

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS **Carlsbad Field Office**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals. **OCD Artesia**

5. Serial No. See Attached
6. Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.
8920002760

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Multiple--See Attached

2. Name of Operator Contact: MINDY KOTESKY
LINN OPERATING INCORPORATED E-Mail: MKOTESKY@LINNENERGY.COM

9. API Well No.
Multiple--See Attached

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

3b. Phone No. (include area code)
Ph: 281-840-4208

10. Field and Pool, or Exploratory
GRAYBURG
GRAYBURG JACKSON

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

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 checked="" 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 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 type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" 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 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.)

LINN RESPECTFULLY REQUESTS TO FLARE FROM 8/13/16 TO 10/31/16 AT 42 MCF/D FROM THE SKELLY UNIT B BATTERY DUE TO REQUEST FROM FRONTIER GAS PLANT TO SHUT-IN BATTERY DUE TO HIGH NITROGEN CONTENT IN GAS. PLEASE SEE ATTACHED LIST FOR THE WELLS INCLUDED IN THIS BATTERY.

NM OIL CONSERVATION
ARTESTA DISTRICT
NOV 14 2016
RECEIVED

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

**Electronic Submission #353772 verified by the BLM Well Information System
For LINN OPERATING INCORPORATED, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH MCKINNEY on 10/07/2016 (17DLM0037SE)**

Name (Printed/Typed) MINDY KOTESKY	Title REGULATORY SPECIALIST
Signature (Electronic Submission)	Date 10/06/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>MUSTAFA HAQUE</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>11/07/2016</u>
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.

