LINN ENERGY, INC.

FORM 10-Q
(Quarterly Report)

Filed 11/14/17 for the Period Ending 09/30/17

Address	600 TRAVIS
	HOUSTON, TX, 77002
Telephone	281-840-4000
CIK	0001326428
Symbol	LNGG
SIC Code	1311 - Crude Petroleum and Natural Gas
Industry	Oil & Gas Exploration and Production
Sector	Energy
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______________ to _______________

Commission File Number: 000-51719

LINN ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**81-5366183**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
600 Travis **Houston, Texas**	**77002**
(Address of principal executive offices)	*(Zip Code)*

(281) 840-4000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	
		Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of October 31, 2017, there were 84,099,659 shares of Class A common stock, par value $0.001 per share, outstanding.

TABLE OF CONTENTS

		Page
	Glossary of Terms	ii
	Part I – Financial Information	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets	1
	Condensed Consolidated Statements of Operations	3
	Condensed Consolidated Statements of Equity	5
	Condensed Consolidated Statements of Cash Flows	6
	Notes to Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	40
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	65
Item 4.	Controls and Procedures	66
	Part II – Other Information	
Item 1.	Legal Proceedings	68
Item 1A.	Risk Factors	68
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	68
Item 3.	Defaults Upon Senior Securities	68
Item 4.	Mine Safety Disclosures	68
Item 5.	Other Information	68
Item 6.	Exhibits	69
	Signatures	70

GLOSSARY OF TERMS

As commonly used in the oil and natural gas industry and as used in this Quarterly Report on Form 10-Q, the following terms have the following meanings:

Bbl. One stock tank barrel or 42 United States gallons liquid volume.

Bcf. One billion cubic feet.

Bcfe. One billion cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of oil, condensate or natural gas liquids.

Btu. One British thermal unit, which is the heat required to raise the temperature of a one-pound mass of water from 58.5 degrees to 59.5 degrees Fahrenheit.

MBbls. One thousand barrels of oil or other liquid hydrocarbons.

MBbls/d. MBbls per day.

Mcf. One thousand cubic feet.

Mcfe. One thousand cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of oil, condensate or natural gas liquids.

MMBbls. One million barrels of oil or other liquid hydrocarbons.

MMBtu. One million British thermal units.

MMcf. One million cubic feet.

MMcf/d. MMcf per day.

MMcfe. One million cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of oil, condensate or natural gas liquids.

MMcfe/d. MMcfe per day.

MMMBtu. One billion British thermal units.

NGL. Natural gas liquids, which are the hydrocarbon liquids contained within natural gas.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

LINN ENERGY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share and unit amounts)	Successor September 30, 2017	Predecessor December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 32,042	$ 694,857
Accounts receivable – trade, net	165,045	198,064
Derivative instruments	6,220	—
Restricted cash	51,322	1,602
Other current assets	85,937	105,310
Current assets of discontinued operations	—	701
Total current assets	340,566	1,000,534
Noncurrent assets:		
Oil and natural gas properties (successful efforts method)	1,248,246	12,349,117
Less accumulated depletion and amortization	(53,370)	(9,843,908)
	1,194,876	2,505,209
Other property and equipment	472,332	618,262
Less accumulated depreciation	(22,067)	(217,724)
	450,265	400,538
Derivative instruments	4,582	—
Deferred income taxes	476,419	—
Equity method investments	461,460	6,200
Other noncurrent assets	7,449	7,784
Noncurrent assets of discontinued operations	—	740,326
	949,910	754,310
Total noncurrent assets	2,595,051	3,660,057
Total assets	$ 2,935,617	$ 4,660,591
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	$ 280,797	$ 295,081
Derivative instruments	547	82,508
Current portion of long-term debt, net	—	1,937,729
Other accrued liabilities	100,755	25,979
Current liabilities of discontinued operations	—	321
Total current liabilities	382,099	2,341,618

LINN ENERGY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS - Continued

(Unaudited)

	Successor	Predecessor
	September 30, 2017	**December 31, 2016**
(in thousands, except share and unit amounts)		
Derivative instruments	229	11,349
Other noncurrent liabilities	260,133	360,405
Noncurrent liabilities of discontinued operations	—	39,202
Liabilities subject to compromise	—	4,305,005
Commitments and contingencies (Note 11)		
Equity (deficit):		
Predecessor units issued and outstanding (no units issued or outstanding at September 30, 2017; 352,792,474 units issued and outstanding at December 31, 2016)	—	5,386,885
Predecessor accumulated deficit	—	(7,783,873)
Successor preferred stock ($0.001 par value, 30,000,000 shares authorized and no shares issued at September 30, 2017; no shares authorized or issued at December 31, 2016)	—	—
Successor Class A common stock ($0.001 par value, 270,000,000 shares authorized and 84,667,268 shares issued at September 30, 2017; no shares authorized or issued at December 31, 2016)	85	—
Successor additional paid-in capital	1,926,722	—
Successor retained earnings	349,864	—
Total common stockholders'/unitholders' equity (deficit)	2,276,671	(2,396,988)
Noncontrolling interests	16,485	—
Total equity (deficit)	2,293,156	(2,396,988)
Total liabilities and equity (deficit)	$ 2,935,617	$ 4,660,591

