



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



IN REPLY REFER TO:

3180 (P0220)

NM-70963X

Reference:

Designation of Successor Unit Operator

Humphrey Queen Unit

Unitization Agreement No. NM-70963X

Lea County, New Mexico

FEB 22 2012

CERTIFIED—RETURN RECEIPT REQUESTED

7008 3230 0002 0987 6308

Linn Operating, Inc.
JP Morgan Chase Tower
600 Travis, Suite 5100
Houston, TX 77002

Gentlemen:

This office has received and reviewed your designation of successor unit operator in which your company has agreed to assume all rights, duties, and obligations as the unit operator of the Humphrey Queen Unit Lea County, New Mexico.

As your company as Linn Operating, Inc. has obtained a Nationwide 250,000.00 BLM Bond (NMB000501) with a rider however, a recommendation has been sent to BLM New Mexico State Office to require that Linn Operating, Inc. to post an additional individual Unit bond in the amount of \$50,000.00. The Authorized Officer condition of approval is based upon Linn Operating, Inc. final bonding to be in place within 60 days of the date of this letter.

Therefore, Linn Operating, Inc. is hereby approved as the unit operator for the Humphrey Queen Unit as of this date and is effective April 1, 2011. In accordance with this approval, Linn Operating, Inc. is responsible for all operations and the reporting of all production from the unit. Well signs should also reflect Linn Operating, Inc. as the unit operator. Please inform all interested principles of such approval. An approved copy of this designation is enclosed.

In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approvals that would entitle it to conduct operations under the Humphrey Queen Unit Agreement.

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In addition to becoming the successor unit operator, this office requests a 2012 Plan of Development and a revised Exhibit B for the subject unit within 60 days from the receipt of this letter.

If you have any questions regarding this letter, please contact Edward G. Fernandez, Petroleum Engineer at the Division of Lands and Minerals at (575) 234-2220.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Peterson', with a long horizontal stroke extending to the right.

Don Peterson
Assistant Field Manager,
Lands and Minerals

1 Enclosure

cc:

ONRR, Denver
NMOCD-Artesia
CFO I&E
NM (P0221)
NM (P0220), CFO

DESIGNATION OF
SUCCESSOR UNIT OPERATOR
Humphrey Queen Unit Area
County of Lea
State of New Mexico
Unit Agreement No. NMNM70963X

COPY

THIS INDENTURE, dated as of the 1 day of April, 2011, by and between DRB Linn operating, Inc., hereinafter designated as "First Party," and the owners of unitized working interests, hereinafter designated "Second Parties,"

WITNESSETH:

WHEREAS, under the provisions of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C. Secs. 181, et seq., as amended by the Act of August 8, 1946, 60 stat. 950, the Secretary of the Interior, acting by and through the Authorized Officer, on the 1st day of August, 1969, approved a Unit Agreement for the Humphrey Queen Unit Area, wherein SandRidge Exploration and Production, LLC was designated as Unit Operator, and

WHEREAS, SandRidge Exploration and Production, LLC desires to resign as such Operator and the designation of a successor Unit Operator is now required pursuant to the terms thereof; and

WHEREAS, the First Party has been and hereby is designated by Second Parties as Unit Operator, and said First Party desires to assume all the rights, duties and obligation of Unit Operator under the said Unit Agreement:

NOW, THEREFORE, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First Party hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of the Humphrey Queen Unit Agreement; and the Second Parties covenant and agree that, effective upon approval of this indenture by the Authorized Officer, First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Unit Operator, pursuant to the terms and conditions of said Unit Agreement; said Unit Agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said Unit Agreement were expressly set forth in this instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove set forth.

FIRST PARTY DRB
Operating Inc.
Linn Energy Holdings, LLC
By: [Signature] David R. Beathard, Vice President, Business Development

SECOND PARTIES
Linn Energy Holdings, LLC
By: [Signature] David R. Beathard, Vice President, Business Development
Execution Date: _____
By: _____
Execution Date: _____

COPY

CORPORATE ACKNOWLEDGEMENT

State of Oklahoma

SS.

County of Oklahoma

The foregoing instrument was acknowledged before me this 1st day of April, 2011, by David R. Beatheard, Vice President, Business development of Linn Energy Holdings, LLC, a Corporation.

and Linn operating, Inc. DRB

WITNESS my hand and official seal.

My commission Expires: 4/8/14

Tamara Lasley
Notary Public

Place of Residence:

Oklahoma

 **TAMARA LASLEY**
Notary Public
State of Oklahoma
Commission # 10002906 Expires 04/08/14

Attachment 1

To The Designation of Unit Operator
By and between Linn Energy Holdings, LLC

COPY

DB

Dated April 1, 2011, Effective Apr 11, 2011.

Linn Operating, Inc. as the designated successor operator, hereby certifies that the requisite approvals of the current working interest owners in the agreement have been obtained to satisfy the requirement for selection of a successor operator as set forth under the terms and provisions of the agreement. Operation on Federal wells in this agreement will be covered by BLM Bond No. _____

NAME: David R. Beathard

DB By: *[Signature]*

Title: Vice President, Business Development

STATE OF: Oklahoma
COUNTY OF: Oklahoma

This instrument was acknowledged before me on the 1st of April, 2011, by David R. Beathard as Vice President, Business Development of Linn operating, Inc. a corporation, on behalf of said Corporation.

