

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**NMOCD**  
**Artesia**

FORM APPROVED  
OMB NO. 1004-0137  
Expires: January 31, 2018

**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.  
NMLC029419A

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on page 2**

7. If Unit or CA/Agreement, Name and/or N  
8920002760

1. Type of Well  
 Oil Well  Gas Well  Other

8. Well Name and No.  
SKELLY UNIT 2

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

Contact: MINDY K KOTESKY  
E-Mail: MKOTESKY@LINNENERGY.COM

9. API Well No.  
30-015-05344-00-S1

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

3b. Phone No. (include area code)  
Ph: 281-840-4208  
Fx: 832-426-5972

10. Field and Pool or Exploratory Area  
GRAYBURG

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 22 T17S R31E NENW 660FNL 1980FWL

11. County or Parish, State  
EDDY COUNTY, NM

**12. CHECK THE 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"/> Hydraulic Fracturing	<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 Venting and/or Flaring
	<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 must 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 must be filed once testing has been completed. Final Abandonment Notices must 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 7/1/17 TO 9/28/17 AT 66 MCF/D FROM THE SKELLY UNIT a 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**  
ARTESIA DISTRICT

AUG 09 2017

*SKH/17  
AB*

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.  
Electronic Submission #380286 verified by the BLM Well Information System  
For LINN OPERATING INCORPORATED, sent to the Carlsbad  
Committed to AFMSS for processing by PRISCILLA PEREZ on 07/11/2017 (17PP06286E)

Name (Printed/Typed) MINDY K KOTESKY

Title REGULATORY SPECIALIST

Signature (Electronic Submission)

Date 06/29/2017

**APPROVED**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By \_\_\_\_\_

Title \_\_\_\_\_

JUL 20 2017

Date

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

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

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.

(Instructions on page 2)

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

**SKELLY UNIT A BATTERY**

<b>API</b>	<b>Well Name</b>	<b>Well Number</b>	<b>Type</b>	<b>Lease</b>
30-015-05344	SKELLY UNIT	#002	Oil	Federal ✓
30-015-05335	SKELLY UNIT	#005	Oil	Federal ✓
30-015-05326	SKELLY UNIT	#006	Oil	Federal ✓
30-015-05327	SKELLY UNIT	#007	Oil	Federal ✓
30-015-05328	SKELLY UNIT	#008	Oil	Federal ✓
30-015-05330	SKELLY UNIT	#011	Oil	Federal ✓
30-015-05323	SKELLY UNIT	#013	Oil	Federal ✓
30-015-05322	SKELLY UNIT	#014	Oil	Federal ✓
30-015-05332	SKELLY UNIT	#015	Oil	Federal ✓
30-015-20548	SKELLY UNIT	#111	Oil	Federal ✓
30-015-20549	SKELLY UNIT	#112	Oil	Federal ✓
30-015-21090	SKELLY UNIT	#116	Oil	Federal ✓
30-015-22251	SKELLY UNIT	#117	Oil	Federal ✓
30-015-22254	SKELLY UNIT	#120	Oil	Federal ✓
30-015-22258	SKELLY UNIT	#124	Oil	Federal ✓
30-015-22259	SKELLY UNIT	#125	Oil	Federal ✓
30-015-22260	SKELLY UNIT	#126	Oil	Federal ✓
30-015-22262	SKELLY UNIT	#128	Oil	Federal ✓
30-015-22263	SKELLY UNIT	#129	Oil	Federal ✓
30-015-22520	SKELLY UNIT	#146	Oil	Federal ✓
30-015-22483	SKELLY UNIT	#150	Oil	Federal ✓
30-015-25038	SKELLY UNIT	#156	Oil	Federal ✓
30-015-25039	SKELLY UNIT	#157	Oil	Federal ✓
30-015-29203	SKELLY UNIT	#180	Oil	Federal ✓
30-015-29204	SKELLY UNIT	#182	Oil	Federal ✓
30-015-28971	SKELLY UNIT	#185	Oil	Federal ✓
30-015-29206	SKELLY UNIT	#189	Oil	Federal ✓
30-015-29207	SKELLY UNIT	#190	Oil	Federal ✓
30-015-29312	SKELLY UNIT	#191	Oil	Federal ✓
30-015-29313	SKELLY UNIT	#192	Oil	Federal ✓
30-015-29216	SKELLY UNIT	#193	Oil	Federal ✓
30-015-29217	SKELLY UNIT	#194	Oil	Federal ✓
30-015-29013	SKELLY UNIT	#198	Oil	Federal ✓
30-015-28972	SKELLY UNIT	#199	Oil	Federal ✓
30-015-28998	SKELLY UNIT	#200	Oil	Federal ✓
30-015-28947	SKELLY UNIT	#201	Oil	Federal ✓
30-015-29062	SKELLY UNIT	#202	Oil	Federal ✓
30-015-28966	SKELLY UNIT	#204	Oil	Federal ✓
30-015-29092	SKELLY UNIT	#211	Oil	Federal ✓
30-015-29031	SKELLY UNIT	#212	Oil	Federal ✓
30-015-29762	SKELLY UNIT	#213	Oil	Federal ✓
30-015-29540	SKELLY UNIT	#214	Oil	Federal ✓
30-015-29541	SKELLY UNIT	#215	Oil	Federal ✓

