

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.*5. Lease Serial No.
NMLC029435B

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other: INJECTION8. Well Name and No.
J L KEEL B 72. Name of Operator
LINN OPERATING, INC.Contact: NANCY S FITZWATER
E-Mail: nfitzwat@linnenergy.com9. API Well No.
30-015-051083a. Address
600 TRAVIS ST., SUITE 5100
HOUSTON, TX 770023b. Phone No. (include area code)
Ph: 281-840-4266
Fx: 281-840-400310. Field and Pool, or Exploratory
GRAYBURG JACKSON

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 8 T17S R31E NENW 660FNL 1980FWL
32.854440 N Lat, 103.893140 W Lon11. 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

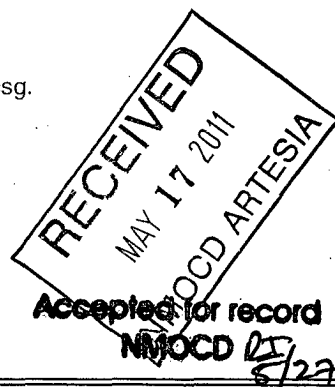
TYPE OF ACTION

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

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 recompletable 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 recompletable 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.)

WORK COMPLETED: Isolated leak on 7" production casing from 33' - surface. RBP is set @ 33'.

PROPOSED PROCEDURE: Run a CBL from 1000' to surface. Attempt csg backoff on 7" production csg. Inspect the 7" top joint and back off the 2nd csg jt if necessary. Replace the 7" csg jts with new 7", 26#, J-55 SH 10-VT and screw back into the 7" csg. Pressure test the 7" csg to make sure the jts were properly screwed back in. Change out the wellhead if necessary. Dig around wellhead to check for additional leaks on the surface csg string. If 10-3/4" surface csg has any leaks, weld a patch on the 10-3/4" surface csg leak.

SEE ATTACHED FOR
CONDITIONS OF APPROVALSUBJECT TO LIKE
APPROVAL BY STATE

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

Electronic Submission #107635 verified by the BLM Well Information System
For LINN OPERATING, INC., sent to the Carlsbad

Name (Printed/Typed) DAVID GONZALES

Title ENGINEER

Signature (Electronic Submission)

Date 05/05/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

PR 05/10/2011

Approved By

Title

LPE 1

Date

5/12/11

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

CFO

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 **

Conditions of Approval: Wells with Packers*

Linn Operating, inc.

J L Keel B 7

May 10, 2011

1. Conduct a Mechanical Integrity Test of the tubing/casing annulus when a tubing, packer or casing seal is broken and any time more than five barrels of packer fluid is replaced within 30 days.
 - a. The minimum test pressure should be 500 psig, 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). Trap that pressure and record it on a chart for 30 minutes. Document the MIT on a calibrated recorder chart within 25 to 85 per cent of its full range.
 - b. 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.
 - c. Less than a 10% leakoff may not restrict injection approval. Any leak-off will be evaluated.
 - 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 will retain the original recorded MIT chart.
 - e. Use of internal protected tubing, on/off equipment, 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 the NMOCD order is required, submit documentation of that permit.
 - 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.
 - 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 atmosphere 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. Loss of packer fluid above five barrels per month requires notification of the BLM authorized officer within 5 days.
 - c. Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of Opsia. Notify the BLMs authorized officer (Paul R. Swartz at 575-200-7902). If there is no response, notify the BLM on call drilling phone, 575-361-2822.
 - d. Also submit to this office a (Sundry Form 3160-5) Notice of Intent (NOI) for approval by BLM and NMOCD a plan for correction and the anticipated date of correction. The lack of records documenting a continuous fluid packed casing will require rapid correction. Verbal approval for the plan may be given from a BLM authorized officer, with the NOI filed soon after.
 - e. 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