

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

NMOCD – ACOI- 262-A

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, 2013 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, 2013. 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, 2013;
    - (c) agrees to submit a compliance report as required in Ordering Paragraph 3 by the August 17, 2013 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 12<sup>th</sup> day of Feb, 2013

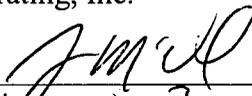
By: \_\_\_\_\_

Janir 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 McVick  
Title: VP Operations  
Date: 2/8/2013

**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)  | 30-025-01496 | CAPROCK MALJAMAR UNIT #069      |
| 6)  | 30-025-32893 | CAPROCK MALJAMAR UNIT #154      |
| 7)  | 30-025-32931 | CAPROCK MALJAMAR UNIT #164      |
| 8)  | 30-025-32425 | CAPROCK MALJAMAR UNIT #165      |
| 9)  | 30-025-33083 | CAPROCK MALJAMAR UNIT #175      |
| 10) | 30-025-32427 | CAPROCK MALJAMAR UNIT #192      |
| 11) | 30-025-32841 | CAPROCK MALJAMAR UNIT #195      |
| 12) | 30-025-33281 | CAPROCK MALJAMAR UNIT #210      |
| 13) | 30-025-33751 | CAPROCK MALJAMAR UNIT #267      |
| 14) | 30-025-34224 | CAPROCK MALJAMAR UNIT #400      |
| 15) | 30-015-20246 | COLLATT ESTATE COM #001         |
| 16) | 30-025-24919 | DOWNES B #003                   |
| 17) | 30-025-07949 | EAST HOBBS SAN ANDRES UNIT #702 |
| 18) | 30-015-28856 | FRIESS FEDERAL #004             |
| 19) | 30-015-05068 | H E WEST B #003                 |
| 20) | 30-015-28131 | H E WEST B #072                 |
| 21) | 30-025-23183 | HUMPHREY QUEEN UNIT #020        |
| 22) | 30-025-23306 | LANGLIE MATTIX QUEEN UNIT #003  |
| 23) | 30-025-11694 | LANGLIE MATTIX QUEEN UNIT #030  |
| 24) | 30-025-20173 | LEA 4011 STATE #001             |

ACOI

Linn Operating, Inc. OGRID 269324

Page 4 of 6

25)	30-015-05413	LEA D #003
26)	30-015-05414	LEA D #004
27)	30-015-05415	LEA D #005
28)	30-015-05416	LEA D #006
29)	30-015-20658	LEA D #007
30)	30-015-29704	LEA D #010
31)	30-015-29701	LEA D #020
32)	30-025-00456	MALJAMAR GRAYBURG UNIT #019
33)	30-025-32976	MALJAMAR GRAYBURG UNIT #092
34)	30-025-33381	MALJAMAR GRAYBURG UNIT #099
35)	30-015-26656	MAX FRIESS MA #005
36)	30-025-21856	MESCALERO RIDGE UNIT #022
37)	30-025-21857	MESCALERO RIDGE UNIT #263
38)	30-025-20302	MESCALERO RIDGE UNIT #351
39)	30-025-20693	MESCALERO RIDGE UNIT #356
40)	30-015-25412	RED LAKE UNIT #013
41)	30-025-09052	SEVEN RIVERS QUEEN UNIT #002
42)	30-025-37792	SEVEN RIVERS QUEEN UNIT #080
43)	30-015-05160	SKELLY UNIT #025
44)	30-015-05360	SKELLY UNIT #040
45)	30-015-10500	SKELLY UNIT #043
46)	30-015-05372	SKELLY UNIT #072
47)	30-015-05340	SKELLY UNIT #077
48)	30-015-05426	SKELLY UNIT #088
49)	30-015-05429	SKELLY UNIT #089
50)	30-015-22261	SKELLY UNIT #127
51)	30-025-28263	STATE UTP #002
52)	30-015-05275	TURNER A #024
53)	30-015-05230	TURNER A #032
54)	30-015-05231	TURNER A #033
55)	30-015-05232	TURNER A #034
56)	30-015-28795	TURNER A #052
57)	30-015-05290	TURNER B #018
58)	30-015-05438	TURNER B #023
59)	30-015-05434	TURNER B #025

60)	30-015-05190	TURNER B #031
61)	30-015-05191	TURNER B #032
62)	30-015-05305	TURNER B #033
63)	30-015-05306	TURNER B #034
64)	30-015-05193	TURNER B #037
65)	30-015-05308	TURNER B #038
66)	30-015-05309	TURNER B #039
67)	30-015-05194	TURNER B #040
68)	30-015-05454	TURNER B #071
69)	30-015-05201	V L FOSTER #002
70)	30-015-05203	V L FOSTER #004

Linn Operating, Inc.

By:

Title:

*JMP*  
*VP Operations*