Form 3160-5 (June 2015)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NMOCD Artesia

FORM APPROVED OMB NO 1004-0137 Expires January 31 2018

5 Lease Senal No NMLC029419A

SUNDRY NOTICES AND REPORTS ON WELLS

1 Type of Well Gas Well Other Other mistractions on page 2 7 If Unit or CA/Agreement, Name and/or No SVELLY UNIT A 2 8 Och Well Gas Well Other Other mistractions on page 2 7 If Unit or CA/Agreement, Name and/or No SVELLY UNIT A 2 8 Och Well Gas Well Other	Do not use the	6 If Indian Allettes	6 If Indian, Allottee or Tribe Name		
Type of Well Goss Well Other SKELLY UNIT SWELLY DIVISION SKELLY DIVISION	abandoned we	6 If Indian, Allottee			
SMELLY UNIT A 2 SMELLY UNIT A 3 SMELLY UNI	SUBMIT IN	TRIPLICATE - Other instr	uctions on page 2	7 If Unit or CA/Agre	eement, Name and/or No
2. Name of Operator LINN OPERATING, LLC E-Mail MKOTESKYRE UNKENERGY COM 3.0-015-05344 3.3 Address SED TRANSIS, SUITE 1400 Ph. 215-840-4203 Ph.				8 Well Name and No SKELLY UNIT A	2
LINN OPERATING, LLC E-Mail MKOTESKY@LINNENERGY COM 30-015-05344 30-01	<u></u>		INDY K KOTESKY	9 API Well No	
600 TRAVIS, SUITE 1400 Ph. 281-840-4208 RAYBURG JACKSON, SRQGS ROUSTON, IX T7002 Location of Well frouge Sec T R M or Survey Description) 11 County or Parals, State EDDY COUNTY COUNTY, NM Sec 22 117S R31E Mer 6PM NENW 1980FNL 660FWL 22 82545 N Lat, 103 859065 W Lon 12 CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Water Shut-Off Alter Casing Hydraulic Fracturing Reciamation Well Integrity Water Shut-Off Alter Casing Hydraulic Fracturing Reciamation Well Integrity Well Integrity Subsequent Report Casing Repair New Construction Recomplete Well Integrity Plug and Abandon Temporarily Abandon Temporarily Abandon Temporarily Abandon Recomplete Convert to Injection Plug Back Water Disposal So deepen derectionally or recomplete horizontally, or subsortate locations and measured and true vertical depths of all pertinent machers and zones following completion of the involved operations. If the operation results in a multiple completion or recompletion of the involved operations. If the operation results in a multiple completion or recompletion or a new interval a form 31604 must be filed once testing his before completed Total Abandonianes Notices smus be filed only after all requirements, including reclamation, have been collected and the operator has determined that the site is ready for final inspection Substitution of the involved operations of file operation results in a multiple completion or recompletion of the involved operations. If the operation results in a multiple completion or recompletion and new interval a form 31604 must be filed once testing his before completion or processing the substitution of the involved operations. If the operation results in a multiple completion or recompletion on a new microw at file and the operation results in a multiple completion or recompletion or new interval a form 31604 must be filed once testing his before the involved operati		E-Mail MKOTESKY	@LINNENERGY COM		
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12 CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF SUBMISSION Actidize Deepen Reclamation Reclamation Recomplete Alter Casing Repair Reclamation Recomplete Other Casing Repair Plug and Abandon Plug Back Recomplete Convert to Injection Plug Back Returned starting date of any proposed work and approximate duration thereof of the proposal is to deeper directionally or recomplete benzonality, government of provide the Bond No in file with BLM/BIA. Required subsequent reports must be filed only after all requirements, including estimated starting date of any proposed work and approximate duration thereof following complete of the involved operations if the proposal is to deeper directionally or recomplete benzonality, government and massive and must vertical depths of all pertinent markers and zones Attach the Bond under which the work will be performed or provide the Bond No in file with BLM/BIA. Required subsequent reports must be filed with an amulptic completion of the enviroled operations. If the operation results in a multiple completion or recompletion on a new interfed as filed within 30 days following complete of the involved operations. If the operation results in a multiple completion or recompletion on a new interfed as filed within 30 days following complete of the involved operations. If the operation results in a multiple completion or recompletion on a new interfed as filed within 30 days following complete of the involved operations. If the operation results in a multiple completion or recompletion on a new interfed as filed within 30 days following complete of the involved operations. In the operation results in a multiple completion or recompletion on a new interfed as filed within 30 days PLEASE SEE ATTACHED FOR RECEIVED APR 1 8 2018 SEE ATTACHED FOR RECEIVED APRIL SPORT FILE USE THIS SPACE FOR FEDERAL OR STATE OFFICE USE THIS SPACE FOR FEDERAL OR STATE OFFICE USE APRIL SPACE FOR FEDERAL OR STATE OFFICE USE Title 18 U S C Se	4 Location of Well (Footage Sec 7	R M or Survey Description)		11 County or Parish,	State
TYPE OF SUBMISSION Acidize				EDDY COUNT	Y COUNTY, NM
Subsequent Report	12 CHECK THE AI	PPROPRIATE BOX(ES) T	O INDICATE NATURE O	F NOTICE, REPORT, OR OT	HER DATA
Subsequent Report Subsequent Report Change Plans Plug and Abandon Temporarily Abandon	TYPE OF SUBMISSION		ТҮРЕ ОІ	F ACTION	
Subsequent Report	M Notice of Intent	☐ Acıdıze	Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
Change Plans	_	☐ Alter Casing	☐ Hydraulic Fracturing	□ Reclamation	■ Well Integrity
Convert to Injection Plug Back Water Disposal 3 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 zons following completion of the involved operations. If the operation results in a multiple completion or recompletion in the work will be performed or provide the Bond No. on file with BLM/BIA. Requirement mustices may be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is really for final inspection. LININ RESPECTIFULTY REQUESTS TO FLARE FROM 3/24/18 TO 6/21/18 AT 62 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 NIM OIL CONSERVATIO APPROVA APPROVAL	☐ Subsequent Report	☐ Casing Repair	■ New Construction	□ Recomplete	
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RECEIVED THIS SPACE FOR FEDERAL OR STATE OFFICE USE Approved By Condutions 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 the 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)	BATTERY DUE TO REQUES GAS PLEASE SEE ATTACHED LIS	T FROM FRONTIER GAS ST FOR THE WELLS INCL MM OIL CONSERVAT ARTESIA DISTRICT	PLANT TO SHUT-IN BATTI UDED IN THIS BATTERY	ERY DUE TO HIGH NITROGEN	ONTENT IN
Electronic Submission #410139 verified by the BLMWell Information System For LINN OPERATING, L.C., sent to the Carisbad Committed to AFMSS for processing by JENNIFER/SANCHEZ or 04/03/2018 () Name (Printed/Typed) MINDY K KOTESKY Title REGULATOR SPECIALIST Signature (Electronic Submission) Date 04/03/2018 THIS SPACE FOR FEDERAL OR STATE OFFICE USE Approved By 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 Am 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)					
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States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction /	certify that the applicant holds legal or equ	ntable title to those rights in the s	ubject lease	BUREFU OF LAND MAYAGEMEN CARLSBAD FIEL JOSEPH	
(Instructions on page 2)	Title 18 U S C Section 1001 and Title 43 States any false, fictitious or fraudulent	USC Section 1212, make it a cr statements or representations as to	nme for any person knowingly and any matter within its jurisdiction	Willfully to make to any department of	agency of the United
	(Instructions on page 2)				

