

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

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.

Carlsbad Field Office
OCD Artesia

5. Lease Serial No.
Multiple--See Attached

6. Indian, Allottee or Tribe Name

7. Unit or CA/Agreement, Name and/or No.
020002760

SUBMIT IN TRIPLICATE - Other instructions on page 2

| | | |
|--|---|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 8. Well Name and No. Multiple--See Attached |
| 2. Name of Operator LINN OPERATING INCORPORATED E-Mail: MKOTESKY@LINNENERGY.COM Contact: MINDY KOTESKY | | 9. API Well No. Multiple--See Attached |
| 3a. Address 600 TRAVIS STREET SUITE 5100 HOUSTON, TX 77002 | 3b. Phone No. (include area code) Ph: 281-840-4208 | 10. Field and Pool or Exploratory Area GRAYBURG GRAYBURG JACKSON |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached | | 11. County or Parish, State EDDY COUNTY, NM |

12. CHECK THE 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"/> Hydraulic Fracturing | <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 | Venting and/or Flaring |
| | <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 must 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 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 8/13/16 TO 10/31/16 AT 43 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.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

ARTESIA DISTRICT
JAN 30 2017
RECEIVED

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #353768 verified by the BLM Well Information System
For LINN OPERATING INCORPORATED, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH MCKINNEY on 10/07/2016 (17DLM0036SE)**

| | |
|------------------------------------|-----------------------------|
| Name (Printed/Typed) MINDY KOTESKY | Title REGULATORY SPECIALIST |
| Signature (Electronic Submission) | Date 10/06/2016 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|----------------------------------|---------------------------------|------------------------|
| Approved By <u>MUSTAFA HAQUE</u> | Title <u>PETROLEUM ENGINEER</u> | Date <u>01/11/2017</u> |
|----------------------------------|---------------------------------|------------------------|

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 Carlsbad

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)

