New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel Cabinet Secretary Karen W. Garcia **Deputy Cabinet Secretary**

Mark Fesmire Division Director Oil Conservation Division



19-Oct-10

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

Dear Operator:

LETTER OF VIOLATION - Inspection

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 arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

LANGLIE MATTIX PENROSE SAND UNIT No.	243
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J-28-22S-37E

A-25-10S-37E

*Significant

30-025-10497-00-00

Inspection Date Type Inspection 10/07/2010 Bradenhead

Inspector Sylvia Dickey Violation? Yes

Non-Compliance?

Corrective Action Due By: 1/10/2011

Inspection No. iSAD1028033210

Comments on Inspection:

No WELL HEAD CAP/FLANGE STILL LEAKING DID NOT FIX: *****OPERATOR IN

VIOLATION OF NMOCD RULE 19.15.26.10 OPERATION AND MAINTENANCE***** NOTE****PER TOMMY HILL HAS BEEN REPAIRED NOTED FOR RECORD ONLY*****

COLE 25 STATE No.001

Date

Inspection

Type Inspection Pressure Test

Inspector Sylvia Dickey

Violation? Yes

*Significant Non-Compliance?

No

30-025-30090-00-00 Corrective **Action Due By:**

1/10/2011

Inspection No. iSAD1028049874

10/07/2010 Comments on Inspection:

H2S ON INT. STRING; PER SPEEDY NEED TO HAVE OPERATOR VERIFY STRING OF CASING W/BARRY W/LEGACY TO ADDRESS H2S PROBLEM. IF H2S ON SURFACE NEED TO SHUT WELL IN PER SPEEDY. PT PASSED; 520#/520# 30 MINS. SEND LETTER

TO BARRY W/LEGACY

SOUTH JUSTIS UNIT No.220

M-24-25S-37E

30-025-31863-00-00

Inspection Date

10/14/2010

Type Inspection Pressure Test

Inspector Sylvia Dickey Violation? Yes

*Significant Non-Compliance? No

Corrective Action Due By: 1/17/2011

Inspection No. iSAD1028740576

Comments on Inspection:

****WELLSIGN INCORRECT; SHOULD READ UNIT LETTER M, SECTION 24,

TOWNSHIP 25S, RANGE 37E; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.16.8

******SIGN ON WELLS****

* Phone: (575) 393-6161 * Fax (575) 393-0720* http://www.emnrd.state.nm.us



SOUTH JUSTIS UNIT No.210

I-23-25S-37E

30-025-31961-00-00

Inspection
Date
10/14/2010

Type Inspection
Pressure Test

Inspector Sylvia Dickey Violation? Yes *Significant Non-Compliance? No Corrective Action Due By: 1/17/2011

Inspection No. iSAD1028748269

Comments on Inspection:

PT OKAY; *****WELL SIGN INCORRECT SHOULD STATE UNIT LETTER I SECTION 23, TOWNSHIP 25S RANGE 37 EAST; ****OPERATOR IN VIOLATION OF NNOCD RULE

19.15.16.8******SIGN ON WELLS****

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 Divison 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.

Singerely,

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 EPA, Region VI, Dallas, Texas.

EMNRD OIL CONSERVATION DIVISION 1625 N FRENCH DRIVE HOBBS NM 88240



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