

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**NMOCD – ACOI- 253**

**IN THE MATTER OF LINN OPERATING, INC.,**

**Respondent.**

**INACTIVE WELL  
AGREED COMPLIANCE ORDER**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act") and OCD Rule 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and Linn Operating, Inc. ("Operator") enter into this Inactive Well Agreed Compliance Order ("Order" or "ACOI") under which Operator agrees to plug, place on approved temporary abandonment status or restore to production or other beneficial use the wells identified herein pursuant to the Act and OCD Rule 19.15.25.8 NMAC in accordance with the following agreed schedule and procedures, and understands that the OCD may decide not to enter into any further agreed compliance orders with Operator if Operator fails to meet the schedule set out in this Order.

**FINDINGS**

1. The OCD is the state division charged with administration and enforcement of the Act, and rules and orders adopted pursuant to the Act.
2. Operator is a corporation doing business in the state of New Mexico.
3. Operator is the operator of record under OGRID 269324 for the wells identified in Exhibit "A."
4. OCD Rule 19.15.25.8 NMAC states, in relevant part:

"A. The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.

B. The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:

....  
....

(3) a period of one year in which a well has been continuously inactive.”

5. The wells identified in Exhibit “A”
  - (a) have been continuously inactive for a period of one year plus 90 days;
  - (b) are not plugged or abandoned in accordance with OCD Rule 19.15.25.9 NMAC through 19.15.25.11 NMAC; and
  - (c) are not on approved temporary abandonment status in accordance with OCD Rule 19.15.25.12 NMAC through 19.15.25.14 NMAC.

### CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. The wells identified in Exhibit “A” are out of compliance with OCD Rule 19.15.25.8 NMAC.
3. As operator of the wells identified in Exhibit “A,” Operator is responsible for bringing those wells into compliance with OCD Rule 19.15.25.8 NMAC.

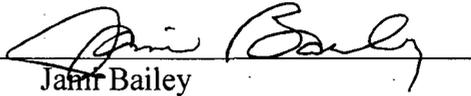
### ORDER

1. Operator agrees to bring 6 of the wells identified in Exhibit “A” into compliance with OCD Rule 19.15.25.8 NMAC by August 17, 2012 by
  - (a) restoring the well to production or other OCD-approved beneficial use **and filing a C-115 documenting such production or use;**
  - (b) causing the wellbore to be plugged in accordance with OCD Rule 19.15.25.10(B) NMAC **and filing a C-103 describing the completed work;** or
  - (c) placing the well on approved temporary abandonment status in accordance with OCD Rule 19.15.25.12 NMAC through 19.15.25.14 NMAC.
2. Oil and gas produced during swabbing does not count as production for purposes of this Order.
3. Operator shall file a compliance report identifying each well returned to compliance, stating the date it was returned to compliance and describing how the well was returned to compliance (restored to production or other approved beneficial use, plugged wellbore, approved temporary abandonment status.) Transfer of a well identified on Exhibit “A” to another operator does not count towards Operator’s obligation to return wells to compliance under the terms of this Order, but does reduce the total number of wells for which Operator is responsible under the terms of this Order. The written compliance report must be mailed or e-mailed to the OCD’s Enforcement and Compliance Manager and to

the OCD attorney in charge of inactive well agreed compliance orders so that it is received by the compliance deadline of August 17, 2012. The total length of this Agreed Compliance Order is six months. Operator may negotiate a new Agreed Compliance Order following the completion of this Order.

4. Operator understands that if it fails to meet the terms of this Order, the OCD may decide not to enter into any further agreed compliance orders with Operator.
5. Thirty days after the compliance deadline set by this Order, any wells on Exhibit "A" not in compliance with OCD Rule 19.15.25.8 NMAC will appear on the inactive well list kept pursuant to OCD Rule 19.15.5.9(F) NMAC.
6. By signing this Order, Operator expressly:
  - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - (b) agrees to return to compliance 6 wells identified in Exhibit "A" by August 17, 2012;
  - (c) agrees to submit a compliance report as required in Ordering Paragraph 3 by the August 17, 2012 compliance deadline set by this Order;
  - (d) waives any right, pursuant to the Oil and Gas Act or otherwise, to an appeal from this Order, or to a hearing either prior to or subsequent to the entry of this Order; and
  - (e) agrees that the Order may be enforced by OCD or Oil Conservation Commission Order, by suit or otherwise to the same extent and with the same effect as a final Order of the OCD or Oil Conservation Commission entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.
7. This Order applies only to the enforcement of OCD Rule 19.15.25.8 NMAC against those wells identified in Exhibit "A." Other wells operated by Operator out of compliance with OCD Rule 19.15.25.8 NMAC may be subject to immediate enforcement action under the Oil and Gas Act and OCD Rules. Wells identified in Exhibit "A" that are out of compliance with the Oil and Gas Act or OCD Rules other than OCD Rule 19.15.25.8 NMAC may be subject to immediate enforcement action under the Oil and Gas Act and OCD Rules.
8. The OCD reserves the right to file an application for hearing to obtain authority to plug any well identified in Exhibit "A" and forfeit the applicable financial assurance if the well poses an immediate environmental threat.

