

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
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 reverse side.**

| | | |
|--|---|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 7. If Unit or CA/Agreement, Name and/or No. 8920002760 |
| 2. Name of Operator LINN OPERATING INCORPORATED E-Mail: nfitzwater@linnenergy.com | | 8. Well Name and No. SKELLY UNIT 78 |
| 3a. Address 600 TRAVIS STREET SUITE 5100 HOUSTON, TX 77002 | 3b. Phone No. (include area code) Ph: 281.840.4266 Fx: 281.840.4006 | 9. API Well No. 30-015-05366-00-S1 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 23 T17S R31E SWSW 1278FSL 660FWL | | 10. Field and Pool, or Exploratory GRAYBURG |
| | | 11. County or Parish, and State EDDY COUNTY, NM |

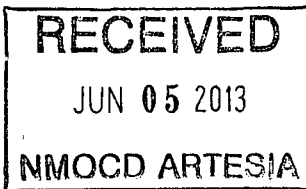
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| 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 |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Venting and/or Flaring |
| | <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 recomplete 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

LINN OPERATING IS REQUESTING APPROVAL TO FLARE THE SKELLY UNIT B BATTERY AT APPROXIMATELY 77 MCF/D FOR 90 DAYS. FRONTIER CONTINUES TO HAVE ISSUES AND LINN NEEDS THE ABILITY TO FLARE DURING DOWN TIMES.

THE COMPLETE LIST OF WELLS IS ATTACHED.



SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record
NMOC D

APDade 6/7/2013

| | |
|--|-----------------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #209372 verified by the BLM Well Information System For LINN OPERATING INCORPORATED, sent to the Carlsbad Committed to AFMSS for processing by JERRY BLAKLEY on 06/04/2013 (13JDB0191SE) | |
| Name (Printed/Typed) NANCY FITZWATER | Title REGULATORY SUPERVISOR |
| Signature (Electronic Submission) | Date 06/03/2013 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | | |
|--|------------------------|---------------------------------|------------------------|
| Approved By <u>JERRY BLAKLEY</u> | Title <u>LEAD PET</u> | APPROVED JUN - 4 2013 | Date <u>06/04/2013</u> |
| 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. | Office <u>Carlsbad</u> | | |
| 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. | | | |
| BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE | | | |

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

SUBJECT TO LIKE
APPROVAL BY STATE

SKELLY UNIT B BATTERY

| API | Well Name | Well Number | Type | Lease |
|--------------|-------------|-------------|------|---------|
| 30-015-05366 | SKELLY UNIT | #078 | Oil | Federal |
| 30-015-22252 | SKELLY UNIT | #118 | Oil | Federal |
| 30-015-22256 | SKELLY UNIT | #122 | Oil | Federal |
| 30-015-22257 | SKELLY UNIT | #123 | Oil | Federal |
| 30-015-22264 | SKELLY UNIT | #130 | Oil | Federal |
| 30-015-22265 | SKELLY UNIT | #131 | Oil | Federal |
| 30-015-22266 | SKELLY UNIT | #132 | Oil | Federal |
| 30-015-22267 | SKELLY UNIT | #133 | Oil | Federal |
| 30-015-22268 | SKELLY UNIT | #134 | Oil | Federal |
| 30-015-22269 | SKELLY UNIT | #135 | Oil | Federal |
| 30-015-22481 | SKELLY UNIT | #136 | Oil | Federal |
| 30-015-22506 | SKELLY UNIT | #137 | Oil | Federal |
| 30-015-22482 | SKELLY UNIT | #138 | Oil | Federal |
| 30-015-22507 | SKELLY UNIT | #139 | Oil | Federal |
| 30-015-22509 | SKELLY UNIT | #140 | Oil | Federal |
| 30-015-22484 | SKELLY UNIT | #141 | Oil | Federal |
| 30-015-22510 | SKELLY UNIT | #142 | Oil | Federal |
| 30-015-22513 | SKELLY UNIT | #143 | Oil | Federal |
| 30-015-25040 | SKELLY UNIT | #158 | Oil | Federal |
| 30-015-25041 | SKELLY UNIT | #159 | Oil | Federal |
| 30-015-25042 | SKELLY UNIT | #160 | Oil | Federal |
| 30-015-29235 | SKELLY UNIT | #229 | Oil | Federal |
| 30-015-29236 | SKELLY UNIT | #230 | Oil | Federal |
| 30-015-29032 | SKELLY UNIT | #240 | Oil | Federal |
| 30-015-29033 | SKELLY UNIT | #241 | Oil | Federal |
| 30-015-29237 | SKELLY UNIT | #242 | Oil | Federal |
| 30-015-29183 | SKELLY UNIT | #243 | Oil | Federal |
| 30-015-28950 | SKELLY UNIT | #253 | Oil | Federal |
| 30-015-29034 | SKELLY UNIT | #254 | Oil | Federal |
| 30-015-29238 | SKELLY UNIT | #255 | Oil | Federal |
| 30-015-28974 | SKELLY UNIT | #256 | Oil | Federal |
| 30-015-28975 | SKELLY UNIT | #259 | Oil | Federal |
| 30-015-28811 | SKELLY UNIT | #260 | Oil | Federal |
| 30-015-28812 | SKELLY UNIT | #261 | Oil | Federal |
| 30-015-28789 | SKELLY UNIT | #262 | Oil | Federal |
| 30-015-29209 | SKELLY UNIT | #265 | Oil | Federal |
| 30-015-28967 | SKELLY UNIT | #277 | Oil | Federal |
| 30-015-29226 | SKELLY UNIT | #278 | Oil | Federal |
| 30-015-29227 | SKELLY UNIT | #283 | Oil | Federal |
| 30-015-29314 | SKELLY UNIT | #284 | Oil | Federal |
| 30-015-29712 | SKELLY UNIT | #302 | Oil | Federal |
| 30-015-29856 | SKELLY UNIT | #400 | Oil | Federal |
| 30-015-29817 | SKELLY UNIT | #401 | Oil | Federal |
| 30-015-29860 | SKELLY UNIT | #402 | Oil | Federal |
| 30-015-31069 | SKELLY UNIT | #403 | Oil | Federal |

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

6/4/2013

Condition of Approval to Flare Gas

1. Report all volumes on OGOR reports.
2. Comply with NTL-4A requirements
3. Subject to like approval from NMOCD
4. **Flared volumes will still require payment of royalties**
5. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time. Gas meter to meet all requirements for sale meter as Federal Regulations and Onshore Order #5.
6. This approval does not authorize any additional surface disturbance.
7. Submit updated facility diagram as per Onshore Order #3.
8. Approval not to exceed 90 days for date of approval.
9. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared.
10. If flaring is still required past 90 days submit new request for approval.
11. If a portable unit is used to flare gas it must be monitored at all times.
12. Comply with any restrictions or regulations when on State or Fee surface.

JDB642013