

DATE: 7/3/2014	SUSPENSE	ENGINEER: <i>[Signature]</i>	LOGGED IN: 7/3/2014	TYPE: NSL	APP NO: 1421229475
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] - NSL 7125
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

Phillips Lea #105
AP# # 30-025-42004
operator
LINNEnergy
26324
POD
-Vicki
Grayburg - San
Andres
62180

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

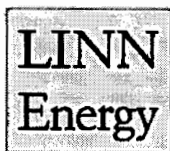
- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>Laura A Moreno</u> Print or Type Name	<u><i>Laura A. Moreno</i></u> Signature	<u>Regulatory Compliance Advisor</u> Title	<u>7/30/2014</u> Date
		<u>lmoreno@linenergy.com</u> e-mail Address	



NASDAQ:LINE
NASDAQ:LNCO

LINN Operating Inc.
A wholly owned subsidiary of LINN Energy, LLC
600 Travis Street, Suite 5100
Houston, Texas 77002
Phone: (281) 840-4000
Fax: (281) 840-4001

July 30, 2014

TO: New Mexico Oil Conservation Division
Attn: Michael McMillan
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Non-Standard Locations
Phillips Lea #105
State 36 #102

Dear Mr. McMillan:

Linn Operating, Inc. ("Linn") recently proposed the above mentioned wells in Lea County, New Mexico. Each well is a Non-Standard Location ("NSL") which means it is less than 330' from the quarter-quarter boundary.

The first well, the Phillips Lea #105, is located 2,273 FEL, 1,065 FSL in Section 31, Township 17 South, Range 34 East. It is encroaching on the NW/4 SE/4 (J). Linn is the operator of the leasehold in (J) which is held by State of New Mexico Oil and Gas Lease B-4118; therefore, the NSL will not be draining another operator.

The second well, the State 36 #102, is located 2,615 FEL, 1,205 FSL in Section 36, Township 17 South, Range 33 East. It is encroaching on the NW/4 SE/4 (J) and SE/4 SW/4 (N). Linn is the operator of this leasehold in (J) and (N) which is held by State of New Mexico Oil and Gas Lease V-3349; therefore, the NSL will not be draining another operator.

Should you have any questions pertaining to the information contained herein, please feel free to contact me at 281-840-4392. Otherwise, please accept the NSL due to Linn operating the leasehold it affects.

Very Truly Yours,

Blaire Pugliese
Landman - Permian Basin

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-0720
District III
1000 Rio Grande Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-42004		Pool Code 62180	Pool Name Vacuum; Grayburg - San Andres
Property Code 309560	Property Name PHILLIPS LEA UNIT		Well Number 105
GRID No. 269324	Operator Name Lian Operating, Inc.		Elevation 4090

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	31	17S	34E		1065	SOUTH	2173	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

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NAD 83 (Surface Location) LAT: 32°47'12.92" (32.786921) N, LON: 103°35'55.29" (103.598692) W
NAD 27 (Surface Location) LAT: 32°47'12.48" (32.786799) N, LON: 103°35'53.49" (103.598193) W
STATE PLANE NAD 83 N: 650797.91, E: 767103.62
STATE PLANE NAD 27 N: 650733.23, E: 725914.85

17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
Signature: Laura A. Moreno Date: 7/26/14
Printed Name: Laura A. Moreno
E-mail Address: lmoreno@linenergy.com

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.
JULY 8, 2014
Date of Survey
Signature and Seal of Professional Surveyor
Certificate Number 21205
CANTON KYLE GREGG
NEW MEXICO
21205
PROFESSIONAL SURVEYOR

JUL 30 2014



LINN OPERATING, INC

A wholly owned subsidiary of LINN Energy, LLC

JP Morgan Chase Tower

600 Travis, Suite 5100

Houston, TX 77002

Phone: 281-840-4000

Fax: 281-840-4001

www.linnenergy.com

August 4, 2014

Mr. Michael McMillan
State of New Mexico
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Reference: Reason for Non- Standard Location Application: Phillips Lea #105 & State 36 #102

Dear Mr. McMillan

The captioned proposals are part of LINN Operating's overall plan to develop an oil wedge south and adjacent to current San Andres producers in the State 36 and Phillips Lea leases of Lea County. The State 36 #102 and Phillips Lea #105 well spots were selected as primary locations to appraise the presence of the oil wedge based on structure/net pay mapping and well spacing criteria. Each location will efficiently produce the reserves underlying the leases and will not impair correlative rights.

Should you have any further questions, please feel free to contact me at 281- 840-4283 or jmedina@linnenergy.com. Thank you for consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Medina", written over a horizontal line.

Joe Medina
Permian Asset Team Sr. Staff Geologist