATION OF EXISTING WELLS:

See attached map **(Exhibit B)** showing all wells within a one-mile radius.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. In the event the well is found productive, a 2-7/8" steel flowline (125 psi) will be laid along the existing roadway, to the battery located in the NW/4NE/4 of section 7, T. 20 S., R. 34 E. The line will require a ROW and this will be acquired at a later time.

B. All permanent (on site six months or longer) aboveground structures constructed or installed on location and not subject to safety requirements will be painted to BLM specifications.

C. Containment berms will be constructed completely around production facilities designed to hold fluids. The containment berns will be constructed or compacted subsoil, be sufficiently impervious, hold 1 ½ times the capacity of the largest tank and away from cut or fill areas.

5. LOCATION AND TYPE OF WATER SUPPLY:

The well will be drilled using a combination of water mud systems as outlined in the Drilling Program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck using the existing and proposed roads shown in the attached survey plats. If a commercial water well is nearby, a temporary, surface poly line, will be laid along existing roads or other ROW easements and the water pumped to the well. No water well will be drilled on the location.

6. SOURCE OF CONSTRUCTION MATERIALS:

Any construction material that may be required for surfacing of the drill pad and access road will be from a contractor having a permitted source of materials within the general area. No construction materials will be removed from Federal lands without prior approval from the appropriate surface management agency. All roads will be constructed of 6" rolled and compacted caliche.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to an NMOCD approved disposal site.

B. Drilling fluids will be contained in steel mud pits.

C. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility.

D. Oil produced during operations will be stored in tanks until sold.
E. Portable, self-contained chemical toilets will be provided for human waste disposal. Upon completion of operations, or as required, the toilet holding tanks will be pumped and the contents thereof disposed of in an approved sewage disposal facility. All state and local laws and regulations pertaining to disposal of human and solid waste will be complied with. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Immediately after drilling all debris and other waste materials on and around the well location, not contained in the trash cage will be cleaned up and removed from the location. No potentially adverse materials or substances will be left on the location.

8. ANCILLARY FACILITIES:

No campsite, airstrip, or other facilities will be built as a result of the operation of this well. No staging areas are needed.

9. WELL SITE LAYOUT:

A. **Exhibit D** shows the dimensions of the proposed well pad.
B. The proposed (2 wells on one pad) size will be 400' x 400' **(See Exhibit D).** This well will be the east well with the #2 100 ft. to the west. There will be no reserve pit due to the well being drilled utilizing a closed loop mud system. The closed loop system will meet the NMOCD requirements 19.15.17 .
C. The West Company of Midland Surveyor's plat, Form C-102 and **Exhibit D**, shows how the well will be turned to a V-Door West.
D. A 600' x 600' area has been staked and flagged.
E. All equipment and vehicles will be confined to the approved disturbed areas of this APD (i.e., access road, well pad, and topsoil storage areas)

10. PLANS FOR SURFACE RECLAMATION:

A. After concluding the drilling and/or completion operations, if the well is found non-commercial, all the equipment will be removed, the surface material, caliche, will be removed from the well pad and road and transported to the original caliche pit or used for other roads. The original stock piled top soil will be returned to the pad and contoured, as close as possible, to the original topography. The access road will have the caliche removed and the road ripped, barricaded and seeded as directed by the BLM.
B. If the well is a producer, the portions of the location not essential to production facilities or space required for workover operations, will be reclaimed and seeded as per BLM requirements. **(SEE EXHIBIT C FOR INTERIM RECLAMATION PLAT FOR THIS WELL)**
C. Reclamation Performance Standards
The following reclamation performance standards will be met:

Interim Reclamation – Includes disturbed areas that may be redisturbed during operations and will be redisturbed at final reclamation to achieve restoration of the original landform and a natural vegetative community.