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

Additional data for EC transaction #353768 that would not fit on the form

5. Lease Serial No., continued

NMLC029418A
 NMLC029418B
 NMLC029419A
 NMLC029420A
 NMNM98120
 NMNM98122

Wells/Facilities, continued

| Agreement | Lease | Well/Fac Name, Number | API Number | Location |
|------------|-------------|-----------------------|--------------------|--|
| NMNM71030A | NMLC029419A | SKELLY UNIT 2 | 30-015-05344-00-S1 | Sec 22 T17S R31E NENW 660FNL 1980FWL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 11 | 30-015-05330-00-D1 | Sec 21 T17S R31E NESE 1980FSL 660FEL |
| NMNM71030A | NMLC029418B | SKELLY UNIT 111 | 30-015-20548-00-S1 | Sec 14 T17S R31E NESE 1980FSL 660FEL |
| NMNM71030A | NMNM98120 | SKELLY UNIT 112 | 30-015-20549-00-S1 | Sec 14 T17S R31E NENE 660FNL 660FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 116 | 30-015-21090-00-D1 | Sec 22 T17S R31E NWSW 1330FSL 130FWL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 116 | 30-015-21090-00-D2 | Sec 22 T17S R31E NWSW 1330FSL 130FWL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 117 | 30-015-22251-00-S1 | Sec 22 T17S R31E NESW 1980FSL 1880FWL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 120 | 30-015-22254-00-S1 | Sec 14 T17S R31E SWSW 760FSL 760FWL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 124 | 30-015-22258-00-S1 | Sec 22 T17S R31E SWNE 1880FNL 1880FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 125 | 30-015-22259-00-S1 | Sec 22 T17S R31E SWNW 1980FNL 560FWL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 126 | 30-015-22260-00-S1 | Sec 15 T17S R31E SWSW 560FSL 760FWL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 128 | 30-015-22262-00-S1 | Sec 22 T17S R31E NENE 450FNL 450FEL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 129 | 30-015-22263-00-S1 | Sec 21 T17S R31E NENE 660FNL 760FEL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 13 | 30-015-05323-00-S1 | Sec 21 T17S R31E NESW 1980FSL 1980FWL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 146 | 30-015-22520-00-S1 | Sec 23 T17S R31E NENW 810FNL 1980FWL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 150 | 30-015-22483-00-S1 | Sec 15 T17S R31E NESE 1880FSL 560FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 156 | 30-015-25038-00-D1 | Sec 22 T17S R31E NWSE 2560FSL 2630FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 156 | 30-015-25038-00-D2 | Sec 22 T17S R31E NWSE 2560FSL 2630FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 157 | 30-015-25039-00-D1 | Sec 22 T17S R31E SENE 2600FNL 1310FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 157 | 30-015-25039-00-D2 | Sec 22 T17S R31E SENE 2600FNL 1310FEL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 180 | 30-015-29203-00-S1 | Sec 15 T17S R31E SENW 1401FNL 1338FWL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 182 | 30-015-29204-00-S1 | Sec 15 T17S R31E SENE 1423FNL 1260FEL |
| NMNM71030A | NMNM98120 | SKELLY UNIT 185 | 30-015-28971-00-S1 | Sec 14 T17S R31E NENW 1287FNL 2590FWL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 189 | 30-015-29206-00-S1 | Sec 15 T17S R31E NESE 2630FSL 1310FWL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 190 | 30-015-29207-00-S1 | Sec 15 T17S R31E NWNE 2622FSL 2465FEL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 191 | 30-015-29312-00-S1 | Sec 15 T17S R31E NWSE 2564FSL 1415FEL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 192 | 30-015-29313-00-S1 | Sec 15 T17S R31E NESE 2630FSL 17FEL |
| NMNM71030A | NMNM98120 | SKELLY UNIT 193 | 30-015-29216-00-S1 | Sec 14 T17S R31E SWNW 2630FNL 1300FWL |
| NMNM71030A | NMNM98120 | SKELLY UNIT 194 | 30-015-29217-00-S1 | Sec 14 T17S R31E SENW 2625FNL 2557FWL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 198 | 30-015-29013-00-S1 | Sec 15 T17S R31E NWSW 1354FSL 1300FWL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 199 | 30-015-28972-00-S1 | Sec 15 T17S R31E SESW 1310FSL 2546FWL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 200 | 30-015-28998-00-S1 | Sec 15 T17S R31E SESE 1294FSL 1295FEL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 201 | 30-015-28947-00-S1 | Sec 14 T17S R31E SWSW 1272FSL 45FWL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 202 | 30-015-29062-00-S1 | Sec 14 T17S R31E NWSW 1409FSL 1310FWL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 204 | 30-015-28966-00-S1 | Sec 14 T17S R31E SESE 1278FSL 1273FEL |
| NMNM71030A | NMLC029420A | SKELLY UNIT 211 | 30-015-29092-00-S1 | Sec 15 T17S R31E SWSW 259FSL 1181FWL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 212 | 30-015-29031-00-S1 | Sec 22 T17S R31E NWNE 66FNL 2546FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 213 | 30-015-29762-00-S1 | Sec 22 T17S R31E NENE 40FNL 1220FEL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 214 | 30-015-29540-00-S1 | Sec 14 T17S R31E SWSW 189FSL 73FWL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 215 | 30-015-29541-00-S1 | Sec 14 T17S R31E SWSW 203FSL 1210FWL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 216 | 30-015-29223-00-S1 | Sec 14 T17S R31E SESW 128FSL 2515FWL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 217 | 30-015-29273-00-S1 | Sec 14 T17S R31E SESE 28FSL 1164FEL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 220 | 30-015-28892-00-S1 | Sec 21 T17S R31E SENW 1330FNL 1400FWL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 221 | 30-015-28893-00-S1 | Sec 21 T17S R31E SWNE 1390FNL 2530FEL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 222 | 30-015-28894-00-S1 | Sec 21 T17S R31E SENE 1380FNL 1300FEL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 223 | 30-015-28964-00-S1 | Sec 21 T17S R31E SENE 1340FNL 120FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 225 | 30-015-28973-00-S1 | Sec 22 T17S R31E SWNE 1357FNL 2580FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 226 | 30-015-29182-00-S1 | Sec 22 T17S R31E NENE 1217FNL 1117FEL |
| NMNM71030A | NMLC029419A | SKELLY UNIT 227 | 30-015-28948-00-S1 | Sec 22 T17S R31E NENE 1237FNL 41FEL |
| NMNM71030A | NMLC029418A | SKELLY UNIT 228 | 30-015-28949-00-S1 | Sec 23 T17S R31E SWNW 1326FNL 1317FWL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 233 | 30-015-29181-00-S1 | Sec 21 T17S R31E SENW 2620FNL 1343FWL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 234 | 30-015-28783-00-S1 | Sec 21 T17S R31E NESW 2602FSL 2562FWL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 235 | 30-015-28784-00-S1 | Sec 21 T17S R31E NWSE 2600FSL 1470FEL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 246 | 30-015-29063-00-S1 | Sec 21 T17S R31E SWSW 1306FSL 1216FWL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 247 | 30-015-28788-00-S1 | Sec 21 T17S R31E SESW 1110FSL 2515FWL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 248 | 30-015-28810-00-S1 | Sec 21 T17S R31E SESE 1240FSL 1190FEL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 5 | 30-015-05335-00-S1 | Sec 21 T17S R31E NENW 330FNL 1650FWL 32.826408 N Lat, 103.877943 W Lon |
| NMNM71030A | NMNM98122 | SKELLY UNIT 502 | 30-015-37006-00-S1 | Sec 21 T17S R31E NWNW 1310FNL 560FWL 32.823710 N Lat, 103.881499 W Lon |
| NMNM71030A | NMNM98122 | SKELLY UNIT 503 | 30-015-37008-00-S1 | Sec 21 T17S R31E NENW 1310FNL 1980FWL 32.823716 N Lat, 103.876855 W Lon |
| NMNM71030A | NMNM98122 | SKELLY UNIT 6 | 30-015-05326-00-S1 | Sec 21 T17S R31E NWNW 330FNL 990FWL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 7 | 30-015-05327-00-S1 | Sec 21 T17S R31E SWNW 1874FNL 766FWL |
| NMNM71030A | NMNM98122 | SKELLY UNIT 8 | 30-015-05328-00-S1 | Sec 21 T17S R31E SENW 1650FNL 2310FWL |

