

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OC D Hobbs

FORM 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		8. Well Name and No CAPROCK MALJAMAR UNIT 266 ✓
2. Name of Operator LINN OPERATING, INC. ✓		9. API Well No. 30-025-33821 ✓
3a. Address 600 TRAVIS STREET SUITE 5100 HOUSTON, TX 77002		10. Field and Pool, or Exploratory GRAYBURG JACKSON, SR-Q-G-S ✓
3b. Phone No. (include area code) Ph: 281-840-4272		11. County or Parish, and State LEA COUNTY, NM ✓
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 24 T17S R32E Mer NMP SWNW 1828FNL 569FWL 32.822247 N Lat, 103.726663 W Lon		

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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input checked="" 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 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 requests to TA the CMU 266 well for 1 year. LINN proposes to POOH w/tubing, rods and pump. TIH W/CIBP and set at 3300?. LINN will also run a kill string in the hole. Linn requests to TA this well while we research our options for continuously producing this well as currently it produces more nitrogen than our gas specs allow. Some of the options we are currently looking into are our membrane technology, adding specialized nitrogen separating equipment at our battery, and using the gas to run a motor and simply sending the oil and water to the battery. If the above options do not prove to be economical we will then propose to P&A the well before the year is over.

*Submit Completion Report For Queen Formation within 30 days of this Sundry well still listed as WIW.*

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #134168 verified by the BLM Well Information System  
For LINN OPERATING, INC., sent to the Hobbs

Name (Printed/Typed) TERRY B CALLAHAN	Title REGULATORY SPECIALIST III
Signature (Electronic Submission)	Date 03/28/2012

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <i>J. D. W. Hobbs</i>	Title <i>LRET</i>	Date <i>4/2/12</i>
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 <i>CFO</i>

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.

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

APR 25 2012

Certified Mail - Return Receipt Requested  
7009082000/0144001297

Hand Delivered Received by

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

Identification	
IID	
Lease	NMLC059152B
CA	
Unit	NMNM91009X
PA	

## NOTICE OF INCIDENTS OF NONCOMPLIANCE

Bureau of Land Management Office <b>HOBBS INSPECTION OFFICE</b>		Operator <b>Linn Operating Incorporated</b>
Address <b>414 WEST TAYLOR HOBBS NM 88240</b>		Address <b>Attn: Nancy Fitzwater 600 Travis, Suite 5100 Houston, Tx. 77002</b>
Telephone <b>575 393.3612</b>		Attention
Inspector <b>MASSENGILL</b>		Attn Addr

Site Name <b>C.M.U.</b>	Well or Facility <b>266</b>	1/4 1/4 Section <b>SWNW 24</b>	Township <b>17S</b>	Range <b>32E</b>	Meridian <b>NMP</b>	County <b>LEA</b>	State <b>NM</b>
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

**THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE**

Date	Time (24 - hour clock)	Violation	Gravity of Violation
03/08/2012	01:00	43 CFR 3163.1 (a)	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
04/04/2012			43 CFR 3163.1()

**Remarks**

Failure to comply with Written Order # AJM-036-12 by 02/24/12 to submit intent to place well back on production or plans to plug and abandon. Submit to this office on a Sundry Notice, a intent to place well back on production or plans to plug and abandon.  
Failure to comply with this Incident of Noncompliance may result in an assessment.

When violation is corrected, sign this notice and return to above address

Company Representative Title Regulatory Specialist III Signature Kerry B. Callahan Date 3/28/2012

Company Comments \_\_\_\_\_

### WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

### REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer Arday Costas Date 3-8-12 Time 1345

FOR OFFICE USE ONLY				
Number <b>50</b>	Date	Assessment	Penalty	Termination
Type of Inspection <b>RV</b>				

**BLM COPY**

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
NOTICE OF WRITTEN ORDER**

IDENTIFICATION	
IID	
Lease	NMLC059152B
CA	
Unit	NMNM91009X
PA	

Certified Mail - Return Receipt Requested  
70090820000144001181

Bureau of Land Management Office <b>HOBBS INSPECTION OFFICE</b>	Operator <b>Linn Operating Incorporated</b>
Address <b>414 WEST TAYLOR HOBBS NM 88240</b>	Address <b>Attn: Nancy Fitzwater 600 Travis, Suite 5100 Houston, Tx. 77002</b>
Telephone <b>575.393 3612</b>	Attention
Inspector <b>MASSENGILL</b>	Attn Addr