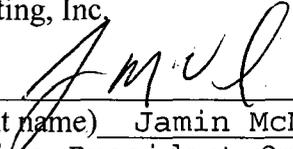
Done at Santa Fe, New Mexico this 15 day of March 2012

By:   
Jann Bailey  
OCD Director

**ACCEPTANCE**

Linn Operating, Inc. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

Linn Operating, Inc.

By:   
(Please print name) Jamin McNeil  
Title: Vice President-Operations  
Date: March 13, 2012

**Exhibit A to Agreed Compliance Order for Linn Operating, Inc.**

- |     |              |                              |
|-----|--------------|------------------------------|
| 1)  | 30-015-24954 | BARCLAY FEDERAL #001         |
| 2)  | 30-015-25534 | BARCLAY STATE #001           |
| 3)  | 30-015-23371 | BENSON DEEP AAS FEDERAL #001 |
| 4)  | 30-015-28889 | C A RUSSELL #020             |
| 5)  | 30-025-01439 | CAPROCK MALJAMAR UNIT #006   |
| 6)  | 30-025-00666 | CAPROCK MALJAMAR UNIT #048   |
| 7)  | 30-025-01480 | CAPROCK MALJAMAR UNIT #052   |
| 8)  | 30-025-01509 | CAPROCK MALJAMAR UNIT #058   |
| 9)  | 30-025-00676 | CAPROCK MALJAMAR UNIT #060   |
| 10) | 30-025-01481 | CAPROCK MALJAMAR UNIT #066   |
| 11) | 30-025-01496 | CAPROCK MALJAMAR UNIT #069   |
| 12) | 30-025-01490 | CAPROCK MALJAMAR UNIT #070   |
| 13) | 30-025-01494 | CAPROCK MALJAMAR UNIT #084   |
| 14) | 30-025-01529 | CAPROCK MALJAMAR UNIT #089   |
| 15) | 30-025-01526 | CAPROCK MALJAMAR UNIT #093   |
| 16) | 30-025-32924 | CAPROCK MALJAMAR UNIT #143   |
| 17) | 30-025-32893 | CAPROCK MALJAMAR UNIT #154   |
| 18) | 30-025-32931 | CAPROCK MALJAMAR UNIT #164   |
| 19) | 30-025-32425 | CAPROCK MALJAMAR UNIT #165   |
| 20) | 30-025-33083 | CAPROCK MALJAMAR UNIT #175   |
| 21) | 30-025-32427 | CAPROCK MALJAMAR UNIT #192   |
| 22) | 30-025-32841 | CAPROCK MALJAMAR UNIT #195   |
| 23) | 30-025-33281 | CAPROCK MALJAMAR UNIT #210   |
| 24) | 30-025-33752 | CAPROCK MALJAMAR UNIT #265   |

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|-----|--------------|---------------------------------|
| 25) | 30-025-33821 | CAPROCK MALJAMAR UNIT #266      |
| 26) | 30-025-33751 | CAPROCK MALJAMAR UNIT #267      |
| 27) | 30-025-34224 | CAPROCK MALJAMAR UNIT #400      |
| 28) | 30-015-20246 | COLLATT ESTATE COM #001         |
| 29) | 30-025-24919 | DOWNES B #003                   |
| 30) | 30-025-07949 | EAST HOBBS SAN ANDRES UNIT #702 |
| 31) | 30-015-28856 | FRIESS FEDERAL #004             |
| 32) | 30-015-05068 | H E WEST B #003                 |
| 33) | 30-015-05122 | H E WEST B #013                 |
| 34) | 30-015-28131 | H E WEST B #072                 |
| 35) | 30-025-23183 | HUMPHREY QUEEN UNIT #020        |
| 36) | 30-025-23306 | LANGLIE MATTIX QUEEN UNIT #003  |
| 37) | 30-025-11694 | LANGLIE MATTIX QUEEN UNIT #030  |
| 38) | 30-025-20173 | LEA 4011 STATE #001             |
| 39) | 30-015-05412 | LEA D #002                      |
| 40) | 30-015-05413 | LEA D #003                      |
| 41) | 30-015-05414 | LEA D #004                      |
| 42) | 30-015-05415 | LEA D #005                      |
| 43) | 30-015-05416 | LEA D #006                      |
| 44) | 30-015-20658 | LEA D #007                      |
| 45) | 30-015-29704 | LEA D #010                      |
| 46) | 30-015-29701 | LEA D #020                      |
| 47) | 30-025-00456 | MALJAMAR GRAYBURG UNIT #019     |
| 48) | 30-025-32976 | MALJAMAR GRAYBURG UNIT #092     |
| 49) | 30-025-32039 | MALJAMAR GRAYBURG UNIT #095     |
| 50) | 30-025-33381 | MALJAMAR GRAYBURG UNIT #099     |
| 51) | 30-015-26656 | MAX FRIESS MA #005              |
| 52) | 30-015-23126 | MCCLAY FEDERAL #013             |
| 53) | 30-025-21856 | MESCALERO RIDGE UNIT #022       |
| 54) | 30-025-21857 | MESCALERO RIDGE UNIT #263       |
| 55) | 30-025-20302 | MESCALERO RIDGE UNIT #351       |
| 56) | 30-025-20693 | MESCALERO RIDGE UNIT #356       |
| 57) | 30-015-25412 | RED LAKE UNIT #013              |
| 58) | 30-025-09052 | SEVEN RIVERS QUEEN UNIT #002    |
| 59) | 30-025-09167 | SEVEN RIVERS QUEEN UNIT #018    |