Additional data for EC transaction #353772 that would not fit on the form

5. Lease Serial No., continued

NMLC029418A
 NMLC029419A
 NMLC029419B
 NMNM98120
 NMNM98121
 NMNM98122

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM71030A	NMNM98120	SKELLY UNIT 78	30-015-05366-00-S1	Sec 23 T17S R31E SWSW 1278FSL 660FWL
NMNM71030A	NMLC029419A	SKELLY UNIT 118	30-015-22252-00-S1	Sec 22 T17S R31E NESE 1880FSL 660FEL
NMNM71030A	NMLC029419A	SKELLY UNIT 122	30-015-22256-00-S1	Sec 22 T17S R31E SWSE 600FSL 1880FEL
NMNM71030A	NMLC029419A	SKELLY UNIT 123	30-015-22257-00-S1	Sec 22 T17S R31E SWSW 560FSL 660FWL
NMNM71030A	NMNM98122	SKELLY UNIT 130	30-015-22264-00-S1	Sec 28 T17S R31E NENE 760FNL 760FEL
NMNM71030A	NMNM98122	SKELLY UNIT 131	30-015-22265-00-S1	Sec 28 T17S R31E SWNE 1880FNL 1880FEL
NMNM71030A	NMLC029419B	SKELLY UNIT 132	30-015-22266-00-S1	Sec 27 T17S R31E NENW 760FNL 1900FWL
NMNM71030A	NMLC029419B	SKELLY UNIT 133	30-015-22267-00-S1	Sec 27 T17S R31E NENE 760FNL 660FEL
NMNM71030A	NMLC029419B	SKELLY UNIT 134	30-015-22268-00-S1	Sec 27 T17S R31E SWNW 1860FNL 660FWL
NMNM71030A	NMLC029419B	SKELLY UNIT 135	30-015-22269-00-S1	Sec 27 T17S R31E SWNE 2080FNL 2080FEL
NMNM71030A	NMNM98122	SKELLY UNIT 136	30-015-22481-00-S1	Sec 28 T17S R31E SWNW 1830FNL 660FWL
NMNM71030A	NMNM98122	SKELLY UNIT 137	30-015-22506-00-S1	Sec 28 T17S R31E NENW 810FNL 2080FWL
NMNM71030A	NMNM98120	SKELLY UNIT 138	30-015-22482-00-S1	Sec 26 T17S R31E NENW 510FNL 1980FWL
NMNM71030A	NMNM98120	SKELLY UNIT 139	30-015-22507-00-S1	Sec 23 T17S R31E SWSE 510FSL 1980FEL
NMNM71030A	NMNM98120	SKELLY UNIT 140	30-015-22509-00-S1	Sec 23 T17S R31E SESE 810FSL 810FEL
NMNM71030A	NMNM98120	SKELLY UNIT 141	30-015-22484-00-S1	Sec 23 T17S R31E NESE 210FSL 660FEL
NMNM71030A	NMNM98120	SKELLY UNIT 142	30-015-22510-00-S1	Sec 23 T17S R31E NESW 1980FSL 2130FWL
NMNM71030A	NMLC029418A	SKELLY UNIT 143	30-015-22513-00-S1	Sec 23 T17S R31E SWNE 2130FNL 1980FEL
NMNM71030A	NMLC029419A	SKELLY UNIT 158	30-015-25040-00-D1	Sec 22 T17S R31E SESE 1310FSL 1310FEL
NMNM71030A	NMLC029419A	SKELLY UNIT 159	30-015-25041-00-D1	Sec 22 T17S R31E SESW 1310FSL 2630FWL
NMNM71030A	NMLC029419A	SKELLY UNIT 159	30-015-25041-00-D2	Sec 22 T17S R31E SESW 1310FSL 2630FWL
NMNM71030A	NMLC029419A	SKELLY UNIT 160	30-015-25042-00-D1	Sec 22 T17S R31E SWSW 1270FSL 1310FWL
NMNM71030A	NMLC029419A	SKELLY UNIT 160	30-015-25042-00-D2	Sec 22 T17S R31E SWSW 1270FSL 1310FWL
NMNM71030A	NMLC029418A	SKELLY UNIT 229	30-015-29235-00-S1	Sec 23 T17S R31E NWNE 1219FNL 2344FEL
NMNM71030A	NMLC029418A	SKELLY UNIT 230	30-015-29236-00-S1	Sec 23 T17S R31E NENE 1198FNL 1296FEL
NMNM71030A	NMNM98120	SKELLY UNIT 240	30-015-29032-00-S1	Sec 23 T17S R31E NWSW 2403FSL 78FWL
NMNM71030A	NMLC029418A	SKELLY UNIT 241	30-015-29033-00-S1	Sec 23 T17S R31E SENW 2558FNL 1455FWL
NMNM71030A	NMNM98120	SKELLY UNIT 242	30-015-29237-00-S1	Sec 23 T17S R31E NWSE 2630FSL 2581FEL
NMNM71030A	NMLC029418A	SKELLY UNIT 243	30-015-29183-00-S1	Sec 23 T17S R31E SWNE 2616FNL 1343FEL
NMNM71030A	NMNM98120	SKELLY UNIT 253	30-015-28950-00-S1	Sec 23 T17S R31E SWSW 1300FSL 27FWL
NMNM71030A	NMNM98120	SKELLY UNIT 254	30-015-29034-00-S1	Sec 23 T17S R31E NWSW 1360FSL 1229FWL
NMNM71030A	NMNM98120	SKELLY UNIT 255	30-015-29238-00-S1	Sec 23 T17S R31E NWSE 1333FSL 2596FEL
NMNM71030A	NMNM98120	SKELLY UNIT 256	30-015-28974-00-S1	Sec 23 T17S R31E NWSE 1403FSL 1387FEL
NMNM71030A	NMNM98122	SKELLY UNIT 259	30-015-28975-00-S1	Sec 28 T17S R31E NWNW 142FNL 1302FWL
NMNM71030A	NMNM98122	SKELLY UNIT 260	30-015-28811-00-S1	Sec 21 T17S R31E SESW 105FSL 2540FWL
NMNM71030A	NMNM98122	SKELLY UNIT 261	30-015-28812-00-S1	Sec 28 T17S R31E NWNE 30FNL 1400FEL
NMNM71030A	NMNM98122	SKELLY UNIT 262	30-015-28789-00-S1	Sec 21 T17S R31E SESE 105FSL 125FEL
NMNM71030A	NMNM98121	SKELLY UNIT 265	30-015-29209-00-S1	Sec 27 T17S R31E NWNE 158FNL 1438FEL
NMNM71030A	NMNM98120	SKELLY UNIT 266	30-015-28951-00-S1	Sec 26 T17S R31E NWNW 35FNL 33FWL
NMNM71030A	NMNM98120	SKELLY UNIT 267	30-015-29224-00-S1	Sec 23 T17S R31E SWSW 35FSL 1285FWL
NMNM71030A	NMNM98122	SKELLY UNIT 272	30-015-29064-00-S1	Sec 28 T17S R31E NENW 1213FNL 1428FWL
NMNM71030A	NMNM98122	SKELLY UNIT 273	30-015-29239-00-S1	Sec 28 T17S R31E SWNE 1387FNL 2529FEL
NMNM71030A	NMNM98122	SKELLY UNIT 274	30-015-29210-00-S1	Sec 28 T17S R31E SWNE 1443FNL 1462FEL
NMNM71030A	NMNM98122	SKELLY UNIT 275	30-015-28881-00-S1	Sec 28 T17S R31E NENE 1270FNL 120FEL
NMNM71030A	NMLC029419B	SKELLY UNIT 276	30-015-29225-00-S1	Sec 27 T17S R31E NWNW 1290FNL 1226FWL
NMNM71030A	NMLC029419B	SKELLY UNIT 277	30-015-28967-00-S1	Sec 27 T17S R31E SWNE 1330FNL 2628FEL
NMNM71030A	NMLC029419B	SKELLY UNIT 278	30-015-29226-00-S1	Sec 27 T17S R31E NWNE 1310FNL 1330FEL
NMNM71030A	NMNM98122	SKELLY UNIT 283	30-015-29227-00-S1	Sec 28 T17S R31E SWNW 2598FNL 1279FWL
NMNM71030A	NMNM98122	SKELLY UNIT 284-Y	30-015-29314-00-S1	Sec 28 T17S R31E NWSE 2586FSL 2535FEL
NMNM71030A	NMNM98122	SKELLY UNIT 302	30-015-29712-00-S1	Sec 28 T17S R31E NWNW 600FNL 583FWL
NMNM71030A	NMNM98122	SKELLY UNIT 400	30-015-29856-00-S1	Sec 21 T17S R31E SWSW 100FSL 260FWL
NMNM71030A	NMNM98122	SKELLY UNIT 401	30-015-29817-00-S1	Sec 28 T17S R31E NWNW 1300FNL 60FWL
NMNM71030A	NMNM98122	SKELLY UNIT 402	30-015-29860-00-S1	Sec 28 T17S R31E SWNW 2625FNL 230FWL
NMNM71030A	NMNM98120	SKELLY UNIT 403	30-015-31069-00-S1	Sec 23 T17S R31E NESE 1320FSL 20FEL