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

LINN ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share and per unit amounts)	Successor Three Months Ended September 30, 2017	Predecessor Three Months Ended September 30, 2016
Revenues and other:		
Oil, natural gas and natural gas liquids sales	$ 206,318	$ 237,986
Gains (losses) on oil and natural gas derivatives	(14,497)	166
Marketing revenues	38,493	9,249
Other revenues	6,368	19,574
	236,682	266,975
Expenses:		
Lease operating expenses	61,272	67,234
Transportation expenses	34,541	40,986
Marketing expenses	34,099	6,933
General and administrative expenses	30,035	48,471
Exploration costs	171	4
Depreciation, depletion and amortization	29,657	87,413
Impairment of long-lived assets	—	41,728
Taxes, other than income taxes	12,368	18,003
(Gains) losses on sale of assets and other, net	(26,977)	2,532
	175,166	313,304
Other income and (expenses):		
Interest expense, net of amounts capitalized	(223)	(25,283)
Earnings from equity method investments	2,575	222
Other, net	(4,237)	(200)
	(1,885)	(25,261)
Reorganization items, net	(2,605)	(28,361)
Income (loss) from continuing operations before income taxes	57,026	(99,951)
Income tax expense (benefit)	5,996	(3,650)
Income (loss) from continuing operations	51,030	(96,301)
Income (loss) from discontinued operations, net of income taxes	86,099	(102,064)
Net income (loss)	137,129	(198,365)
Net income attributable to noncontrolling interests	66	—
Net income (loss) attributable to common stockholders/unitholders	$ 137,063	$ (198,365)
Income (loss) per share/unit attributable to common stockholders/unitholders:		
Income (loss) from continuing operations per share/unit – Basic	$ 0.58	$ (0.27)
Income (loss) from continuing operations per share/unit – Diluted	$ 0.57	$ (0.27)
Income (loss) from discontinued operations per share/unit – Basic	$ 0.98	$ (0.29)
Income (loss) from discontinued operations per share/unit – Diluted	$ 0.97	$ (0.29)
Net income (loss) per share/unit – Basic	$ 1.56	$ (0.56)
Net income (loss) per share/unit – Diluted	$ 1.54	$ (0.56)
Weighted average shares/units outstanding – Basic	87,796	352,792
Weighted average shares/units outstanding – Diluted	88,999	352,792

The accompanying notes are an integral part of these condensed consolidated financial statements.

LINN ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - Continued

(Unaudited)

	Successor	Predecessor	
(in thousands, except per share and per unit amounts)	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
Revenues and other:			
Oil, natural gas and natural gas liquids sales	$ 529,810	$ 188,885	$ 618,274
Gains (losses) on oil and natural gas derivatives	19,258	92,691	(74,175)
Marketing revenues	53,954	6,636	26,861
Other revenues	14,787	9,915	71,521
	617,809	298,127	642,481
Expenses:			
Lease operating expenses	156,959	49,665	220,847
Transportation expenses	85,652	25,972	124,609
Marketing expenses	43,614	4,820	21,493
General and administrative expenses	74,904	71,745	184,360
Exploration costs	1,037	93	2,745
Depreciation, depletion and amortization	101,558	47,155	262,880
Impairment of long-lived assets	—	—	165,044
Taxes, other than income taxes	37,316	14,877	53,544
(Gains) losses on sale of assets and other, net	(333,371)	829	6,607
	167,669	215,156	1,042,129
Other income and (expenses):			
Interest expense, net of amounts capitalized	(11,974)	(16,725)	(159,476)
Earnings from equity method investments	2,705	157	511
Other, net	(5,788)	(149)	(1,358)
	(15,057)	(16,717)	(160,323)
Reorganization items, net	(8,547)	2,331,189	457,437
Income (loss) from continuing operations before income taxes	426,536	2,397,443	(102,534)
Income tax expense (benefit)	159,451	(166)	2,944
Income (loss) from continuing operations	267,085	2,397,609	(105,478)
Income (loss) from discontinued operations, net of income taxes	82,845	(548)	(1,232,141)
Net income (loss)	349,930	2,397,061	(1,337,619)
Net income attributable to noncontrolling interests	66	—	—
Net income (loss) attributable to common stockholders/unitholders	$ 349,864	$ 2,397,061	$ (1,337,619)
Income (loss) per share/unit attributable to common stockholders/unitholders:			
Income (loss) from continuing operations per share/unit – Basic	$ 3.00	$ 6.80	$ (0.30)
Income (loss) from continuing operations per share/unit – Diluted	$ 2.97	$ 6.80	$ (0.30)
Income (loss) from discontinued operations per share/unit – Basic	$ 0.93	$ (0.01)	$ (3.49)
Income (loss) from discontinued operations per share/unit – Diluted	$ 0.93	$ (0.01)	$ (3.49)
Net income (loss) per share/unit – Basic	$ 3.93	$ 6.79	$ (3.79)
Net income (loss) per share/unit – Diluted	$ 3.90	$ 6.79	$ (3.79)
Weighted average shares/units outstanding – Basic	88,966	352,792	352,606
Weighted average shares/units outstanding – Diluted	89,784	352,792	352,606

The accompanying notes are an integral part of these condensed consolidated financial statements.

LINN ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENT OF EQUITY (PREDECESSOR)

(Unaudited)

	Units	Unitholders' Capital	Accumulated Deficit	Total Unitholders' Capital (Deficit)
	(in thousands)			
December 31, 2016 (Predecessor)	352,792	$ 5,386,885	$ (7,783,873)	$ (2,396,988)
Net income		—	2,397,061	2,397,061
Other		(73)	—	(73)
February 28, 2017 (Predecessor)	352,792	5,386,812	(5,386,812)	—
Cancellation of predecessor equity	(352,792)	(5,386,812)	5,386,812	—
February 28, 2017 (Predecessor)	—	$ —	$ —	$ —

CONDENSED CONSOLIDATED STATEMENT OF EQUITY (SUCCESSOR)

(Unaudited)

	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Total Common Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount					
	(in thousands)						
Issuances of successor Class A common stock	89,230	$ 89	$ 2,021,142	$ —	$ 2,021,231	$ —	$ 2,021,231
Share-based compensation expenses		—	13,750	—	13,750	—	13,750
February 28, 2017 (Successor)	89,230	89	2,034,892	—	2,034,981	—	2,034,981
Net income		—	—	349,864	349,864	66	349,930
Issuances of successor Class A common stock	21	—	—	—	—	—	—
Repurchases of successor Class A common stock	(4,584)	(4)	(156,947)	—	(156,951)	—	(156,951)
Share-based compensation expenses		—	62,381	—	62,381	—	62,381
Initial allocation of noncontrolling interests upon conversion of subsidiary units		—	(17,605)	—	(17,605)	17,605	—
Distributions to noncontrolling interests		—	—	—	—	(1,211)	(1,211)
Subsidiary equity transactions		—	(25)	—	(25)	25	—
Other		—	4,026	—	4,026	—	4,026
September 30, 2017 (Successor)	84,667	$ 85	$ 1,926,722	$ 349,864	$ 2,276,671	$ 16,485	$ 2,293,156

The accompanying notes are an integral part of these condensed consolidated financial statements.