Site Name <b>C.M.U.</b>	Well or Facility <b>266</b>	1/4 1/4 Section <b>SWNW 24</b>	Township <b>17S</b>	Range <b>32E</b>	Meridian <b>NMP</b>	County <b>LEA</b>	State <b>NM</b>
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
01/17/2012	09:00	02/24/2012		43 CFR 3162 3-4(c)

Remarks  
This well has been identified as Shut-in and has not had any production for over three years. Well must be return back to production or plugged and abandon. Submit to this office on a Sundry Notice (3160-5), a Notice of Intent to return to production or plans to plug and abandon. Failure to comply will result in monetary assessments.

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title Regulatory Specialist Signature Darryl B. Callahan Date 3/28/2012  
Company Comments

**Warning**

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163 2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

**Review and Appeal Rights**

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer <u>Andrea Massengill</u>	Date <u>01/17/12</u>	Time <u>09:00</u>
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**FOR OFFICE USE ONLY**

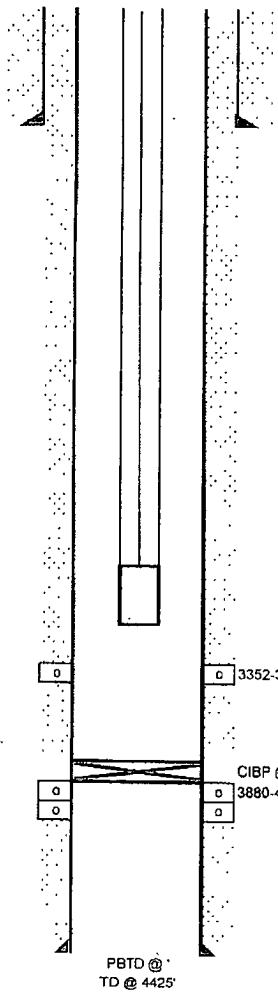
Number <b>51</b>	Date	Type of Inspection <b>RV</b>
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Well Name: Caprock Majjamar Unit 266  
 Location: E-24-17S-32E 1828 FNL 569 FWL : L...  
 API #: 30-025-33921  
 Elevations: GROUND. 4072 0  
 KB 4086 0  
 Depths (KB): PBDT 4343'  
 TD 4425'

**Current Wellbore Schematic**

Date Prepared: 30-Jan-12 K. Murphy  
 Last Updated: \_\_\_\_\_  
 Spud Date: 9-Feb-97  
 RR Date: \_\_\_\_\_  
 Spud Date to RR Date: \_\_\_\_\_  
 Completion Start Date: \_\_\_\_\_  
 Completion End Date: \_\_\_\_\_  
 Completion Total Days: \_\_\_\_\_  
 Co-ordinates: \_\_\_\_\_

Surf Csg  
 8-5/8"  
 Set @ 438'  
 TOC @ Surf



Hole Size  
 12-1/4"  
 7-7/8"

**Surface Casing**  
 10 jts 8-5/8" 20#, ISW-42 set @ 438'  
 Cmt w/ 325 sxs Cl C + 1/4#FC/sx + 2%CaCl  
 Circ 92 sxs to pit - TOC @ surf  
**Production Casing**  
 108 jts 5-1/2" 17# J-55 LT&C csg set @ 4425'  
 FC @ 4382'  
 Cmt'ed w/ 1000 glas superflush 102 + 850 sxs Halliburton Lite + 250 sxs Premium Plus  
 Circ 37 sxs to surf - TOC @ Surface

Tubing:	Length (ft)	Bottom
104 jts 2-3/8" tbg		3252'
2-3/8" x 5-1/2" AD-1 pkr		

**Rods & Pump:**

**Notes:**  
 Top of Salt - 670'  
 Base of Salt - 1570'

**Perforations:**  
 Grayburg - 3880,61,83,84,85,3913,14,23,34,35,85,4084,85,99,4100,01,16,17,18,23,24,30,31,32,36,41,  
 84,85,88,89,90  
 Queen - 3352-3378

Production Csg  
 5-1/2"  
 Set @ 4425'  
 TOC @ Surface

PBDT @  
 TD @ 4425'

CIBP @ 3780' w/ 50' sand on top  
 3880-4190



Laboratory Services, Inc.