SKELLY UNIT A BATTERY

API	Well Name	Well Number	Type	Lease
30-015-05344	SKELLY UNIT	#002	Oil	Federal
30-015-05335	SKELLY UNIT	#005	Oil	Federal
30-015-05326	SKELLY UNIT	#006	Oil	Federal
30-015-05328	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
30-015-05366	SKELLY UNIT	#078	Oil	Federal
30-015-20548	SKELLY UNIT	#111	Oil	Federal
30-015-21090	SKELLY UNIT	#116	Oil	Federal
30-015-22251	SKELLY UNIT	#117	Oil	Federal
30-015-22252	SKELLY UNIT	#118	Oil	Federal
30-015-22254	SKELLY UNIT	#120/	Oil	Federal
30-015-22256	SKELLY UNIT	#122	Oil	Federal
30-015-22257	SKELLY UNIT	#123	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
30-015-22264	SKELLY UNIT	#130	Oıl	Federal
30-015-22265	SKELLY UNIT	#131	Oil	Federal
30-015-22266	SKELLY UNIT	#132	Oil	Federal
30-015-22267	SKELLY UNIT	#133	Oil	Federal
30-015-22268	SKELLY UNIT	#134	Oil	Federal
30-015-22269	SKELLY UNIT	#135	Oil	Federal
30-015-22481	SKELLY UNIT	#136	Oil	Federal
30-015-22506	SKELLY UNIT	#137/	Oil	Federal
30-015-22482	SKELLY UNIT	#138/	Oil	Federal
30-015-22507	SKELLY UNIT	#139	Oil	Federal
30-015-22509	SKELLY UNIT	#140	Oil	Federal
30-015-22484	SKELLY UNIT	#141	Oil	Federal
30-015-22510	SKELLY UNIT	#142	Oil	Federal
30-015-22513	SKELLY UNIT	#143/	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
30-015-25040	SKELLY UNIT	#158	Oil	Federal
30-015-25041	SKELLY UNIT	#159	Oil	Federal
30-015-25042	SKELLY UNIT	#160	Oil	Federal
30-015-29203	SKELLY UNIT	#180	Oil	Federal
30-015-28971	SKELLY UNIT	#185	Oil	Federal