LINN ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)	Successor: Seven Months Ended September 30, 2017	Predecessor: Two Months Ended February 28, 2017	Predecessor: Nine Months Ended September 30, 2016
Cash flow from operating activities:			
Net income (loss)	$ 349,930	$ 2,397,061	$ (1,337,619)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
(Income) loss from discontinued operations	(82,845)	548	1,232,141
Depreciation, depletion and amortization	101,558	47,155	262,880
Impairment of long-lived assets	—	—	165,044
Deferred income taxes	116,446	(166)	831
Noncash (gains) losses on oil and natural gas derivatives	380	(104,263)	931,085
Share-based compensation expenses	25,876	50,255	24,514
Amortization and write-off of deferred financing fees	3,349	1,338	11,288
(Gains) losses on sale of assets and other, net	(357,510)	1,069	5,534
Reorganization items, net	—	(2,359,364)	(485,831)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable – trade, net	15,549	(7,216)	(27,857)
(Increase) decrease in other assets	3,908	402	(17,111)
(Increase) decrease in restricted cash	2,151	(80,164)	—
Increase (decrease) in accounts payable and accrued expenses	(43,213)	20,949	64,252
Increase in other liabilities	56,460	2,801	21,679
Net cash provided by (used in) operating activities – continuing operations	192,039	(29,595)	850,830
Net cash provided by operating activities – discontinued operations	2,566	8,781	34,362
Net cash provided by (used in) operating activities	194,605	(20,814)	885,192
Cash flow from investing activities:			
Development of oil and natural gas properties	(136,638)	(50,597)	(118,920)
Purchases of other property and equipment	(60,656)	(7,409)	(25,955)
Proceeds from sale of properties and equipment and other	703,234	(166)	(3,321)
Net cash provided by (used in) investing activities – continuing operations	505,940	(58,172)	(148,196)
Net cash provided by (used in) investing activities – discontinued operations	345,643	(584)	19,133
Net cash provided by (used in) investing activities	851,583	(58,756)	(129,063)

LINN ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

(Unaudited)

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
(in thousands)			
Cash flow from financing activities:			
Proceeds from rights offerings, net	—	514,069	—
Repurchases of shares	(156,091)	—	—
Proceeds from borrowings	190,000	—	978,500
Repayments of debt	(1,090,000)	(1,038,986)	(913,210)
Debt issuance costs paid	(7,229)	—	(692)
Payment to holders of claims under the second lien notes	—	(30,000)	—
Other	(5,181)	(6,015)	(20,687)
Net cash provided by (used in) financing activities – continuing operations	(1,068,501)	(560,932)	43,911
Net cash used in financing activities – discontinued operations	—	—	(1,701)
Net cash provided by (used in) financing activities	(1,068,501)	(560,932)	42,210
Net increase (decrease) in cash and cash equivalents	(22,313)	(640,502)	798,339
Cash and cash equivalents:			
Beginning	54,355	694,857	2,168
Ending	32,042	54,355	800,507
Less cash and cash equivalents of discontinued operations at end of period	—	—	(29,647)
Ending – continuing operations	$ 32,042	$ 54,355	$ 770,860

The accompanying notes are an integral part of these condensed consolidated financial statements.

LINN ENERGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 – Basis of Presentation

When referring to Linn Energy, Inc. (formerly known as Linn Energy, LLC) ("Successor," "LINN Energy" or the "Company"), the intent is to refer to LINN Energy, a newly formed Delaware corporation, and its consolidated subsidiaries as a whole or on an individual basis, depending on the context in which the statements are made. Linn Energy, Inc. is a successor issuer of Linn Energy, LLC pursuant to Rule 15d-5 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). When referring to the "Predecessor" in reference to the period prior to the emergence from bankruptcy, the intent is to refer to Linn Energy, LLC, the predecessor that will be dissolved following the effective date of the Plan (as defined below) and resolution of all outstanding claims, and its consolidated subsidiaries as a whole or on an individual basis, depending on the context in which the statements are made.

The reference to "Berry" herein refers to Berry Petroleum Company, LLC, which was an indirect 100% wholly owned subsidiary of the Predecessor through February 28, 2017. Berry was deconsolidated effective December 3, 2016 (see Note 4). The reference to "LinnCo" herein refers to LinnCo, LLC, an affiliate of the Predecessor.

Nature of Business

LINN Energy is an independent oil and natural gas company that was formed in February 2017, in connection with the reorganization of the Predecessor. The Predecessor was publicly traded from January 2006 to February 2017. As discussed further in Note 2, on May 11, 2016 (the "Petition Date"), Linn Energy, LLC, certain of its direct and indirect subsidiaries, and LinnCo (collectively, the "LINN Debtors") and Berry (collectively with the LINN Debtors, the "Debtors"), filed voluntary petitions ("Bankruptcy Petitions") for relief under Chapter 11 of the U.S. Bankruptcy Code ("Bankruptcy Code") in the U.S. Bankruptcy Court for the Southern District of Texas ("Bankruptcy Court"). The Debtors' Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040. During the pendency of the Chapter 11 proceedings, the Debtors operated their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. The Company emerged from bankruptcy effective February 28, 2017.