DB

Tamara Lasley
Notary Public in and for the
State of Oklahoma

My commission expires: 4/8/14

SEAL

 **TAMARA LASLEY**
Notary Public
State of Oklahoma
Commission # 10002906 Expires 04/08/14

COPY

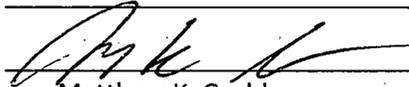
RESIGNATION OF UNIT OPERATOR

Humphrey Queen Unit Area
County of Lea
State of New Mexico
Unit Agreement No. NMNM70963X

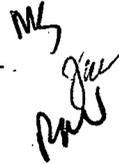
Under and pursuant to the provisions of Section 7 of the Unit Agreement for the Development and Operation of the Humphrey Queen Unit Area, Lea County, New Mexico, SandRidge Exploration and Production, LLC the designated Unit Operator under said Unit Agreement, does hereby resign as Unit Operator, effective upon the selection and approval of the Successor Unit Operator.

Executed with effect as aforesaid the 1 day of April, 2011.

ATTEST:



Matthew K. Grubb
President and Chief Operating Officer



Humphrey Queen Unit

| API | Well Name | Well Number | Type | Status | Unit Letter | Section | Township | Range | Spud Date | Plugged On |
|--------------|---------------------|-------------|-----------|--------------------------------|-------------|---------|----------|-------|-----------|------------|
| 30-025-11445 | HUMPHREY QUEEN UNIT | #001 | Oil | Active | 1 | 4 | 25S | 37E | | |
| 30-025-11422 | HUMPHREY QUEEN UNIT | #002 | Injection | Active | 4 | 3 | 25S | 37E | | |
| 30-025-11421 | HUMPHREY QUEEN UNIT | #003 | Oil | Active | 3 | 3 | 25S | 37E | | |
| 30-025-11431 | HUMPHREY QUEEN UNIT | #005 | Oil | Active | 1 | 3 | 25S | 37E | | |
| 30-025-11446 | HUMPHREY QUEEN UNIT | #007 | Oil | Active | H | 4 | 25S | 37E | | |
| 30-025-11424 | HUMPHREY QUEEN UNIT | #010 | Oil | Active | G | 3 | 25S | 37E | | |
| 30-025-11432 | HUMPHREY QUEEN UNIT | #011 | Oil | Active | H | 3 | 25S | 37E | | |
| 30-025-23184 | HUMPHREY QUEEN UNIT | #012 | Oil | Active | H | 3 | 25S | 37E | | |
| 30-025-22243 | HUMPHREY QUEEN UNIT | #015 | Injection | Active | L | 3 | 25S | 37E | | |
| 30-025-20612 | HUMPHREY QUEEN UNIT | #016 | Oil | Active | K | 3 | 25S | 37E | | |
| 30-025-11426 | HUMPHREY QUEEN UNIT | #017 | Injection | Active | J | 3 | 25S | 37E | 1/7/1938 | |
| 30-025-11433 | HUMPHREY QUEEN UNIT | #018 | Oil | Active | I | 3 | 25S | 37E | | |
| 30-025-22699 | HUMPHREY QUEEN UNIT | #019 | Injection | Plugged, Site Released | P | 3 | 25S | 37E | | 8/11/2010 |
| 30-025-23183 | HUMPHREY QUEEN UNIT | #020 | Injection | Approved Temporary Abandonment | M | 3 | 25S | 37E | 6/23/1969 | |
| 30-025-21196 | HUMPHREY QUEEN UNIT | #021 | Oil | Active | M | 3 | 25S | 37E | | |
| 30-025-11430 | HUMPHREY QUEEN UNIT | #022 | Oil | Active | N | 3 | 25S | 37E | | |
| 30-025-22751 | HUMPHREY QUEEN UNIT | #023 | Injection | Active | O | 3 | 25S | 37E | | |
| 30-025-11427 | HUMPHREY QUEEN UNIT | #024 | Oil | Active | O | 3 | 25S | 37E | | |
| 30-025-11434 | HUMPHREY QUEEN UNIT | #025 | Oil | Active | P | 3 | 25S | 37E | | |
| 30-025-23395 | HUMPHREY QUEEN UNIT | #027 | Injection | Active | H | 4 | 25S | 37E | | |
| 30-025-23899 | HUMPHREY QUEEN UNIT | #028 | Oil | Active | J | 3 | 25S | 37E | | |
| 30-025-23968 | HUMPHREY QUEEN UNIT | #029 | Oil | Active | 3 | 3 | 25S | 37E | | |
| 30-025-28012 | HUMPHREY QUEEN UNIT | #030 | Oil | Active | E | 3 | 25S | 37E | | |
| 30-025-28013 | HUMPHREY QUEEN UNIT | #031 | Injection | Active | N | 3 | 25S | 37E | | |
| 30-025-39216 | HUMPHREY QUEEN UNIT | #032 | Oil | New (Not Drilled or Completed) | E | 3 | 25S | 37E | | |
| 30-025-39217 | HUMPHREY QUEEN UNIT | #033 | Oil | New (Not Drilled or Completed) | 4 | 3 | 25S | 37E | | |
| 30-025-39218 | HUMPHREY QUEEN UNIT | #034 | Oil | New (Not Drilled or Completed) | 3 | 3 | 25S | 37E | | |
| 30-025-39219 | HUMPHREY QUEEN UNIT | #035 | Oil | New (Not Drilled or Completed) | G | 3 | 25S | 37E | | |