- Disturbed areas not needed for active, long-term production operations or vehicle travel will be recontoured, protected from erosion, and revegetated with a self-sustaining, vigorous, diverse, native (or as

otherwise approved) plant community sufficient to minimize visual impacts, provide forage, stabilize soils, and impede the invasion of noxious, invasive, and non-native weeds.

Final Reclamation – Includes disturbed areas where the original landform and a natural vegetative community will be restored and it is anticipated the site will not be redisturbed for future development.

- The original landform will be restored for all disturbed areas including well pads, production facilities, roads, pipelines, and utility corridors.
- A self-sustaining, vigorous, diverse, native (or otherwise approved) plant community will be established on the site, with a density sufficient to control erosion and invasion by non-native plants and to re-establish wildlife habitat or forage production. At a minimum, the established plant community will consist of species included in the seed mix and/or desirable species occurring in the surrounding natural vegetation.
- Erosion features are equal to or less than surrounding area and erosion control is sufficient so that water naturally infiltrates into the soil and gullying, headcutting, slumping, and deep or excessive rills (greater than 3 inches) are not observed.
- The site will be free of State- or county-listed noxious weeds, oil field debris and equipment, and contaminated soil. Invasive and non-native weeds are controlled.

D. Reclamation Actions

Earthwork for interim and final reclamation will be completed within 6 months of well completion or plugging unless a delay is approved in writing by the BLM authorized officer.

The following minimum reclamation actions will be taken to ensure that the reclamation objectives and standards are met. It may be necessary to take additional reclamation actions beyond the minimum in order to achieve the Reclamation Standards.

<u>Reclamation – General</u>

Notification:
- The BLM will be notified at least 3 days prior to commencement of any reclamation operations.

Housekeeping:
- Within 30 days of well completion, the well location and surrounding areas(s) will be cleared of, and maintained free of, all debris, materials, trash, and equipment not required for production.
- No hazardous substances, trash, or litter will be buried or placed in pits.

Topsoil Management:
- Operations will disturb the minimum amount of surface area necessary to conduct safe and efficient operations.
- Topsoil depth is defined as the top layer of soil that contains 80% of the roots. In areas to be heavily disturbed, the topsoil will be stripped and stockpiled around 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 will include vegetative material. Topsoil will be clearly segregated and stored separately from subsoils.

- Salvaging and spreading topsoil will not be performed when the ground or topsoil is frozen or too wet to adequately support construction equipment or so dry that dust clouds greater than 30 feet tall are created. If such equipment creates ruts in excess of four (4) inches deep, the soil will be deemed too wet.
- No major depressions will be left that would trap water and cause ponding unless the intended purpose is to trap runoff and sediment.

Seeding:

- Seedbed Preparation. Initial seedbed preparation will consist of recontouring to the appropriate interim or final reclamation standard. All compacted areas to be seeded will be ripped to a minimum depth of 18 inches with a minimum furrow spacing of 2 feet, followed by recontouring the surface and then evenly spreading the stockpiled topsoil. Prior to seeding, the seedbed will be scarified to a depth of no less than 4 – 6 inches. If the site is to be broadcast seeded, the surface will be left rough enough to trap seed and snow, control erosion, and increase water infiltration.
- If broadcast seeding is to be used and is delayed, 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.
- Seed Application. Seeding will be conducted no more than two weeks following completion of final seedbed preparation. A certified weed-free seed mix designed by the BLM to meet reclamation standards will be used.
- If the site is harrowed or dragged, seed will be covered by no more than 0.25 inch of soil.

11. SURFACE OWNERSHIP:

A. The surface is owned by Kenneth Smith, Inc. 267 Smith Ranch Road, Hobbs, NM 88240. Phone: 575-942-8421. The minerals is owned by the Bureau of Land Management. The surface use agreement was obtained from the private surface owner regarding this proposed project. 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. The area surrounding the well site is in a gentle sloped, shallow gravelly loam, rolling hills type area. The vegetation consists of Shinnery Oak, Yucca, Mesquite with three-awns and some dropseed species.
B. There is no permanent or live water in the immediate area.
C. There are no dwellings within 2 miles of this location.
D. A class III archaeological survey has been conducted and filed with the Carlsbad Field Office of the Bureau of Land Mangement.