Revisions to Operator-Submitted EC Data for Sundry Notice #353772

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	OTHER NOI	OTHER NOI
Lease:	NMNM98120	NMLC029418A NMLC029419A NMLC029419B NMNM98120 NMNM98121 NMNM98122
Agreement:		8920002760 (NMNM71030A)
Operator:	LINN OPERATING, INC. 600 TRAVIS, SUITE 5100 HOUSTON, TX 77002 Ph: 281-840-4000	LINN OPERATING INCORPORATED 600 TRAVIS STREET SUITE 5100 HOUSTON, TX 77002 Ph: 713.223.0880
Admin Contact:	MINDY KOTESKY REGULATORY SPECIALIST E-Mail: MKOTESKY@LINNENERGY.COM Cell: 281-799-7469 Ph: 281-840-4208	MINDY KOTESKY REGULATORY SPECIALIST E-Mail: MKOTESKY@LINNENERGY.COM Ph: 281-840-4208
Tech Contact:	MINDY KOTESKY REGULATORY SPECIALIST E-Mail: MKOTESKY@LINNENERGY.COM Cell: 281-799-7469 Ph: 281-840-4208	MINDY KOTESKY REGULATORY SPECIALIST E-Mail: MKOTESKY@LINNENERGY.COM Ph: 281-840-4208
Location:		
State:	NM	NM
County:	EDDY COUNTY	EDDY
Field/Pool:	GRAYBURG JACKSON;SRQGSA	GRAYBURG GRAYBURG JACKSON
Well/Facility:	SKELLY UNIT 78 Sec 23 T17S R31E Mer 6PM SWSW 1278FSL 660FWL	SKELLY UNIT 78 Sec 23 T17S R31E SWSW 1278FSL 660FWL SKELLY UNIT 118 Sec 22 T17S R31E NESE 1880FSL 660FEL SKELLY UNIT 122 Sec 22 T17S R31E SWSE 600FSL 1880FEL SKELLY UNIT 123 Sec 22 T17S R31E SWSW 560FSL 660FWL SKELLY UNIT 130 Sec 28 T17S R31E NENE 760FNL 760FEL SKELLY UNIT 131 Sec 28 T17S R31E SWNE 1880FNL 1880FEL SKELLY UNIT 132 Sec 27 T17S R31E NENW 760FNL 1900FWL SKELLY UNIT 133 Sec 27 T17S R31E NENE 760FNL 660FEL SKELLY UNIT 134 Sec 27 T17S R31E SWNW 1860FNL 660FWL SKELLY UNIT 135 Sec 27 T17S R31E SWNE 2080FNL 2080FEL SKELLY UNIT 136 Sec 28 T17S R31E SWNW 1830FNL 660FWL SKELLY UNIT 137 Sec 28 T17S R31E NENW 810FNL 2080FWL SKELLY UNIT 138 Sec 26 T17S R31E NENW 510FNL 1980FWL SKELLY UNIT 139 Sec 23 T17S R31E SWSE 510FSL 1980FEL SKELLY UNIT 140 Sec 23 T17S R31E SESE 810FSL 810FEL SKELLY UNIT 141 Sec 23 T17S R31E NESE 2210FSL 660FEL SKELLY UNIT 142 Sec 23 T17S R31E NESW 1980FSL 2130FWL SKELLY UNIT 143 Sec 23 T17S R31E SWNE 2130FNL 1980FEL SKELLY UNIT 158 Sec 22 T17S R31E SESE 1310FSL 1310FEL SKELLY UNIT 159 Sec 22 T17S R31E SESW 1310FSL 2630FWL SKELLY UNIT 159

