

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD

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*FORM APPROVED
OMB NO 1004 0137
Expires January 31, 20185 Lease Serial No
NNNM98120

6 If Indian Allottee or Tribe Name

7 If Unit or CA/Agreement Name and/or No

8 Well Name and No
SKELLY UNIT B 789 API Well No
30-015-0536610 Field and Pool or Exploratory Area
GRAYBURG JACKSON, SWRQGS11 County or Parish, State
EDDY COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1 Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2 Name of Operator
LINN OPERATING, LLCContact MINDY K KOTESKY
E-Mail MKOTESKY@LINNENERGY.COM3a Address
600 TRAVIS, STE 1400
HOUSTON, TX 770023b Phone No (include area code)
Ph 281-840-4208
Fx 832-426-59724 Location of Well (Footage Sec T R M or Survey Description)
Sec 23 T17S R31E Mer 6PM SWSW 1278FSL 660FWL**12 CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION

TYPE OF ACTION

- ☒
- Notice of Intent
-
- ☐
- Subsequent Report
-
- ☐
- Final Abandonment Notice

- ☐
- Acidize
-
- ☐
- Alter Casing
-
- ☐
- Casing Repair
-
- ☐
- Change Plans
-
- ☐
- Convert to Injection

- ☐
- Deepen
-
- ☐
- Hydraulic Fracturing
-
- ☐
- New Construction
-
- ☐
- Plug and Abandon
-
- ☐
- Plug Back

- ☐
- Production (Start/Resume)
-
- ☐
- Reclamation
-
- ☐
- Recomplete
-
- ☐
- Temporarily Abandon
-
- ☐
- Water Disposal

- ☐
- Water Shut-Off
-
- ☐
- Well Integrity
-
- ☒
- Other
-
- Venting and/or Flaring

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 3/24/18 TO 6/21/18 AT 40 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

APR 18 2018

RECEIVED

4/20/18 AB
FOR RECORDS ONLYSEE ATTACHED FOR
CONDITIONS OF APPROVAL

14 I hereby certify that the foregoing is true and correct

Electronic Submission #410135 verified by the BLM Well Information System
For LINN OPERATING, LLC, sent to the Carlsbad
Committed to AFMSS for processing by JENNIFER SANCHEZ on 04/03/2018 ()

Name (Printed/Typed) MINDY K KOTESKY

Title REGULATORY SPECIALIST

Signature (Electronic Submission)

Date 04/03/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

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)

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

SKELLY UNIT B BATTERY

API	Well Name	Well Number	Type	Lease
30-015-05366	SKELLY UNIT	#078	Oil	Federal
30-015-22252	SKELLY UNIT	#118	Oil	Federal
30-015-22256	SKELLY UNIT	#122	Oil	Federal
30-015-22257	SKELLY UNIT	#123	Oil	Federal
30-015-22264	SKELLY UNIT	#130	Oil	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
30-015-25040	SKELLY UNIT	#158	Oil	Federal
30-015-25041	SKELLY UNIT	#159	Oil	Federal
30-015-25042	SKELLY UNIT	#160	Oil	Federal
30-015-29235	SKELLY UNIT	#229	Oil	Federal
30-015-29236	SKELLY UNIT	#230	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
30-015-28950	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	Federal
30-015-28811	SKELLY UNIT	#260	Oil	Federal
30-015-28812	SKELLY UNIT	#261	Oil	Federal
30-015-28789	SKELLY UNIT	#262	Oil	Federal
30-015-29209	SKELLY UNIT	#265	Oil	Federal
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
30-015-29210	SKELLY UNIT	#274	Oil	Federal
30-015-28881	SKELLY UNIT	#275	Oil	Federal
30-015-29225	SKELLY UNIT	#276	Oil	Federal

SKELLY UNIT B BATTERY

30-015-28967	SKELLY UNIT	#277	Oil	Federal
30-015-29226	SKELLY UNIT	#278	Oil	Federal
30-015-29227	SKELLY UNIT	#283	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

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](https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=dbd49eda8cdc488870172ed096d47be9&ty=HTML&h=L&mc=true&n=sp43%203170%203179&r=SUBPART)

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