The Company's properties are currently located in seven operating regions in the United States ("U.S."), in the Hugoton Basin, the Mid-Continent, east Texas and north Louisiana ("TexLa"), the Rockies, the Permian Basin, Michigan/Illinois and south Texas. In July 2017, the Company divested all of its properties located in California. The Company also owns a 50% equity interest in Roan Resources LLC, which is focused on the accelerated development of the Merge/SCOOP/STACK play in Oklahoma.

Principles of Consolidation and Reporting

The information reported herein reflects all normal recurring adjustments that are, in the opinion of management, necessary for the fair presentation of the results for the interim periods. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted under Securities and Exchange Commission ("SEC") rules and regulations; as such, this report should be read in conjunction with the financial statements and notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The results reported in these unaudited condensed consolidated financial statements should not necessarily be taken as indicative of results that may be expected for the entire year.

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated upon consolidation. Noncontrolling interests represent ownership in the net assets of the Company's consolidated subsidiary, Linn Energy Holdco LLC ("Holdco"), not attributable to LINN Energy, and are presented as a component of equity. Changes in the Company's ownership interests in Holdco that do not result in deconsolidation are recognized in equity. See Note 13 for additional information about noncontrolling interests. Investments in noncontrolled entities over which the Company exercises significant influence are accounted for under the equity method. See Note 6 for additional information about equity method investments.

The condensed consolidated financial statements for previous periods include certain reclassifications that were made to conform to current presentation. The Company has also classified the assets and liabilities of its California properties, as well as the results of operations and cash flows of its California properties and Berry, as discontinued operations on its condensed consolidated financial statements. Such reclassifications have no impact on previously reported net income (loss), stockholders'/unitholders' equity (deficit) or cash flows. See Note 4 for additional information.

In addition, during the third quarter of 2017, the Company corrected its allocation of value between proved and unproved oil and natural gas properties initially recorded as part of fresh start accounting (see Note 3) resulting in a reclassification of approximately $459 million from proved properties to unproved properties as of February 28, 2017. As a result, during the third quarter of 2017, the Company also recorded pretax out-of-period corrections of approximately $8 million to reduce depletion expense and approximately $1 million to increase net gains on sale of assets (combined $5 million after tax), as well as approximately $8 million to increase income from discontinued operations, net of income taxes, related to errors in the first and second quarters of 2017. The Company concluded that the correction of the errors was not material to these or any previously issued financial statements.

Bankruptcy Accounting

The condensed consolidated financial statements have been prepared as if the Company will continue as a going concern and reflect the application of Accounting Standards Codification 852 "Reorganizations" ("ASC 852"). ASC 852 requires that the financial statements, for periods subsequent to the Chapter 11 filing, distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, certain expenses, gains and losses that are realized or incurred in the bankruptcy proceedings are recorded in "reorganization items, net" on the Company's condensed consolidated statements of operations. In addition, prepetition unsecured and under-secured obligations that may be impacted by the bankruptcy reorganization process have been classified as "liabilities subject to compromise" on the Company's condensed consolidated balance sheet at December 31, 2016. These liabilities are reported at the amounts expected to be allowed as claims by the Bankruptcy Court, although they may be settled for less.

Upon emergence from bankruptcy on February 28, 2017, the Company adopted fresh start accounting which resulted in the Company becoming a new entity for financial reporting purposes. As a result of the application of fresh start accounting and the effects of the implementation of the plan of reorganization, the condensed consolidated financial statements on or after February 28, 2017, are not comparable with the condensed consolidated financial statements prior to that date. See Note 3 for additional information.

Use of Estimates

The preparation of the accompanying condensed consolidated financial statements in conformity with GAAP requires management of the Company to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amount of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. The estimates that are particularly significant to the financial statements include estimates of the Company's reserves of oil, natural gas and natural gas liquids ("NGL"), future cash flows from oil and natural gas properties, depreciation, depletion and amortization, asset retirement obligations, certain revenues and operating expenses, fair values of commodity derivatives and fair values of assets acquired and liabilities assumed. In addition, as part of fresh start accounting, the Company made estimates and assumptions related to its reorganization value, liabilities subject to compromise, the fair value of assets and liabilities recorded as a result of the adoption of fresh start accounting and income taxes.

As fair value is a market-based measurement, it is determined based on the assumptions that market participants would use. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates. Any changes in estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Recently Issued Accounting Standards

In November 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") that is intended to address diversity in the classification and presentation of changes in restricted cash on the statement of cash flows. This ASU will be applied retrospectively as of the date of adoption and is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years (early adoption permitted). The Company is currently evaluating the impact of the adoption of this ASU on its financial statements and related disclosures. The adoption of this ASU is expected to result in the inclusion of restricted cash in the beginning and ending balances of cash on the statements of cash flows and disclosure reconciling cash and cash equivalents presented on the balance sheets to cash, cash equivalents and restricted cash on the statements of cash flows.

In March 2016, the FASB issued an ASU that is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The Company adopted this ASU on January 1, 2017. The adoption of this ASU had no impact on the Company's historical financial statements or related disclosures. Upon adoption and subsequently this ASU will result in excess tax benefits, which were previously recorded in equity on the balance sheets and classified as financing activities on the statements of cash flows, being recorded in the statements of operations and classified as operating activities on the statements of cash flows. Additionally, the Company elected to begin accounting for forfeitures as they occur.

In February 2016, the FASB issued an ASU that is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet. This ASU will be applied retrospectively as of the date of adoption and is effective for fiscal years beginning after December 15, 2018, and interim periods within those years (early adoption permitted). The Company is currently evaluating the impact of the adoption of this ASU on its financial statements and related disclosures. The Company expects the adoption of this ASU to impact its balance sheets resulting from an increase in both assets and liabilities related to the Company's leasing activities.