13. BOND COVERAGE:

Bond Coverage is Nationwide; Bond Number NMB-001014.

OPERATORS REPRESENTATIVE:

The Legacy Reserves Operating L.P. representatvies responsible for ensuring compliance of the surface use plan are listed below:

Surface:
Barry W. Hunt – Permitting Agent
1403 Springs Farm Place
Carlsbad, NM 88220
(575) 885-1417 (Home)
(575) 361-4078 (Cell)

Drilling & Production:
Blain Lewis – Senior Engineer Legacy Reserves Operating, L.P.
P. O. Box 10848
Midland, Texas 79702
(432) 689-5200 (Office)
(432) 230-7450 (Cell)

ON-SITE PERFORMED ON 3/28/13 RESULTED IN PROPOSED LOCATION BEING OK WHERE STAKED. IT WAS AGREED TO TURN THE LOCATION TO A V-DOOR WEST. IT WAS ALSO AGREED TO PLACE THE TOP SOIL TO THE SOUTH, AND THE INTERIM RECLAMATION WILL BE THE NORTH, SOUTH AND WEST PORTION OF THIS PAD.

PRESENT AT ON-SITE:
BLAIN LEWIS - LEGACY RESERVES OPERATING, L.P.
TANNER NYGREN – BLM
WEST COMPANY OF MIDLAND - SURVEYORS

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this 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 in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or Legacy Reserves Operating, L.P. am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U. S. C. 1001 for the filing of false statements. Executed this 24th. day of September 2013.

Signed: Barry W. Hunt

Printed Name: Barry Hunt
Position: Agent for Legacy Reserves Operating, L.P.
Address: 1403 Springs Farm Place, Carlsbad, NM 88220
Telephone: (575) 361-4078
E-mail: specialtpermitting@gmail.com

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

September 3, 2013

United States Department of Interior
Bureau of Land Management
620 E. Greene Street
Carlsbad, New Mexico 88220
ATTN: Mr. Wesley Ingram

RE: Authorization for Barry Hunt to represent Legacy Reserves Operating LP

Dear Mr. Ingram:

Please be informed that Barry Hunt is an Agent employed by Special T Permitting. Mr. Hunt is authorized to prepare and submit APD's, Right of Way applications, and any other BLM-required forms for Legacy Reserves Operating LP. He may be contacted at 575/361-4078 or by email at specialtpermitting@gmail.com.

If any additional information is needed, please contact me at 432/689-5201 or by email at blewis@legacylp.com. Thank you.

Sincerely,

Blain K. Lewis
Senior Engineer

BKL

SECTION 18, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M.

