

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD
Artesia

FORM 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.

5. Lease Serial No. NMLC029419A
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No. 8920002760
8. Well Name and No. SKELLY UNIT 2
9. API Well No. 30-015-05344-00-S1
10. Field and Pool, or Exploratory GRAYBURG
11. County or Parish, and State EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator LINN OPERATING INCORPORATED Contact: MINDY KOTESKY E-Mail: MKOTESKY@LINNENERGY.COM	
3a. Address 600 TRAVIS STREET SUITE 5100 HOUSTON, TX 77002	3b. Phone No. (include area code) Ph: 281-840-4208
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 22 T17S R31E NENW 660FNL 1980FWL	

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 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	
	<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 recomplete 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 recompletion 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.)

LINN RESPECTFULLY REQUESTS TO FLARE FROM 8/13/16 TO 10/31/16 AT 39 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

OCT 19 2016

RECEIVED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Electronic Submission #353658 verified by the BLM Well Information System For LINN OPERATING INCORPORATED, sent to the Carlsbad Committed to AFMS for processing by JENNIFER SANCHEZ on 10/06/2016 (17JAS0009SE)	
Name (Printed/Typed) MINDY KOTESKY	Title REGULATORY SPECIALIST
Signature (Electronic Submission)	Date 10/05/2016
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 _____

APPROVED
OCT 6 2016
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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

SKELLY UNIT B 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
30-015-05327	SKELLY UNIT	#007 ✓	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
30-015-20549	SKELLY UNIT	#112 ✓	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
30-015-22258	SKELLY UNIT	#124 ✓	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 ✓	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
30-015-22520	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

SKELLY UNIT B BATTERY

30-015-29203	SKELLY UNIT	#180 ✓	Oil	Federal
30-015-29204	SKELLY UNIT	#182 ✓	Oil	Federal
30-015-28971	SKELLY UNIT	#185 ✓	Oil	Federal
30-015-29206	SKELLY UNIT	#189 ✓	Oil	Federal
30-015-29207	SKELLY UNIT	#190 ✓	Oil	Federal
30-015-29312	SKELLY UNIT	#191 ✓	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
30-015-28998	SKELLY UNIT	#200 ✓	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
30-015-29031	SKELLY UNIT	#212 ✓	Oil	Federal
30-015-29762	SKELLY UNIT	#213 ✓	Oil	Federal
30-015-29540	SKELLY UNIT	#214 ✓	Oil	Federal
30-015-29541	SKELLY UNIT	#215 ✓	Oil	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
30-015-28810	SKELLY UNIT	#248 ✓	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

SKELLY UNIT B BATTERY

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
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
30-015-37006	SKELLY UNIT	#502 ✓	Oil	Federal
30-015-37008	SKELLY UNIT	#503 ✓	Oil	Federal
30-015-37007	SKELLY UNIT	#505	Oil	Federal

CLIP

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

Pursuant to **NTL-4A III**, 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. Emergencies. During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. Well Purging and Evaluation Tests. During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. Initial Production Tests. During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in NTL-4A III.B and C above, only after approval by the Supervisor.

If a flaring event conforms with the requirements listed above as per NTL-4A III., the flared volumes are not royalty bearing and the operator does not need to submit a Sundry Notice. Report flared volumes as unavoidably lost on OGOR B.

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). NTL-4A specifies no more than 24 hours per incident and no more 144 hours cumulative for the lease during any calendar month. These Volumes are not royalty bearing and shall be reported on OGOR "B" as disposition code "23".
2. Flared volumes considered to be "avoidably lost":
 - Exceeding the first 24 hours for each temporary emergency flare event (144 hours cumulative for the lease per month), well purging and evaluation test.
 - During initial well evaluation tests, exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first
 - Scheduled flaring operations

These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in NTL-4A are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with NTL-4A.IV.B.. 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 NTL-4A.IV.B.. 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 in accordance with NTL-4A the BLM CFO requires Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on Sundry Notice (Form 3160-5).
 - If installation of an approved gas meter is not economically feasible for continued operations. Submit Notice of Intent - Sundry Notice (Form 3160-5) to request an alternate method of determining gas volumes with a valid justification. Alternate methods are listed in NTL-4A. The Authorized Officer may require the installation of additional measurement equipment whenever it is determined that the present methods are inadequate to meet the purposes of this Notice.
6. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
7. This approval does not authorize any additional surface disturbance.
8. Subject to like approval from NMOCD

Regulations and Definitions

Definition: As per NTL-4A II. A. "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

NTL-4A.IV.B. Oil Well Gas. Except as provided in II.C and III above, oil well gas may not be vented or flared unless approved in writing by the Supervisor. The Supervisor may approve an application for the venting or flaring of oil well gas if justified either by the submittal of **(1)** an evaluation report supported by engineering, geologic, and economic data which demonstrates to the satisfaction of the Supervisor that the expenditures necessary to market or beneficially use such gas are not economically justified and that conservation of the gas, if required, would lead to the premature abandonment of recoverable oil reserves and ultimately to a greater loss of equivalent energy than would be recovered if the venting or flaring were permitted to continue or **(2)** an action plan that will eliminate venting or flaring of the gas within 1 year from the date of application.

***Temporary Emergency Flaring** is defined as an unexpected situation requiring immediate action. A flaring event is considered an emergency if the occurrence is out of the operators control and the operator had less than 24 hrs notification of the event. Scheduled or routine flare events will not be considered an emergency.