

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

| | | |
|---|---|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NM 9016 |
| 2. Name of Operator LEGACY RESERVES OPERATING LP | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address P O. BOX 10848 MIDLAND, TX 79702 | 3b. Phone No. (include area code) (432) 689-5200 | 7. If Unit of CA/Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FNL & 1980' FWL UNIT LETTER C, SEC 17, T18S, R32E | | 8. Well Name and No. INCA FEDERAL #7, #8, #12, #13 & #14 |
| | | 9. API Well No. 30-025-30061 etal |
| | | 10. Field and Pool or Exploratory Area YOUNG; BONE SPRING, NORTH |
| | | 11. Country or Parish, State LEA, 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 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 TRANSFER OF OPERATOR | |
| | <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 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 recomple 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 recomple 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.)

Effective 12/1/09 St. Mary Land & Exploration Company transferred operations on the referenced wells described below to Legacy Reserves Operating LP:

Inca Federal #7 - API #30-025-30061 - 660 FNL & 1980 FWL - Unit Letter C, Section 17, T18S, R32E ✓
Inca Federal #8 - API #30-025-30323 - 1980 FNL & 1943 FWL - Unit Letter F, Section 17, T18S, R32E ✓
Inca Federal #12 - API #30-025-31756 - 2310 FNL & 330 FWL - Unit Letter E, Section 17, T18S, R32E ✓
Inca Federal #13 - API #30-025-35174 - 2060 FNL & 330 FWL - Unit Letter E, Section 17, T18S, R32E ✓
Inca Federal #14 - API #30-025-35679 - 990 FNL & 330 FWL - Unit Letter D, Section 17, T18S, R32E ✓

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FEB 22 2010
HOBBSOCD

Legacy Reserves Operating LP bond coverage pursuant to 43 CFR 3104 for lease activities is provided by BLM Bond No. NMB000394.

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

| | | |
|--|--------------------|---|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Paul T. Horne | | Title Executive Vice President - Operations |
| Signature <i>Paul T. Horne</i> | | Date 02/08/2010 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | | |
| Approved by | PETROLEUM ENGINEER | DATE FEB 19 2010 |
| 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. | | DATE FEB 24 2010 |
| 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. | | |