**SKELLY UNIT A BATTERY**

30-015-29223	SKELLY UNIT	#216	Oil	Federal ✓
30-015-29273	SKELLY UNIT	#217	Oil	Federal ✓
30-015-28892	SKELLY UNIT	#220	Oil	Federal ✓
30-015-28893	SKELLY UNIT	#221	Oil	Federal ✓
30-015-28894	SKELLY UNIT	#222	Oil	Federal ✓
30-015-28964	SKELLY UNIT	#223	Oil	Federal ✓
30-015-28973	SKELLY UNIT	#225	Oil	Federal ✓
30-015-29182	SKELLY UNIT	#226	Oil	Federal ✓
30-015-28948	SKELLY UNIT	#227	Oil	Federal ✓
30-015-28949	SKELLY UNIT	#228	Oil	Federal ✓
30-015-29181	SKELLY UNIT	#233	Oil	Federal ✓
30-015-28783	SKELLY UNIT	#234	Oil	Federal ✓
30-015-28784	SKELLY UNIT	#235	Oil	Federal ✓
30-015-29063	SKELLY UNIT	#246	Oil	Federal ✓
30-015-28788	SKELLY UNIT	#247	Oil	Federal ✓
30-015-28810	SKELLY UNIT	#248	Oil	Federal ✓
30-015-37006	SKELLY UNIT	#502	Oil	Federal ✓
30-015-37008	SKELLY UNIT	#503	Oil	Federal ✓

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

Pursuant to, 43 CFR 3179

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. 43 CFR 3179.105 **Emergencies** (a) An operator may flare or, if flaring is not feasible given the emergency, vent gas royalty-free under §3179.4 (a) (vi) of this subpart during an emergency. For purposes of this subpart, an "emergency" is a temporary, infrequent and unavoidable situation in which the loss of gas or oil is uncontrollable or necessary to avoid risk of an immediate and substantial adverse impact on safety, public health, or the environment. For purposes of royalty assessment, an "emergency" is limited to a short-term situation of 24 hours or less (unless the BLM agrees that the emergency conditions necessitating venting or flaring extend for a longer period) caused by an unanticipated event or failure that is out of the operator's control and was not due to operator negligence.
- B. 43 CFR 3179.4 **Determining when the loss of oil or gas is avoidable or unavoidable.**  
(2) *Avoidably lost oil or gas* means: Lost oil or gas that is not "unavoidably lost," as defined in paragraph (a) of this section; waste oil that became waste oil through operator negligence; and, any "excess flared gas," as defined in §3179.7.
- C. 43 CFR 3179.5 **When lost production is subject to royalty.**  
(a) Royalty is due on all avoidably lost oil or gas.  
(b) Royalty is not due on any unavoidably lost oil or gas.

**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). 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":  
These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in 43 CFR 3179.7 are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with 43 CFR 3179. 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 43 CFR 3179.4, 3179.103 - 3179.105. 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, 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, shall be in accordance with 43 CFR 3179.4, 43 CFR 3179.5, 43 CFR 3179.9 and 43 CFR 3179.10
6. The operator must estimate or measure all volumes of gas vented or flared gas by one of the following methods.
  - i. Measure the flare gas by a meter. The meter shall meet all requirements for a sales meter as per Federal Regulations, 43 CFR 3175 (due to volume of gas being flared). Include meter serial number on Sundry Notice (Form 3160-5).
  - ii. Calculate the volume of the flared gas based on the results of a regularly performed GOR test and measured values for the volumes of oil production and gas sales, so as to allow BLM to independently verify the volume, rate, and heating value of the gas flared.

Regulation Ref: Link to 43 CFR 3179 **Waste Prevention and Resources Conservation**;  
<https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=dbd49eda8cdc488870172ed096d47be9&ty=HTML&h=L&mc=true&n=sp43.2.3170.3179&r=SUBPART>