

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.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. J L KEEL B 34 ✓
2. Name of Operator LINN OPERATING INCORPORATED E-Mail: nfitzwater@linnenergy.com		9. API Well No. 30-015-25447-00-S1
3a. Address 600 TRAVIS STREET SUITE 5100 HOUSTON, TX 77002	3b. Phone No (include area code) Ph: 281-840-4266 Fx: 281-840-4003	10. Field and Pool, or Exploratory GRAYBURG
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 6 T17S R31E SENE 1880FNL 660FEL ✓ UL H		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			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompleat 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 recompleat 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 TO RETURN WELL TO INJECTION:

6/30/11 RUWSU, FLOWBACK, NDWH, NUBOP, POOH W/TBG. TIH & TAG BTM @ 3477'. FOUND 187' OF FILL.
7/05/11 MIRU DRILLING UNIT, DRILLED OUT TO 3608', CIRC WELL CLEAN.
7/07/11 PU 5-1/2" ARROW SET 1 PKR W/1.50 PROFILE NIPPLE. T2 ON/OFF TOOL, TIH TESTING TO 5000 PSI.
NDBOP NUWH LAND TBG. CIRC 60 BBLs PKR FLUID NDWH SET PKR @ 2750', CSG STILL FLOWING, CSG IS LEAKING. NDWH NUBOP, RELEASE PKR, POOH W/TBG & PKR.
7/08/11 MIRUWS, PU 5-1/2" PKR & RBP. SET RBP @ 2724'. TEST TO 500 PSI, LOST 400 PSI. CONTINUE TESTING WITH SAME RESULTS. PU 5-1/2" AD 1 TIH & SET @ 2724 TEST PLUG 560 PSI FOR 15 MIN 100% TEST. TOOH ISOLATING LEAK, FOUND HOLE TO BE FROM 503' TO 563'. RELEASE PKR POOH. NOTIFIED RANDY W/OCD OF INTENTIONS TO PERFORM SQZ CEMENT JOB ON HOLES IN CSG.
7/11/11 RIH & DUMP SAND ON TOP OF RBP. MIX & PUMP 250 SXS CLASS C CMT W/2% CALC 1.32 YIELD (85

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct	
Electronic Submission #115456 verified by the BLM Well Information System For LINN OPERATING INCORPORATED, sent to the Carlsbad Committed to AFMSS for processing by DEBORAH MCKINNEY on 08/22/2011 (11DLM1223SE)	
Name (Printed/Typed) NANCY S FITZWATER	Title REGULATORY COMPLIANCE ADVISOR
Signature (Electronic Submission)	Date 08/18/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	DUNCAN WHITLOCK Title LEAD PETROLEUM ENGINEERING TECH	Date 09/19/2011
	Office Carlsbad Accepted for record NMOCD 9/29/11	

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

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 ****

Additional data for EC transaction #115456 that would not fit on the form

32. Additional remarks, continued

BBLS). WELL ON VACUUM. SWI

7/12/11 TIH & TAGGED CMT @ 130', 371' CMT ABOVE CSG LEAK. RU REVERSE UNIT PRESSURE TEST CSG TO 500 PSI, GOOD. RU BIT, DRILL OUT TO 363', CIRC CLEAN.

7/13/11 DRILLED DOWN & FELL THRU CMT @ 564', PRESSURE TEST SQZ TO 650 PSI, LOST PSI.

7/14/11 TIH, SET EOT @ 592'. PUMP 1 BBL H₂O, 2 BBL 15.1 SLURRY W/2% CALC, TBG PRESSURE 320 PSI.

HAD TO RU NEW WH & BOP. PRESSURE TEST BOP TO 500 PSI. CIRC CMT OUT CLEAN HOLE.

7/15/11 PUMP 50 SXS CMT @ 14.8 PPG, PUT 500 PSI ON WELL & SWI.

7/18/11 TIH & TAG CMT @ 306', DRILL OUT TO 498', TST CSG, CSG WOULD NOT HOLD PSI. CIRC HOLE

CLEAN. POOH. SWI

7/20/11 DRILL DOWN TO 556' & FELL OUT OF CMT. CIRC. PUMP 50 SXS C NEAT W/100# CALC CHLORIDE ADDED TO MAKE 2%. PUT 500 PSI ON WELL SWI

7/21/11 TIH TAG UP & DRILLED TO 181', CMT WAS GREEN.