Revisions to Operator-Submitted EC Data for Sundry Notice #353768

| | Operator Submitted | BLM Revised (AFMSS) |
|----------------|---|---|
| Sundry Type: | OTHER NOI | FLARE NOI |
| Lease: | NMLC029419A | NMLC029418A NMLC029418B NMLC029419A NMLC029420A NMNM98120 NMNM98122 |
| Agreement: | | 8920002760 (NMNM71030A) |
| Operator: | LINN OPERATING, INC. 600 TRAVIS, SUITE 5100 HOUSTON, TX 77002 Ph: 281-840-4000 | LINN OPERATING INCORPORATED 600 TRAVIS STREET SUITE 5100 HOUSTON, TX 77002 Ph: 713.223.0880 |
| Admin Contact: | MINDY KOTESKY REGULATORY SPECIALIST E-Mail: MKOTESKY@LINNENERGY.COM Cell: 281-799-7469 Ph: 281-840-4208 Fx: 832-426-5972 | MINDY KOTESKY REGULATORY SPECIALIST E-Mail: MKOTESKY@LINNENERGY.COM Ph: 281-840-4208 |
| Tech Contact: | MINDY KOTESKY REGULATORY SPECIALIST E-Mail: MKOTESKY@LINNENERGY.COM Cell: 281-799-7469 Ph: 281-840-4208 Fx: 832-426-5972 | MINDY KOTESKY REGULATORY SPECIALIST E-Mail: MKOTESKY@LINNENERGY.COM Ph: 281-840-4208 |
| Location: | | |
| State: | NM | NM |
| County: | EDDY COUNTY | EDDY |
| Field/Pool: | GRAYBURG JACKSON;SRQGSA | GRAYBURG GRAYBURG JACKSON |
| Well/Facility: | SKELLY UNIT 002 Sec 22 T17S R31E Mer 6PM NENW 1980FNL 660FWL | SKELLY UNIT 2 Sec 22 T17S R31E NENW 660FNL 1980FWL SKELLY UNIT 11 Sec 21 T17S R31E NESE 1980FSL 660FEL SKELLY UNIT 111 Sec 14 T17S R31E NESE 1980FSL 660FEL SKELLY UNIT 112 Sec 14 T17S R31E NENE 660FNL 660FEL SKELLY UNIT 116 Sec 22 T17S R31E NWSW 1330FSL 130FWL SKELLY UNIT 116 Sec 22 T17S R31E NWSW 1330FSL 130FWL SKELLY UNIT 117 Sec 22 T17S R31E NESW 1980FSL 1880FWL SKELLY UNIT 120 Sec 14 T17S R31E SWSW 760FSL 760FWL SKELLY UNIT 124 Sec 22 T17S R31E SWNE 1880FNL 1880FEL SKELLY UNIT 125 Sec 22 T17S R31E SWNW 1980FNL 560FWL SKELLY UNIT 126 Sec 15 T17S R31E SWSW 560FSL 760FWL SKELLY UNIT 128 Sec 22 T17S R31E NENE 450FNL 450FEL SKELLY UNIT 129 Sec 21 T17S R31E NENE 660FNL 760FEL SKELLY UNIT 13 Sec 21 T17S R31E NESW 1980FSL 1980FWL SKELLY UNIT 146 Sec 23 T17S R31E NENW 810FNL 1980FWL SKELLY UNIT 150 Sec 15 T17S R31E NESE 1880FSL 560FEL SKELLY UNIT 156 Sec 22 T17S R31E NWSE 2560FSL 2630FEL SKELLY UNIT 156 Sec 22 T17S R31E NWSE 2560FSL 2630FEL SKELLY UNIT 157 Sec 22 T17S R31E SENE 2600FNL 1310FEL SKELLY UNIT 157 Sec 22 T17S R31E SENE 2600FNL 1310FEL SKELLY UNIT 180 |

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

Linn Operating Inc.
Skelly Unit 002
NMLC029419A

1/11/2017

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 either disposition code "21" or "22".
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,(from 08/13/2016 to 10/31/2016), 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.