In May 2014, the FASB issued an ASU that is intended to improve and converge the financial reporting requirements for revenue from contracts with customers. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those years (early adoption permitted for fiscal years beginning after December 15, 2016, including interim periods within that year). The Company does not plan to early adopt this ASU. The Company is currently evaluating the impact of the adoption of this ASU on its financial statements and related disclosures. The Company expects to use the cumulative-effect transition method, has completed an initial review of its contracts and is developing accounting policies to address the provisions of the ASU, but has not finalized any estimates of the potential impacts.

Note 2 – Emergence From Voluntary Reorganization Under Chapter 11

On the Petition Date, the Debtors filed Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Debtors' Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040.

On December 3, 2016, the LINN Debtors filed the Amended Joint Chapter 11 Plan of Reorganization of Linn Energy, LLC and Its Debtor Affiliates Other Than Linn Acquisition Company, LLC ("LAC") and Berry Petroleum Company, LLC (the "Plan"). The LINN Debtors subsequently filed amended versions of the Plan with the Bankruptcy Court.

On December 13, 2016, LAC and Berry filed the Amended Joint Chapter 11 Plan of Reorganization of Linn Acquisition Company, LLC and Berry Petroleum Company, LLC (the "Berry Plan" and together with the Plan, the "Plans"). LAC and Berry subsequently filed amended versions of the Berry Plan with the Bankruptcy Court.

On January 27, 2017, the Bankruptcy Court entered an order approving and confirming the Plans (the "Confirmation Order"). On February 28, 2017 (the "Effective Date"), the Debtors satisfied the conditions to effectiveness of the respective Plans, the

Plans became effective in accordance with their respective terms and LINN Energy and Berry emerged from bankruptcy as stand-alone, unaffiliated entities.

Plan of Reorganization
In accordance with the Plan, on the Effective Date:

- The Predecessor transferred all of its assets, including equity interests in its subsidiaries, other than LAC and Berry, to Linn Energy Holdco II LLC ("Holdco II"), a newly formed subsidiary of the Predecessor and the borrower under the Credit Agreement (as amended, the "Successor Credit Facility") entered into in connection with the reorganization, in exchange for 100% of the equity of Holdco II and the issuance of interests in the Successor Credit Facility to certain of the Predecessor's creditors in partial satisfaction of their claims (the "Contribution"). Immediately following the Contribution, the Predecessor transferred 100% of the equity interests in Holdco II to the Successor in exchange for approximately $530 million in cash and an amount of equity securities in the Successor not to exceed 49.90% of the outstanding equity interests of the Successor, which the Predecessor distributed to certain of its creditors in satisfaction of their claims. Contemporaneously with the reorganization transactions and pursuant to the Plan, (i) LAC assigned all of its rights, title and interest in the membership interests of Berry to Berry Petroleum Corporation, (ii) all of the equity interests in LAC and the Predecessor were canceled and (iii) LAC and the Predecessor commenced liquidation, which is expected to be completed following the resolution of the respective companies' outstanding claims.

- The holders of claims under the Predecessor's Sixth Amended and Restated Credit Agreement ("Predecessor Credit Facility") received a full recovery, consisting of a cash paydown and their pro rata share of the $1.7 billion Successor Credit Facility. As a result, all outstanding obligations under the Predecessor Credit Facility were canceled.

- Holdco II, as borrower, entered into the Successor Credit Facility with the holders of claims under the Predecessor Credit Facility, as lenders, and Wells Fargo Bank, National Association, as administrative agent, providing for a new reserve-based revolving loan with up to $1.4 billion in borrowing commitments and a new term loan in an original principal amount of $300 million . For additional information about the Successor Credit Facility, see Note 7.

- The holders of the Company's 12.00% senior secured second lien notes due December 2020 (the "Second Lien Notes") received their pro rata share of (i) 17,678,889 shares of Class A common stock; (ii) certain rights to purchase shares of Class A common stock in the rights offerings, as described below; and (iii) $30 million in cash. The holders of the Company's 6.50% senior notes due May 2019, 6.25% senior notes due November 2019, 8.625% senior notes due 2020, 7.75% senior notes due February 2021 and 6.50% senior notes due September 2021 (collectively, the "Unsecured Notes") received their pro rata share of (i) 26,724,396 shares of Class A common stock; and (ii) certain rights to purchase shares of Class A common stock in the rights offerings, as described below. As a result, all outstanding obligations under the Second Lien Notes and the Unsecured Notes and the indentures governing such obligations were canceled.

- The holders of general unsecured claims (other than claims relating to the Second Lien Notes and the Unsecured Notes) against the LINN Debtors (the "LINN Unsecured Claims") received their pro rata share of cash from two cash distribution pools totaling $40 million , as divided between a $2.3 million cash distribution pool for the payment in full of allowed LINN Unsecured Claims in an amount equal to $2,500 or less (and larger claims for which the holders irrevocably agreed to reduce such claims to $2,500), and a $37.7 million cash distribution pool for pro rata distributions to all remaining allowed general LINN Unsecured Claims. As a result, all outstanding LINN Unsecured Claims were fully satisfied, settled, released and discharged as of the Effective Date.

- All units of the Predecessor that were issued and outstanding immediately prior to the Effective Date were extinguished without recovery. On the Effective Date, the Successor issued in the aggregate 89,229,892 shares of Class A common stock. No cash was raised from the issuance of the Class A common stock on account of claims held by the Predecessor's creditors.

- The Successor entered into a registration rights agreement with certain parties, pursuant to which the Company agreed to, among other things, file a registration statement with the SEC within 60 days of the Effective Date covering the offer and resale of "Registrable Securities" (as defined therein).
- By operation of the Plan and the Confirmation Order, the terms of the Predecessor's board of directors expired as of the Effective Date. The Successor formed a new board of directors, consisting of the Chief Executive Officer of the Predecessor, one director selected by the Successor and five directors selected by a six-person selection committee.

Rights Offerings
On October 25, 2016, the Company entered into a backstop commitment agreement ("Backstop Commitment Agreement") with the parties thereto (collectively, the "Backstop Parties"). In accordance with the Plan, the Backstop Commitment Agreement and the rights offerings procedures filed in the Chapter 11 cases and approved by the Bankruptcy Court, the LINN Debtors offered eligible creditors the right to purchase Class A common stock upon emergence from the Chapter 11 cases for an aggregate purchase price of $530 million .

Under the Backstop Commitment Agreement, certain Backstop Parties agreed to purchase their pro rata share of the shares that were not duly subscribed to pursuant to the offerings at the discounted per share price set forth in the Backstop Commitment Agreement by parties other than Backstop Parties. Pursuant to the Backstop Commitment Agreement, the LINN Debtors agreed to pay the Backstop Parties on the Effective Date a commitment premium equal to 4.0% of the $530 million committed amount, of which 3.0% was paid in cash and 1.0% was paid in the form of Class A common stock at the discounted per share price set forth in the Backstop Commitment Agreement.

On the Effective Date, all conditions to the rights offerings and the Backstop Commitment Agreement were met, and the LINN Debtors completed the rights offerings and the related issuances of Class A common stock.

Liabilities Subject to Compromise
The Predecessor's condensed consolidated balance sheet as of December 31, 2016, includes amounts classified as "liabilities subject to compromise," which represent prepetition liabilities that were allowed, or that the Company estimated would be allowed, as claims in its Chapter 11 cases. The following table summarizes the components of liabilities subject to compromise included on the condensed consolidated balance sheet:

	Predecessor
	December 31, 2016
	(in thousands)
Accounts payable and accrued expenses	$ 137,692
Accrued interest payable	144,184
Debt	4,023,129
Liabilities subject to compromise	$ 4,305,005

Reorganization Items, Net
The Company incurred significant costs and recognized significant gains associated with the reorganization. Reorganization items represent costs and income directly associated with the Chapter 11 proceedings since the Petition Date, and also include adjustments to reflect the carrying value of certain liabilities subject to compromise at their estimated allowed claim amounts, as such adjustments were determined. The following tables summarize the components of reorganization items included on the condensed consolidated statements of operations:

	Successor	Predecessor
(in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
Legal and other professional advisory fees	$ (2,549)	$ (16,714)
Terminated contracts	—	(13,123)
Other	(56)	1,476
Reorganization items, net	$ (2,605)	$ (28,361)

	Successor	Predecessor	
(in thousands)	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
Gain on settlement of liabilities subject to compromise	$ —	$ 3,724,750	$ —
Recognition of an additional claim for the Predecessor's Second Lien Notes settlement	—	(1,000,000)	—
Fresh start valuation adjustments	—	(591,525)	—
Income tax benefit related to implementation of the Plan	—	264,889	—
Legal and other professional advisory fees	(8,565)	(46,961)	(30,165)
Unamortized deferred financing fees, discounts and premiums	—	—	(52,045)
Gain related to interest payable on Predecessor's Second Lien Notes	—	—	551,000
Terminated contracts	—	(6,915)	(13,123)
Other	18	(13,049)	1,770
Reorganization items, net	$ (8,547)	$ 2,331,189	$ 457,437

Note 3 – Fresh Start Accounting

Upon the Company's emergence from Chapter 11 bankruptcy, it adopted fresh start accounting in accordance with the provisions of ASC 852 which resulted in the Company becoming a new entity for financial reporting purposes. In accordance with ASC 852, the Company was required to adopt fresh start accounting upon its emergence from Chapter 11 because (i) the holders of existing voting ownership interests of the Predecessor received less than 50% of the voting shares of the Successor and (ii) the reorganization value of the Company's assets immediately prior to confirmation of the Plan was less than the total of all post-petition liabilities and allowed claims.

Upon adoption of fresh start accounting, the reorganization value derived from the enterprise value as disclosed in the Plan was allocated to the Company's assets and liabilities based on their fair values (except for deferred income taxes) in accordance with ASC 805 "Business Combinations" ("ASC 805"). The amount of deferred income taxes recorded was determined in accordance with ASC 740 "Income Taxes" ("ASC 740"). The Effective Date fair values of the Company's assets and liabilities differed materially from their recorded values as reflected on the historical balance sheet. The effects of the Plan and the application of fresh start accounting were reflected on the condensed consolidated balance sheet as of February 28, 2017, and the related adjustments thereto were recorded on the condensed consolidated statement of operations for the two months ended February 28, 2017.

As a result of the adoption of fresh start accounting and the effects of the implementation of the Plan, the Company’s condensed consolidated financial statements subsequent to February 28, 2017, are not comparable to its condensed consolidated financial statements prior to February 28, 2017. References to “Successor” relate to the financial position and results of operations of the reorganized Company as of and subsequent to February 28, 2017. References to “Predecessor” relate to the financial position of the Company prior to, and results of operations through and including, February 28, 2017.

The Company’s condensed consolidated financial statements and related footnotes are presented with a black line division, which delineates the lack of comparability between amounts presented after February 28, 2017, and amounts presented on or prior to February 28, 2017. The Company’s financial results for future periods following the application of fresh start accounting will be different from historical trends and the differences may be material.