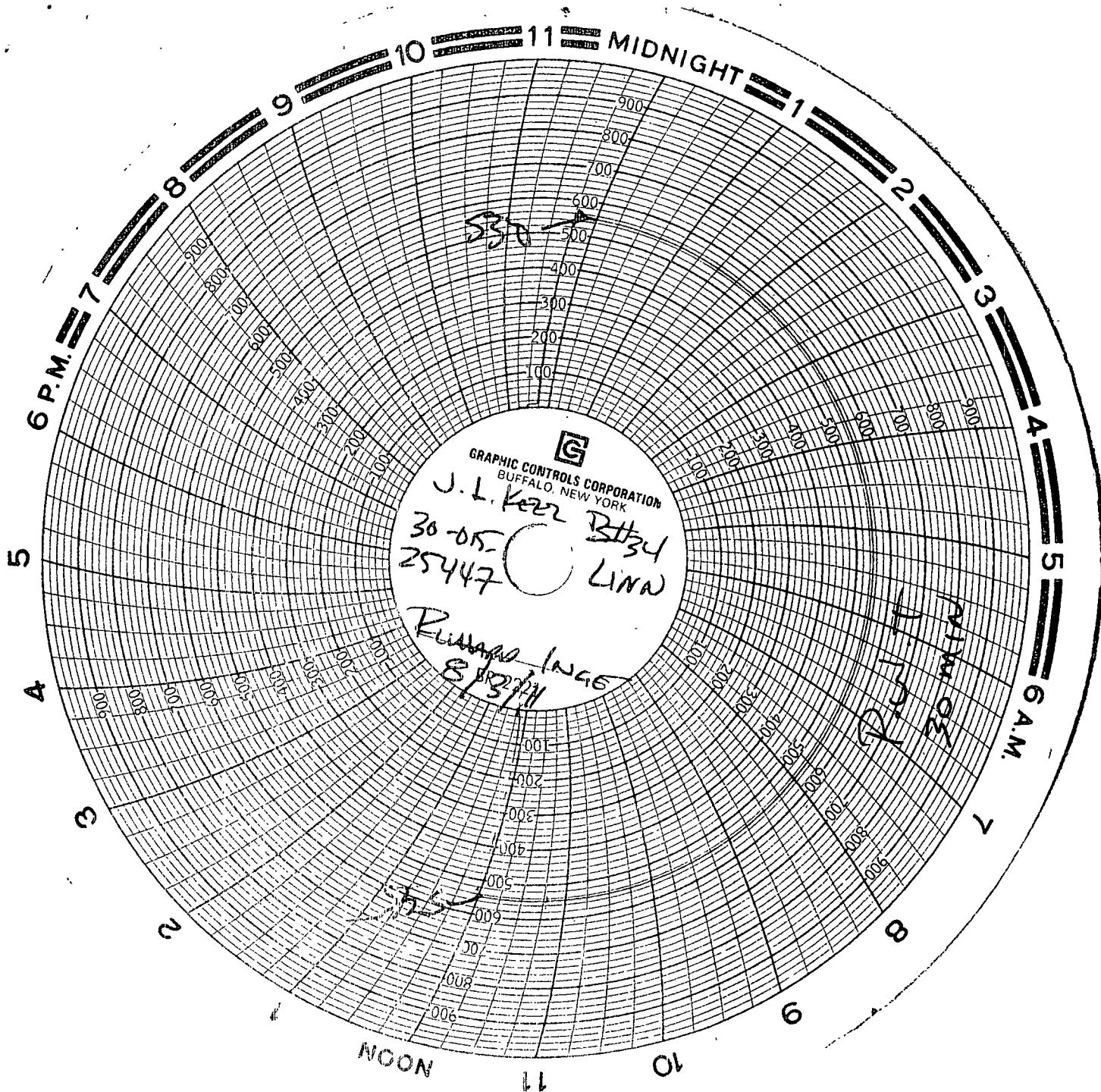
7/25/11 DRILLED DOWN TO 245' PRESSURE TEST, TO 500 PSI, LOST PSI.

7/26/11 DRILLED DOWN TO 587', FELL OUT OF CMT @ 604'. CIRC HOLE CLEAN. PRESSURE TEST CSG 500 PSI FOR 30 MIN, HELD 100%. BLEED DOWN, RETEST, HELD AGAIN. TAG SAND @ 2704', CIRC SAND OFF RBP. RELEASE RBP. FLOWBACK WELL.

7/28/11 RELEASE RBP TOOH W/WS & RBP. PU 5-1/2" ARROW SET 1 PKR., ND BOP, LAND TBG CIRC 60 BBLS PKR FLUID, SET PKR @ 2750. PERFORM MOCK MIT 500 PSI, LOST 10 PSI, 30 MIN. GOOD. RDMO.

08/02/11 RICHARD INGE PERFORMED WITNESSED MIT ON WELL. GOOD TEST. RTI.

WELL RETURNED TO INJECTION.



Conditions of Approval: Wells with Packers*

Linn Operating Inc.

J L Keel B 034

API 3001525447

September 14, 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. In Lea County call 575-393-3612.
 - d. Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. 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.
 - a. Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of Opsia. 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. In Lea County call 575-393-3612.
 - e. 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.
 - f. 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