LEA COUNTY NEW MEXICO

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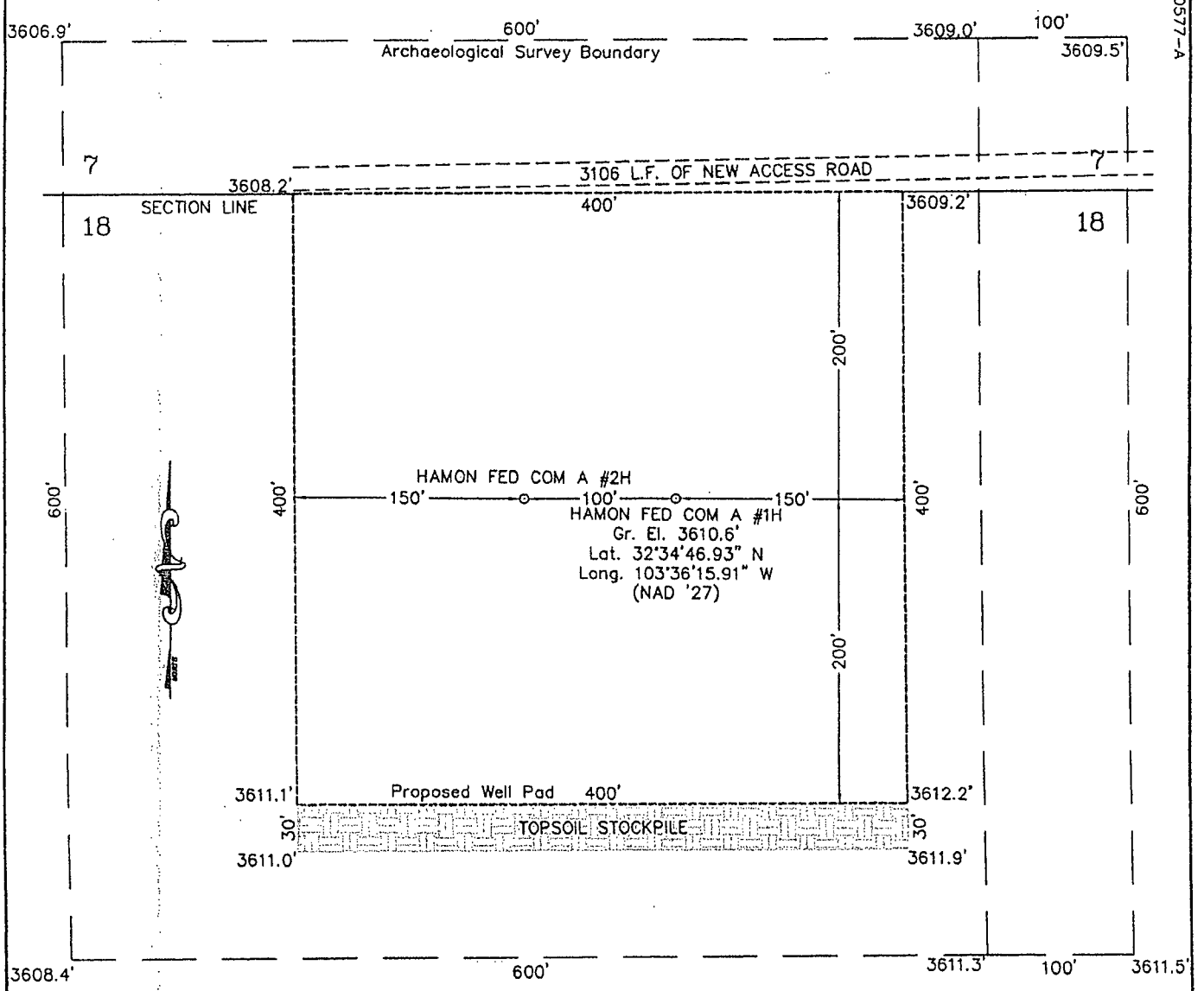


DRIVING DIRECTIONS

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 0.7 MILE TO ANOTHER LEASE ROAD ON THE WEST (RIGHT) SIDE OF THE ROAD, THEN GO WEST 0.4 MILE TO THE LEGACY RESERVES OPERATING LP, HAMON FED COM #1 WELL PAD, THEN GO NORTH (RIGHT) ALONG A FLAGGED OUT PROPOSED ROAD 0.2 MILE TO THE PROPOSED LOCATION.

