

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Serial No. Multiple--See Attached
2. Name of Operator LINN OPERATING INCORPORATED E-Mail: MKOTESKY@LINNENERGY.COM	6. If Indian, Allottee or Tribe Name
3a. Address 600 TRAVIS STREET SUITE 5100 HOUSTON, TX 77002	7. If Unit or CA/Agreement, Name and/or No. 8920002760
3b. Phone No. (include area code) Ph: 281-840-4208 Fx: 832-426-5972	8. Well Name and No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached	9. API Well No. Multiple--See Attached
	10. Field and Pool or Exploratory Area Multiple--See Attached
	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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Venting and/or Flaring
	<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 must 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 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 04/01/17 TO 06/30/17 AT 63 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
ARTESIA DISTRICT

JUL 17 2017

RECEIVED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

30015-05366

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #371840 verified by the BLM Well Information System For LINN OPERATING INCORPORATED, sent to the Carlsbad Committed to AFMSS for processing by DEBORAH MCKINNEY on 04/04/2017 (17DLM1282SE)	
Name (Printed/Typed) MINDY K KOTESKY	Title REGULATORY SPECIALIST
Signature (Electronic Submission)	Date 03/31/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>OMAR ALOMAR</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>07/07/2017</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 <u>Carlsbad</u>

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 ****

Additional data for EC transaction #371840 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 2210FSL 660FEL
NMNM71030A	NMNM98120	SKELLY UNIT 142	30-015-22510-00-S1	Sec 23 T17S R31E NESW 1980FSL 12130FWL
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

10. Field and Pool, continued

GRAYBURG JACKSON-SR-Q-GRBG-SA

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

LINN OPERATING
SKELLY UNIT
MULTIPLE WELLS
NMNM98120

07/07/2017

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, (from 04/01/2017 to 06/30/2017), if flaring is still required past 60 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. 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>