Reorganization Value

Under ASC 852, the Successor determined a value to be assigned to the equity of the emerging entity as of the date of adoption of fresh start accounting. The Plan confirmed by the Bankruptcy Court estimated an enterprise value of $2.35 billion . The Plan enterprise value was prepared using an asset based methodology, as discussed further below. The enterprise value was then adjusted to determine the equity value of the Successor of approximately $2.03 billion . Adjustments to determine the equity value are presented below (in thousands):

Plan confirmed enterprise value	$	2,350,000
Fair value of debt		(900,000)
Fair value of subsequently determined tax attributes		621,486
Fair value of vested Class B units		(36,505)
Value of Successor’s stockholders’ equity	$	2,034,981

The subsequently determined tax attributes were primarily the result of the conversion from a limited liability company to a C corporation and differences in the accounting basis and tax basis of the Company’s oil and natural gas properties as of the Effective Date. The Class B units are incentive interest awards that were granted on the Effective Date by Holdco to certain members of its management (see Note 14), and the associated fair value was recorded as a liability of approximately $7 million in “other accrued liabilities” and temporary equity of approximately $29 million in “redeemable noncontrolling interests” on the condensed consolidated balance sheet at February 28, 2017.

The Company’s principal assets are its oil and natural gas properties. The fair values of oil and natural gas properties were estimated using valuation techniques consistent with the income approach, converting future cash flows to a single discounted amount. Significant inputs used to determine the fair values of properties include estimates of: (i) reserves; (ii) future operating and development costs; (iii) future commodity prices; and (iv) a market-based weighted average cost of capital rate. These inputs require significant judgments and estimates by the Company’s management at the time of the valuation and are the most sensitive and subject to change. The underlying commodity prices embedded in the Company’s estimated cash flows are the product of a process that begins with New York Mercantile Exchange (“NYMEX”) forward curve pricing, adjusted for estimated location and quality differentials, as well as other factors that Company management believes will impact realizable prices.

See below under “Fresh Start Adjustments” for additional information regarding assumptions used in the valuation of the Company's various other significant assets and liabilities.

Condensed Consolidated Balance Sheet

The adjustments included in the following fresh start condensed consolidated balance sheet reflect the effects of the transactions contemplated by the Plan and executed by the Company on the Effective Date (reflected in the column “Reorganization Adjustments”) as well as fair value and other required accounting adjustments resulting from the adoption of fresh start accounting (reflected in the column “Fresh Start Adjustments”). The explanatory notes provide additional information with regard to the adjustments recorded, the methods used to determine the fair values and significant assumptions.

	As of February 28, 2017			
	Predecessor	Reorganization Adjustments [1]	Fresh Start Adjustments	Successor
	(in thousands)			
ASSETS				
Current assets:				
Cash and cash equivalents	$ 734,166	$ (679,811) [2]	$ —	$ 54,355
Accounts receivable – trade, net	212,099	—	(7,808) [16]	204,291
Derivative instruments	15,391	—	—	15,391
Restricted cash	1,602	80,164 [3]	—	81,766
Other current assets	106,426	(15,983) [4]	1,780 [17]	92,223
Total current assets	1,069,684	(615,630)	(6,028)	448,026
Noncurrent assets:				
Oil and natural gas properties (successful efforts method)	13,269,035	—	(11,082,258) [18]	2,186,777
Less accumulated depletion and amortization	(10,044,240)	—	10,044,240 [18]	—
	3,224,795	—	(1,038,018)	2,186,777
Other property and equipment	641,586	—	(197,653) [19]	443,933
Less accumulated depreciation	(230,952)	—	230,952 [19]	—
	410,634	—	33,299	443,933
Derivative instruments	4,492	—	—	4,492
Deferred income taxes	—	264,889 [5]	356,597 [5]	621,486
Other noncurrent assets	15,003	151 [6]	8,139 [20]	23,293
	19,495	265,040	364,736	649,271
Total noncurrent assets	3,654,924	265,040	(639,983)	3,279,981
Total assets	$ 4,724,608	$ (350,590)	$ (646,011)	$ 3,728,007
LIABILITIES AND EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable and accrued expenses	$ 324,585	$ 41,266 [7]	$ (2,351) [21]	$ 363,500
Derivative instruments	7,361	—	—	7,361
Current portion of long-term debt, net	1,937,822	(1,912,822) [8]	—	25,000
Other accrued liabilities	41,251	(1,026) [9]	1,104 [22]	41,329
Total current liabilities	2,311,019	(1,872,582)	(1,247)	437,190
Derivative instruments	2,116	—	—	2,116
Long-term debt	—	875,000 [10]	—	875,000
Other noncurrent liabilities	402,776	(167) [11]	(53,239) [23]	349,370
Liabilities subject to compromise	4,301,912	(4,301,912) [12]	—	—
Temporary equity:				
Redeemable noncontrolling interests	—	29,350 [13]	—	29,350

	As of February 28, 2017			
	Predecessor	Reorganization Adjustments [1]	Fresh Start Adjustments	Successor
Stockholders'/unitholders' equity (deficit):				
Predecessor units issued and outstanding	5,386,812	(5,386,812) [14]	—	—
Predecessor accumulated deficit	(7,680,027)	2,884,740 [15]	4,795,287 [24]	—
Successor Class A common stock	—	89 [14]	—	89
Successor additional paid-in capital	—	7,421,704 [14]	(5,386,812) [24]	2,034,892
Successor retained earnings	—	—	—	—
Total stockholders'/unitholders' equity (deficit)	(2,293,215)	4,919,721	(591,525)	2,034,981
Total liabilities and equity (deficit)	$ 4,724,608	$ (350,590)	$ (646,011)	$ 3,728,007

Reorganization Adjustments:

1) Represent amounts recorded as of the Effective Date for the implementation of the Plan, including, among other items, settlement of the Predecessor's liabilities subject to compromise, repayment of certain of the Predecessor's debt, cancellation of the Predecessor's equity, issuances of the Successor's Class A common stock, proceeds received from the Successor's rights offerings and issuance of the Successor's debt.