LEGACY RESERVES OPERATING LP

HAMON FED COM A #1H

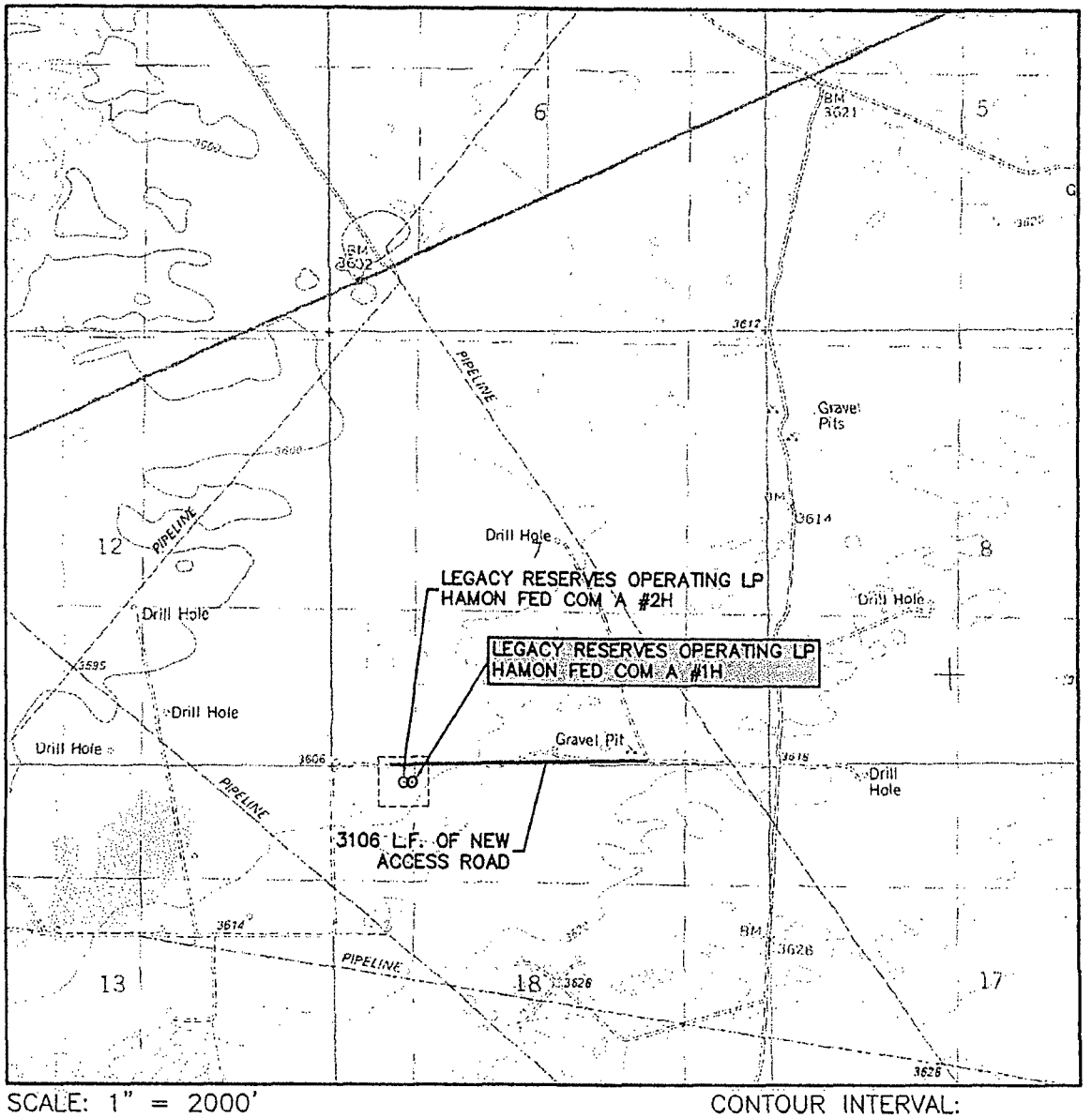
Located 200' FNL & 1010' FWL, Section 18
Township 20 South, Range 34 East, N.M.P.M.
Lea County, New Mexico

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: 2013-0577	Dwg. No.: L-2013-0577-A

WEST COMPANY of Midland, Inc.