|     |              |                              |
|-----|--------------|------------------------------|
| 60) | 30-025-28683 | SEVEN RIVERS QUEEN UNIT #062 |
| 61) | 30-025-37792 | SEVEN RIVERS QUEEN UNIT #080 |
| 62) | 30-015-05152 | SKELLY UNIT #001             |
| 63) | 30-015-05160 | SKELLY UNIT #025             |
| 64) | 30-015-05162 | SKELLY UNIT #032             |
| 65) | 30-015-05140 | SKELLY UNIT #033             |
| 66) | 30-015-05361 | SKELLY UNIT #039             |
| 67) | 30-015-05360 | SKELLY UNIT #040             |
| 68) | 30-015-05343 | SKELLY UNIT #041             |
| 69) | 30-015-10500 | SKELLY UNIT #043             |
| 70) | 30-015-05364 | SKELLY UNIT #047             |
| 71) | 30-015-05315 | SKELLY UNIT #061             |
| 72) | 30-015-05338 | SKELLY UNIT #068             |
| 73) | 30-015-05372 | SKELLY UNIT #072             |
| 74) | 30-015-05340 | SKELLY UNIT #077             |
| 75) | 30-015-05422 | SKELLY UNIT #085             |
| 76) | 30-015-05421 | SKELLY UNIT #086             |
| 77) | 30-015-05426 | SKELLY UNIT #088             |
| 78) | 30-015-05429 | SKELLY UNIT #089             |
| 79) | 30-015-05441 | SKELLY UNIT #095             |
| 80) | 30-015-05358 | SKELLY UNIT #101             |
| 81) | 30-015-05147 | SKELLY UNIT #102             |
| 82) | 30-015-05146 | SKELLY UNIT #104             |
| 83) | 30-015-20410 | SKELLY UNIT #107             |
| 84) | 30-015-22255 | SKELLY UNIT #121             |
| 85) | 30-015-22261 | SKELLY UNIT #127             |
| 86) | 30-015-25040 | SKELLY UNIT #158             |
| 87) | 30-025-28263 | STATE UTP #002               |
| 88) | 30-015-05275 | TURNER A #024                |
| 89) | 30-015-05230 | TURNER A #032                |
| 90) | 30-015-05231 | TURNER A #033                |
| 91) | 30-015-05232 | TURNER A #034                |
| 92) | 30-015-28795 | TURNER A #052                |
| 93) | 30-015-05290 | TURNER B #018                |
| 94) | 30-015-05438 | TURNER B #023                |

|                   |                 |
|-------------------|-----------------|
| 95) 30-015-05434  | TURNER B #025   |
| 96) 30-015-05190  | TURNER B #031   |
| 97) 30-015-05191  | TURNER B #032   |
| 98) 30-015-05305  | TURNER B #033   |
| 99) 30-015-05306  | TURNER B #034   |
| 100) 30-015-05193 | TURNER B #037   |
| 101) 30-015-05308 | TURNER B #038   |
| 102) 30-015-05309 | TURNER B #039   |
| 103) 30-015-05194 | TURNER B #040   |
| 104) 30-015-05454 | TURNER B #071   |
| 105) 30-015-05201 | V L FOSTER #002 |
| 106) 30-015-05203 | V L FOSTER #004 |

Linn Operating, Inc.

By: Jamin McNeil

Title: Vice President-Operations

*Jm*