

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

- A. Applicant LINN OPERATING,
whose address is 600 Travis Street, Suite 5100, Houston, TX 77002,
hereby requests an exception to Rule 19.15.18.12 for 90 days or until
November 24, Yr 2012, for the following described tank battery (or, LACT):
Name of Lease State A & B ; State B Battery Name of Pool: Grayburg Jackson; SR-Q-G-A
Location of Battery: Unit Letter J Section 16 Township 17S Range 31E
Number of wells producing into battery: 11 (see attached list)
- B. Based upon oil production of State A & B 45bbls/State B 22bbls barrels per day, the estimated* volume
of gas to be flare is 65 MCF; Value \$182 per day.
- C. Name and location of nearest gas gathering facility:
Frontier's sales point on lease
- D. Distance 0 Estimated cost of connection: No other options
- E. This exception is requested for the following reasons:
Frontier will not take gas due to high H2S content. LINN is working with chemical companies to reduce
H2S content to enable LINN's gas to be sold through Frontier pipeline.

RECEIVED

AUG 28 2012

NMOCD ARTESIA

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation
Division have been complied with and that the information given above
is true and complete to the best of my knowledge and belief.

Signature T Callahan

Printed Name

& Title Terry B. Callahan (Regulatory Specialist III)

E-mail tcallahan@linnenergy.com

Date 08/24/2012

Telephone No. 281-840-4272

OIL CONSERVATION DIVISION

Approved Until Nov 30, 2012

By RR Dade

Title Dist # Supervisor

Date 8/28/12

* Gas-Oil ratio test may be required to verify estimated gas volume.

**NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 SOUTH FIRST STREET
ARTESIA, NM 88210
(575)748-1283**

CONDITIONS OF APPROVAL for FLARING or VENTING GAS

1. Venting gas is absolutely not allowed.
2. Prior to flaring gas, C-129 must be filed & approved. Blanket approval cannot be given for this operation.
3. Flared volumes of gas are to be metered & reported.
4. Flares WILL be manned at all times. Brush should be cut down to 1 or 2 inches around flare stack at least a radial distance of 2 times the height of the flare stack.
5. Flares WILL NOT be left unattended.
6. No flaring operations to be conducted during red-flag days.
<http://www.gacc.nifc.gov/swcc> (go to "Predictive Services" on SWCC website) to check for red flag warnings.
7. Follow safe practices for flaring guidelines.
8. Permit may be rescinded at any time by NMOCD.
9. If well is able to be connected to a gas gathering system, it will be done so as soon as possible.

Your initials here

/ / 2011

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12
PAGE TWO (ATTACHMENT)

| STATE B BATTERY | API # |
|------------------------|--------------|
| FOC B STATE #010 | 30-015-36254 |
| FOC B STATE #011 | 30-015-36255 |
| STATE B #012 | 30-015-36256 |

| STATE A&B BATTERY | API # |
|------------------------------|--------------|
| STATE A #001 | 30-015-05168 |
| STATE A #002 | 30-015-05169 |
| STATE A #003 | 30-015-10840 |
| STATE A #004 | 30-015-32917 |
| STATE B #001 | 30-015-05170 |
| STATE B #002 | 30-015-05172 |
| STATE B #004 | 30-015-05173 |
| STATE B #005 | 30-015-32874 |