Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

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.

5. Lease Serial No
NMLC029435A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other: INJECTION

8. Well Name and No
J L KEEL A 4

2. Name of Operator
LINN OPERATING INCORPORATED
Contact: TERRY B CALLAHAN
E-Mail: tcallahan@linnenergy.com

9. API Well No
30-015-05092-00-S1

3a. Address
600 TRAVIS STREET SUITE 5100
HOUSTON, TX 77002

3b. Phone No. (include area code)
Ph: 281-840-4272

10. Field and Pool, or Exploratory
GRAYBURG

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 7 T17S R31E NESW 1650FSL 2310FWL
UL K

11. County or Parish, and State
EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☒ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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)

RETURN TO INJECTION.

LINN PROPOSES TO MOVE A RIG ONTO LOCATION TO IDENTIFY THE SOURCE OF LEAKOFF WHICH HAS RESULTED IN A FAILED MIT. LINN WILL INSPECT THE PACKER, INJECTION TUBING, AND CASING AS NECESSARY. IF A LEAK IS IDENTIFIED, LINN WILL ISOLATE THE LEAK AND SQUEEZE IT OFF WITH CEMENT. IF THE SCOPE OF THE PROJECT CHANGES, LINN WILL SUBMIT A NEW NOI.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record
NMOCD RC
8/8/11

RECEIVED
AUG 4 2011
NMOCD ARTESIA

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

Electronic Submission #112936 verified by the BLM Well Information System
For LINN OPERATING INCORPORATED, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH MCKINNEY on 07/15/2011 (11DLM1076SE)

Name *(Printed/Typed)* TERRY B CALLAHAN — Title REGULATORY SPECIALIST III

Signature (Electronic Submission) — Date 07/14/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED — DUNCAN WHITLOCK
Title LEAD PETROLEUM ENGINEERING TECH — Date 08/01/2011

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 Carlsbad

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

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Conditions of Approval: Wells with Packers*

Linn Operating, Inc.

J L Keel A - 004

July 25, 2011

1. Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
    a. The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
    b. Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
    c. Notify Paul R. Swartz at 575-234-5985 and/or 575-200-7902 at least 24 hours before the test. If there is no response, notify the BLM on call drilling phone, 575-361-2822.
    d. Submit a subsequent Sundry Form 3160-5 relating the MIT activity. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
    e. Use of tubing internal protection, on/off tubing equipment just above the packer, and a profile nipple installation is required. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore work.
    f. **Submit the original subsequent sundry with three copies to BLM Carlsbad.**

2. Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
    a. Approved injection pressure compliance is required.
    b. If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
    c. When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum.
    i. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
    e. Other unexplained significant variations of rate or pressure to be reported within 5 days of notice.

3. The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity.
    a. The annulus is to be maintained full of packer fluid at atmospheric pressure. Installation of equipment that will display on site, continuous open to the air fluid level is required. A BLM inspector may request verification of this fluid level at any time.
    b. **Submit a subsequent report (Sundry Form 3160-5)** describing the installation of packer fluid level monitoring equipment within 30 days of this approval.
    c. The operator shall keep monthly records documenting that the casing annulus is fluid filled. A suggested format for these records is available from the BLM Carlsbad Field Office. Copies of those records shall be furnished at the request of a BLM authorized officer.
    d. Loss of packer fluid above five barrels per month requires notification of the BLM authorized officer within 5 days.
    e. Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0psia. Notify the BLM's authorized officer (Paul R. Swartz at 575-200-7902). If there is no response, notify the BLM on call drilling phone, 575-361-2822.
    f. Also submit to this office a (Sundry Form 3160-5) Notice of Intent (NOI) for approval by BLM and NMOCD with a detailed plan for correction and the anticipated date of correction. Verbal approval for the plan may be given by a BLM authorized officer, with the NOI filed within five business days.
    g. After the repairs submit a (Sundry Form 3160-5) Subsequent report, describing the repair(s) and Mechanical Integrity Test as per item 1 above.

*COA's prepared by Paul R. Swartz