SKELLY UNIT A BATTERY

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30-015-29206	SKELLY UNIT	#189	Oil	Federal		
30-015-29207	SKELLY UNIT	#190 🖊	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		
30-015-28947	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		
30-015-29762	SKELLY UNIT	#213	Oil	Federal		
30-015-29540	SKELLY UNIT	#214 🖊	Oil	Federal		
30-015-29541	SKELLY UNIT	#215	Qıl	Federal	,	
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		
30-015-29235	SKELLY UNIT	#229 🖊	Oil	Federal		
30-015-29236	SKELLY UNIT	#230	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		
30-015-29032	SKELLY UNIT	#240	Oil	Federal		
30-015-29033	SKELLY UNIT	#241	Oil	Federal		
30-015-29237	SKELLY UNIT	#242	Oil	Federal		
30-015-29183	SKELLY UNIT	#243	Oil	Federal		
30-015-29063	SKELLY UNIT	#246	Oil	Federal		
30-015-28788	SKELLY UNIT	#247	Oil	Federal	ADL	0
30-015-28810	SKELLY UNIT	#248 0		- Federal	HRP	3
30-015-28950	SKELLY UNIT	#253 🖊	Oil	Federal		,
30-015-29034	SKELLY UNIT	#254 🖊	Oil	Federal		
30-015-29238	SKELLY UNIT	#255	Oil	Federal		
30-015-28974	SKELLY UNIT	#256/	Oil	Federal		
30-015-28975	SKELLY UNIT	#259	Oil 1	Federal		
30-015-28811	SKELLY UNIT	#260	Oil	Federal		
30-015-28812	SKELLY UNIT	#261	Oil	Federal		
30-015-29209	SKELLY UNIT	#265 🖊	Oil	Federal		

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SKELLY UNIT A BATTERY

30-015-28951	SKELLY UNIT	#266	Oil	Federal
30-015-29224	SKELLY UNIT	#267	Oil	Federal
30-015-29064	SKELLY UNIT	#272	Oil	Federal
30-015-29239	SKELLY UNIT	#273~	Oil	Federal
30-015-28881	SKELLY UNIT	#275/	Oil	Federal
30-015-29225	SKELLY UNIT	#276	Oil	Federal
30-015-28967	SKELLY UNIT	#277/	Oil	Federal
30-015-29226	SKELLY UNIT	#278 🗸	Oil	Federal
30-015-29314	SKELLY UNIT	#284	Oil	Federal
30-015-29712	SKELLY UNIT	#302	Oil	Federal
30-015-29856	SKELLY UNIT	#400	Oil	Federal
30-015-29817	SKELLY UNIT	#401	Oil	Federal
30-015-29860	SKELLY UNIT	#402	Oil	Federal
30-015-31069	SKELLY UNIT	#403	Oil	Federal
30-015-37006	SKELLY UNIT	#502	Oil	Federal
30-015-37008	SKELLY UNIT	#503	Oil	Federal
30-015-37007	SKELLY LIMIT	#505 0	Oıl'	Federal

Federal WAPW

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 <u>without incurring a royalty</u> 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 <u>temporary emergency flare</u> 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"
- 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.

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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
 - 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)
 - 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-

<u>bin/retrieveECFR?gp=1&SID=dbd49eda8cdc488870172ed096d47be9&ty=HTML&h=L&mc=true</u> &n=sp43 2 3170 3179&r=SUBPART

If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements.