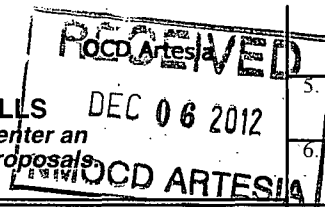


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | |
|---|--|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: INJECTION | | 5. Lease Serial No. NMNM71030A 98/20 |
| 2. Name of Operator LINN OPERATING INC | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 600 TRAVIS, SUITE 5100 HOUSTON, TX 77002 | | 7. If Unit or CA/Agreement, Name and/or No. NM 71030A |
| 3b. Phone No. (include area code) Ph: 281-840-4266 | | 8. Well Name and No. SKELLY UNIT 072 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 23 T17S R31E 1980FSL 1980FWL | | 9. API Well No. 30-015-05372 |
| | | 10. Field and Pool, or Exploratory GRAYBURG-JACKSON |
| | | 11. County or Parish, and State EDDY COUNTY, NM |

12. CHECK 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"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input checked="" type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

NOTICE OF INTENT TO REPAIR CASING:

LINN PROPOSES TO MIRU, PULL UP THE HOLE TO APPROXIMATELY 60' W/TUBING & PACKER AND RESET.

REPAIR HOLE IN CASING BY WELDING HOLE IN SURFACE/PRODUCTION CASING.

RIH W/TBG & PKR TO ORIGINAL DEPTH OF 3123'

CONTACT BLM TO WITNESS MIT TEST.

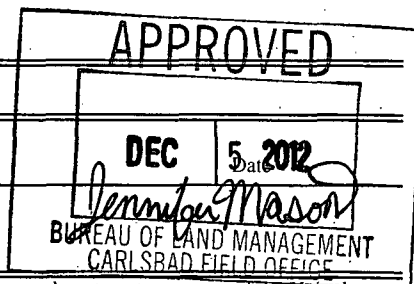
RETURN WELL TO INJECTION.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****SUBJECT TO LIKE
APPROVAL BY STATE**

| | |
|---|------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #157043 verified by the BLM Well Information System For LINN OPERATING INC, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 11/08/2012 () | |
| Name (Printed/Typed) NANCY FITZWATER | Title SUPERVISOR |
| Signature (Electronic Submission) | Date 10/31/2012 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | |
|---|--------------|
| Approved By _____ | Title _____ |
| 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 _____ |



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.

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

Additional data for EC transaction #157043 that would not fit on the form

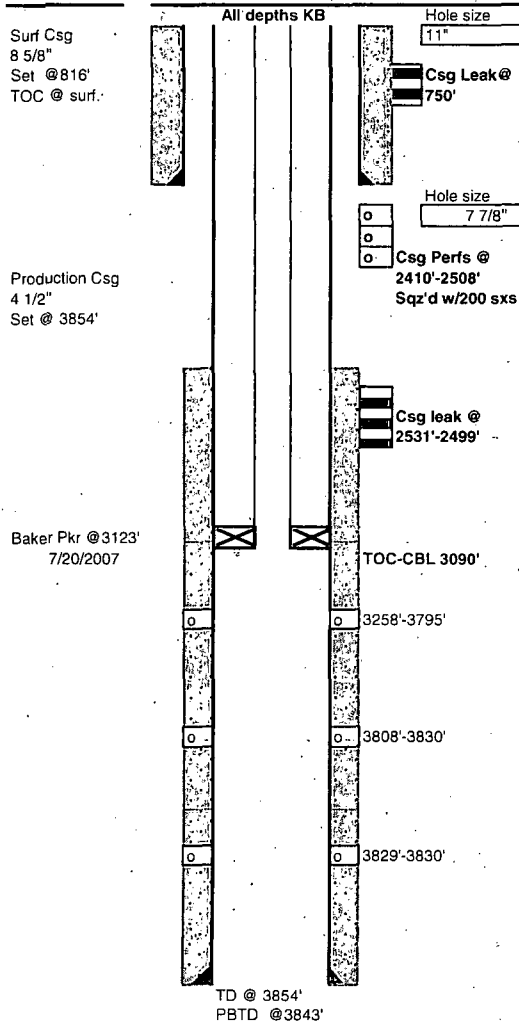
32. Additional remarks, continued

WELLBORE DIAGRAM ATTACHED.

Wellbore Schematic

Well Name: Skelly Unit #72
 Location: 1980 FSL 1980 FWL K-23-17S-31E
 API #: Eddy County 30-015-05372
 Elevations: GROUND: 3863'
 KB: 3873'
 Depths (KB): PBTD: 3843'
 TD: 3854'

Date Prepared: 2-Oct-12 B. Williams
 Last Updated: 2-Oct-12
 Spud Date: 24-Nov-61
 RR Date:
 Spud Date to RR Date:
 Completion Start Date:
 Completion End Date:
 Completion Total Days:
 Co-ordinates:



Surface Casing: (11-24-61)
 8 5/8" 24# J-55, 8-R csg. Set @ 816'. Cmt w/ 325 sx
 Circ cmt to surface.

Production Casing: (11-24-61)
 4 1/2" 11.5#, J-55, 8rd, 400 sxs
 Ssg. Depth Set @ 3854'

Casing Repairs
 (2-7-78) Ran CBL, Cmt top @ 2530', Perf 4-1/2" Csg @ 2508', Squeezed perf w/200 sxs Hawco
 Light and 100 sxs Class "C", Drilled out cmt from 2376' to 2509', Perf csg @ 2410'
 Squeezed new holes w/400 sxs. Temp Svy found Cement top @ 1230'
 (12/83) perf 2 holes @ 2000' pump 400 sxs hocwco lite and 100sxs class C. CMT top at 1840'
 (6/84) perf 2 holes at 1750' squeeze w/600 sxs. CMT top @ 1400'. Perf 2 holes at 750' squeeze w/ 250 sxs
 (3/12/97) Isolated csg leak 1/2531'-2499', HES sptd 25 sxs Micro-Matrix cmt-6 1/4 bbls. 11.5#
 slurry w/1.41 yield 1/2531'-2151' Pld tbq to 2097'. HES sqzd csg leak w/1 bbl cmt into leak
 (8-14-00) Found hole in csg @ 750'. Dropped blanking plug & shut off water flow, sptd 35 sxs
 Micro-Matrix cmt.

| Tubing: (7-20-07) | Length | Depth |
|-------------------------------------|--------|-------|
| 99 Jts 3 3/8" 4.7# J-55 EUE 8rd tbq | 3109' | 3123 |

| Rods: | Length | Depth |
|-----------------------|--------|-------|
| Set Baker Pkr @ 3123' | | |

Perforations: (11-24-61) and (8-19-67)
 3258'-3795' 33 holes
 Treated 3258'-3683' w/2000 gals reg. 15% acid w/ 36 ball sealers (4.5bpm avg inj), then treated down 4-1/2" w/
 30K# 20/40 sand and 30K gals treated water and 12 ball sealers (25.4 bpm avg inj)
 Treated 3747'-3795' w/1000 gals reg 15% acid, w/ 14 ball sealers, avg inj rate 4bpm
 3808'-3830' 80 holes Treatment: Sand/Oil
 Treated thru 4-1/2" OD csg perfs 3808'-3830' w/36,120 gal, 25K# 20/40 sand, 1200# Adomite and 500 gals 15%
 reg. acid
 3829'-3830' 4 holes Treatment: Sand/Oil

Fractures:

Conditions of Approval

Linn Operating Inc.

Skelly Unit 72

API 3001505372

T17S-R31E, Sec 23

December 05, 2012

1. Due to being within the Lesser Prairie Chicken habitat, this workover activity will be restricted to the hours of 9:00 a.m. through 3:00 a.m. for the period of March 1 through June 15. Exceptions to these restrictions may be granted by BLM's Johnny Chopp <jchopp@blm.gov> 575.234.2227 or Bob Ballard <bballard@blm.gov> 575.234.5973.
2. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
3. Subject to like approval by the New Mexico Oil Conservation Division.
4. Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 3200 or below to top of cement. The CBL may be attached to an email to pswartz@blm.gov
5. Surface disturbance beyond the originally approved disturbance shall have prior approval.
6. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
7. Functional H₂S monitoring equipment shall be on location.
8. A minimum 2000 (2M) BOPE to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 (attachment 1, 2M diagrams of choke manifold equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
9. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
10. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

11. File intermediate **subsequent report sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete workover subsequent sundry.
12. Submit the BLM Form 3160-4 **Completion Report** within 30 days of the date all BLM approved procedures are complete.

This well's recorded activity has been inactive/shut-in for more than 30 days without authorization. An inactive/shut-in well bore is a non-producing completion that is capable of "beneficial use" i.e. production in **paying quantities** or of service use.

13. Return the well to "beneficial use" on or before 02/04/2013. A legitimate request is necessary for extension of that date.
14. Submit evidence to support your determination that active "beneficial use" exists for BLM approval on the Sundry Notice Form 3160-5 (the original and 3 copies) before (NOI approval date + six months).
15. Should "beneficial use" not be achieved before 07/04/2013 submit for BLM approval a plan for plug and abandonment.

JAM/PRS 120512

Well with a Packer – Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 3) Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) At least 24 hours before the test: 575-361-2822, if there is no response email Paul R. Swartz pswartz@blm.gov phone 575-200-7902. If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact notification method, time, & date in your subsequent report.

- 5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
 - a) Approved injection pressure compliance is required.
 - b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
 - c) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 1) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of a full annular fluid level at any time.
- 2) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 3) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 4) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 5) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 6) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in-line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.