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Linn Operating Inc.
Skelly Unit 78
NMNM98120

11/07/2016

Pursuant to **NTL-4A III**, Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. Emergencies. During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. Well Purging and Evaluation Tests. During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. Initial Production Tests. During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in NTL-4A III.B and C above, only after approval by the Supervisor.

If a flaring event conforms with the requirements listed above as per NTL-4A III., the flared volumes are not royalty bearing and the operator does not need to submit a Sundry Notice. Report flared volumes as unavoidably lost on OGOR B.

Condition of Approval to Flare Gas

1. The first 24 hours of a temporary emergency flare* is considered "unavoidably lost" and is therefore royalty free. Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). NTL-4A specifies no more than 24 hours per incident and no more 144 hours cumulative for the lease during any calendar month. These Volumes are not royalty bearing and shall be reported on OGOR "B" as either disposition code "21" or "22".
2. Flared volumes considered to be "avoidably lost":
 - Exceeding the first 24 hours for each temporary emergency flare event (144 hours cumulative for the lease per month), well purging and evaluation test.
 - During initial well evaluation tests, exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first
 - Scheduled flaring operations

These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in NTL-4A are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with NTL-4A.IV.B.. Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "08". If the operator believes that the flared volumes were "unavoidably lost" and the BLM determines them to be "avoidably lost", the operator can submit a more detailed request via Sundry Notice (Form 3160-5) for an exception in accordance with NTL-4A.IV.B.. As an

alternative to producing oil and flaring gas the operator may choose to shut the well in and avoid paying royalties on otherwise avoidably lost gas.

3. Approval not to exceed 90 days, (from 08/13/2016 to 10/31/2016), if flaring is still required past 90 days submit new request for approval.
4. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a Sundry Notice (Form 3160-5). Include method for volume determination and duration. Report unavoidably lost (first 24 hrs of unexpected event) and avoidably lost (exceeding the first 24 hrs or flared gas that has been approved as avoidably lost by the Authorized Officer) volumes and durations on the Subsequent Report.
5. In determining the volumes of gas to be reported in accordance with NTL-4A the BLM CFO requires Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on Sundry Notice (Form 3160-5).
 - o If installation of an approved gas meter is not economically feasible for continued operations. Submit Notice of Intent - Sundry Notice (Form 3160-5) to request an alternate method of determining gas volumes with a valid justification. Alternate methods are listed in NTL-4A. The Authorized Officer may require the installation of additional measurement equipment whenever it is determined that the present methods are inadequate to meet the purposes of this Notice.
6. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
7. This approval does not authorize any additional surface disturbance.
8. Subject to like approval from NMOCD

Regulations and Definitions

Definition: As per **NTL-4A II. A.** "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

NTL-4A.IV.B. Oil Well Gas. Except as provided in II.C and III above, oil well gas may not be vented or flared unless approved in writing by the Supervisor. The Supervisor may approve an application for the venting or flaring of oil well gas if justified either by the submittal of **(1)** an evaluation report supported by engineering, geologic, and economic data which demonstrates to the satisfaction of the Supervisor that the expenditures necessary to market or beneficially use such gas are not economically justified and that conservation of the gas, if required, would lead to the premature abandonment of recoverable oil reserves and ultimately to a greater loss of equivalent energy than would be recovered if the venting or flaring were permitted to continue or **(2)** an action plan that will eliminate venting or flaring of the gas within 1 year from the date of application.

*Temporary Emergency Flaring is defined as an unexpected situation requiring immediate action. A flaring event is considered an emergency if the occurrence is out of the operators control and the operator had less than 24 hrs notification of the event. Scheduled or routine flare events will not be considered an emergency.