2609 West Marland  
Hobbs, New Mexico 88240

Telephone: (575) 397-3713

FOR: Linn Energy  
Attention: Gary Wink  
2130 W. Bender  
Hobbs, New Mexico 88240

SAMPLE: Casing Gas  
IDENTIFICATION Caprock Maljama Unit #266  
COMPANY: Linn Energy  
LEASE:  
PLANT:

SAMPLE DATA: DATE SAMPLED: 2/13/12 8:48 am  
ANALYSIS DATE: 2/13/12  
PRESSURE - PSIG 90  
SAMPLE TEMP. °F  
ATMOS. TEMP. °F 30

GAS (XX) LIQUID ( )  
SAMPLED BY: Dustin Armstrong  
ANALYSIS BY: Vicki McDaniel

REMARKS: H2S = 18 PPM

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)	0.002	
Nitrogen (N2)	46.146	
Carbon Dioxide (CO2)	0.457	
Methane (C1)	40.414	
Ethane (C2)	7.040	1.878
Propane (C3)	3.649	1.003
i-Butane (IC4)	0.449	0.147
N-Butane (NC4)	0.965	0.304
i-Pentane (IC5)	0.214	0.078
N-Pentane (NC5)	0.208	0.075
Hexane Plus (C6+)	0.456	0.198
	100.000	3.683

BTU/CU.FT. - DRY 711  
AT 14.650 DRY 708  
AT 14.650 WET 696  
AT 14.73 DRY 712  
AT 14.73 WET 700

MOLECULAR WT. 24.8550

SPECIFIC GRAVITY -  
CALCULATED 0.860  
MEASURED

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

**Temporary Abandonment of Wells on Federal Lands**  
**Conditions of Approval**

A temporarily abandoned well is defined as a completion that is not capable of production in paying quantities but which may have value as a service well. Pursuant to 43 CFR 3162.3-4 (c), no well may be temporarily abandoned for more than 30 days without the prior approval of the authorized officer.

Temporary Abandonment (TA) status approval requires a successful mechanical or casing integrity test as follows:

1. A Notice of Intent (NOI) Sundry Notice (Form 3160-5) requesting approval to run a mechanical integrity test (MIT) or casing integrity test (CIT).
2. A description of the temporary abandonment procedure.
  - a. A bridge plug or packer must be installed as close to 50 feet above any open perforations or open hole as possible. If a cement plug is used, the top of the cement must be verified by tagging. CIBP must be capped with minimum 25 sacks cement, placed with tubing.
  - b. The wellbore must be filled with corrosion inhibited fluid and pressure tested to 500 psi. The casing shall be capable of holding this pressure for at least 30 minutes. Any leak-off will be evaluated.
  - c. All downhole production/injection equipment (tubing, rods, etc.) shall be removed from the casing if they are not isolated by a packer.
  - d. A bradenhead test must be conducted. If the test indicates a problem exists, a remedial plan and time frame for remediation shall be submitted within ninety (90) days of the test.
  - e. Contact the appropriate BLM office at least 24 hours prior to the scheduled Casing Integrity Test. For wells in Eddy County, 575-361-2822; Lea County 575-393-3612.
3. **Provides justification why the well should be temporarily abandoned rather than permanently plugged and abandoned and an estimated date that the well will be returned to beneficial use or plugged and abandoned. 43 CFR 3162.3-4 (a) The operator shall promptly plug and abandon...wells in which oil or gas is not encountered in paying quantities...**

Wells that successfully pass the casing integrity test **may** be approved for Temporary Abandonment (TA) status provided that the operator:

1. **Submits a subsequent Sundry Notice** (Form 3160-5) requesting TA approval **with well bore diagram** with all perforations and CIBP's and tops of cement on CIBP's.
2. Describes the temporary abandonment procedure.
3. Attaches a clear copy or the original of the pressure test chart.
4. Give justification to allow well to be place in TA status and plan for future use of well with time frame that well will be place back on line or plans to P&A well will be submitted.

If the well does not pass the casing integrity test, then the operator shall within 30 days submit to BLM for approval one of the following:

1. A procedure to repair the casing so that a TA approval can be granted.
2. A procedure to plug and abandon the well.

**Caprock Maljamar Unit #266**

1. Well may be approved to be TA/SI for a period of 6 months or until 10/21/2012 after successful MIT and subsequent report is submitted. CIBP to be set at 3300'
2. This will be the last TA approval for this well.
3. Must submit NOI to recomplete or a NOI to P&A. Must be submitted by 9/21/2012.