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MALJAMAR – 10'

SEC. 18 TWP. 20–S RGE. 34–E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 200' FNL & 1010' FWL

ELEVATION 3611'

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 A

Access

2.125" = 1 mile

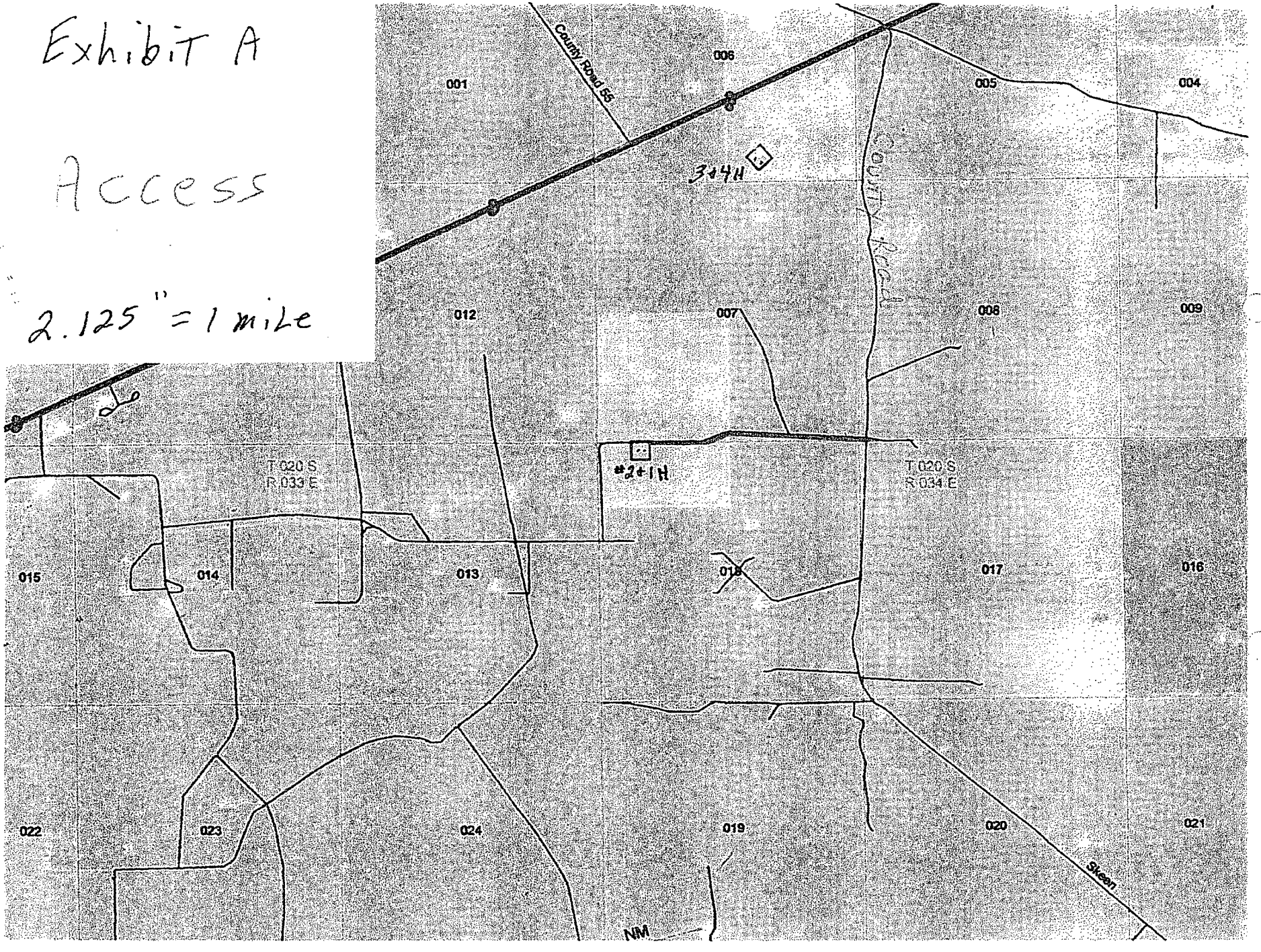


Exhibit B

Hamon Fed Com A 1H

2.125" = 1 mile