



# 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](http://www.blm.gov/nm)



IN REPLY REFER TO:

3180 (P0220)

NM-71035X

Reference:

Designation of Successor Unit Operator

South Leonard Queen Unit

Unitization Agreement No. NM-71035X

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 South Leonard 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 South Leonard 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.

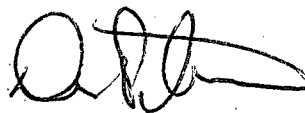
In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approvals that would entitle it to conduct operations under the South Leonard Queen Unit Agreement.

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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 'Don 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  
South Leonard Unit Area

County of Lea

State of New Mexico

Unit Agreement No. NMNM71035X

**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 1<sup>st</sup> day of June, 1967, approved a Unit Agreement for the South Leonard 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 South Leonard 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.

DRB  
FIRST PARTY

Linn Operating, Inc.  
Linn Energy Holdings, LLC

By: David R. Beathard David R. Beathard, Vice President, Business Development

SECOND PARTIES

Linn Energy Holdings, LLC

By: David R. Beathard David R. Beathard, Vice President, Business Development

Execution Date: \_\_\_\_\_

By: \_\_\_\_\_

Execution Date: \_\_\_\_\_

**COPY**

CORPORATE ACKNOWLEDGEMENT

State of Oklahoma

SS.

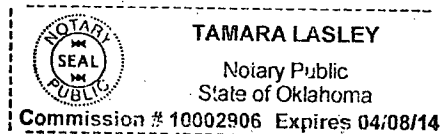
County of Oklahoma

The foregoing instrument was acknowledged before me this 18 day of April, 2011, by  
David R. Beatheard, Vice President, Business development of Linn Energy Holdings, LLC, a Corporation.  
and Linn Operating, Inc.

WITNESS my hand and official seal.

My commission Expires: 4/8/14

Tamara Lasley  
Notary Public



Place of Residence:

Oklahoma

Attachment 1

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

Dated April 1, 2011, Effective April 1, 2011.

**COPY**

DRB

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

By: [Signature]

Title: Vice President, Business Development

STATE OF: Oklahoma

COUNTY OF: Oklahoma

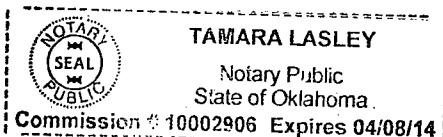
This instrument was acknowledged before me on the 1<sup>st</sup> of April, 2011, by David R. Beathard as Vice President, Business Development of Linn Operating, Inc. a corporation, on behalf of said Corporation.

DRB

Tamara Lasley  
Notary Public in and for the  
State of Oklahoma

My commission expires: 4/8/14

SEAL



**COPY**

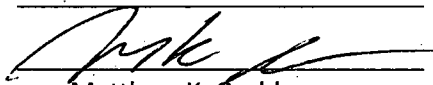
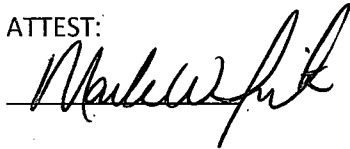
RESIGNATION OF UNIT OPERATOR

South Leonard Unit Area  
County of Lea  
State of New Mexico  
Unit Agreement No. NMNM71035X

Under and pursuant to the provisions of Section 7 of the Unit Agreement for the Development and Operation of the South Leonard 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

*MS, PMW  
Jue*

## South Leonard Queen Unit

API	Well Name	Well Number	Type	Status	Unit Letter	Section	Township	Range	Spud.Date	Plugged On
30-025-11982	SOUTH LEONARD UNIT	#001	Injection	Active	N	13	26S	37E		
30-025-12039	SOUTH LEONARD UNIT	#002	Injection	Active	A	23	26S	37E	4/15/1951	
30-025-12043	SOUTH LEONARD UNIT	#004	Oil	Active	C	24	26S	37E		
30-025-12047	SOUTH LEONARD UNIT	#005	Oil	Active	B	24	26S	37E		
30-025-12041	SOUTH LEONARD UNIT	#006	Injection	Active	H	23	26S	37E	6/22/1950	
30-025-12052	SOUTH LEONARD UNIT	#007	Oil	Active	E	24	26S	37E		
30-025-12050	SOUTH LEONARD UNIT	#008	Injection	Active	F	24	26S	37E		
30-025-12045	SOUTH LEONARD UNIT	#009	Oil	Active	G	24	26S	37E		
30-025-22756	SOUTH LEONARD UNIT	#010	Injection	Active	H	24	26S	37E		
30-025-12042	SOUTH LEONARD UNIT	#011	Gas	Approved Temporary Abandonment	I	23	26S	37E		
30-025-12053	SOUTH LEONARD UNIT	#012	Oil	Active	L	24	26S	37E		
30-025-12051	SOUTH LEONARD UNIT	#013	Injection	Active	K	24	26S	37E		
30-025-12049	SOUTH LEONARD UNIT	#015	Injection	Plugged, Site Released	M	24	26S	37E		8/20/2010
30-025-29018	SOUTH LEONARD UNIT	#017	Oil	Active	F	24	26S	37E		
30-025-29228	SOUTH LEONARD UNIT	#018	Oil	Active	E	24	26S	37E		