2) Changes in cash and cash equivalents included the following:

(in thousands)	
Borrowings under the Successor's revolving loan	$ 600,000
Borrowings under the Successor's term loan	300,000
Proceeds from rights offerings	530,019
Removal of restriction on cash balance	1,602
Payment to holders of claims under the Predecessor Credit Facility	(1,947,357)
Payment to holders of claims under the Second Lien Notes	(30,000)
Payment of Berry's ad valorem taxes	(23,366)
Payment of the rights offerings backstop commitment premium	(15,900)
Payment of professional fees	(13,043)
Funding of the professional fees escrow account	(41,766)
Funding of the general unsecured claims cash distribution pool	(40,000)
Changes in cash and cash equivalents	$ (679,811)

3) Primarily reflects the transfer to restricted cash to fund the Predecessor's professional fees escrow account and general unsecured claims cash distribution pool.

4) Primarily reflects the write-off of the Predecessor's deferred financing fees.

5) Reflects deferred tax assets recorded as of the Effective Date as determined in accordance with ASC 740. The deferred tax assets were primarily the result of the conversion from a limited liability company to a C corporation and differences in the accounting basis and tax basis of the Company's oil and natural gas properties as of the Effective Date.

6) Reflects the capitalization of deferred financing fees related to the Successor's revolving loan.

7) Net increase in accounts payable and accrued expenses reflects:

(in thousands)		
Recognition of payables for the professional fees escrow account	$	41,766
Recognition of payables for the general unsecured claims cash distribution pool		40,000
Payment of professional fees		(17,130)
Payment of Berry's ad valorem taxes		(23,366)
Other		(4)
Net increase in accounts payable and accrued expenses	$	41,266

8) Reflects the settlement of the Predecessor Credit Facility through repayment of approximately $1.9 billion , net of the write-off of deferred financing fees and an increase of $25 million for the current portion of the Successor's term loan.

9) Reflects a decrease of approximately $8 million for the payment of accrued interest on the Predecessor Credit Facility partially offset by an increase of approximately $7 million related to noncash share-based compensation classified as a liability related to the incentive interest awards issued by Holdco to certain members of its management (see Note 14).

10) Reflects borrowings of $900 million under the Successor Credit Facility, which includes a $600 million revolving loan and a $300 million term loan, net of $25 million for the current portion of the Successor's term loan.

11) Reflects a reduction in deferred tax liabilities as determined in accordance with ASC 740.

12) Settlement of liabilities subject to compromise and the resulting net gain were determined as follows:

(in thousands)		
Accounts payable and accrued expenses	$	134,599
Accrued interest payable		144,184
Debt		4,023,129
Total liabilities subject to compromise		4,301,912
Recognition of an additional claim for the Predecessor's Second Lien Notes settlement		1,000,000
Funding of the general unsecured claims cash distribution pool		(40,000)
Payment to holders of claims under the Second Lien Notes		(30,000)
Issuance of Class A common stock to creditors		(1,507,162)
Gain on settlement of liabilities subject to compromise	$	3,724,750

13) Reflects redeemable noncontrolling interests classified as temporary equity related to the incentive interest awards issued by Holdco to certain members of its management. See Note 14 for additional information.

14) Net increase in capital accounts reflects:

(in thousands)		
Issuance of Class A common stock to creditors	$	1,507,162
Issuance of Class A common stock pursuant to the rights offerings		530,019
Payment of the rights offerings backstop commitment premium		(15,900)
Payment of issuance costs		(50)
Share-based compensation expenses		13,750
Cancellation of the Predecessor’s units issued and outstanding		5,386,812
Par value of Class A common stock		(89)
Change in additional paid-in capital		7,421,704
Par value of Class A common stock		89
Predecessor’s units issued and outstanding		(5,386,812)
Net increase in capital accounts	$	2,034,981

See Note 12 for additional information on the issuances of the Successor’s equity.

15) Net decrease in accumulated deficit reflects:

(in thousands)		
Recognition of gain on settlement of liabilities subject to compromise	$	3,724,750
Recognition of an additional claim for the Predecessor’s Second Lien Notes settlement		(1,000,000)
Recognition of professional fees		(37,680)
Write-off of deferred financing fees		(16,728)
Recognition of deferred income taxes		264,889
Total reorganization items, net		2,935,231
Share-based compensation expenses		(50,255)
Other		(236)
Net decrease in accumulated deficit	$	2,884,740

Fresh Start Adjustments:

16) Reflects a change in accounting policy from the entitlements method to the sales method for natural gas production imbalances.

17) Reflects the recognition of intangible assets for the current portion of favorable leases, partially offset by decreases for well equipment inventory and the write-off of historical intangible assets.

18) Reflects a decrease of oil and natural gas properties, based on the methodology discussed above, and the elimination of accumulated depletion and amortization. The following table summarizes the components of oil and natural gas properties as of the Effective Date:

	Successor	Predecessor
	Fair Value	Historical Book Value
(in thousands)		
Proved properties	$ 1,727,834	$ 12,258,835
Unproved properties	458,943	1,010,200
	2,186,777	13,269,035
Less accumulated depletion and amortization	—	(10,044,240)
	$ 2,186,777	$ 3,224,795

19) Reflects a decrease of other property and equipment and the elimination of accumulated depreciation. The following table summarizes the components of other property and equipment as of the Effective Date:

	Successor	Predecessor
	Fair Value	Historical Book Value
(in thousands)		
Natural gas plants and pipelines	$ 342,924	$ 426,914
Office equipment and furniture	39,211	106,059
Buildings and leasehold improvements	32,817	66,023
Vehicles	16,980	30,760
Land	7,747	3,727
Drilling and other equipment	4,254	8,103
	443,933	641,586
Less accumulated depreciation	—	(230,952)
	$ 443,933	$ 410,634

In estimating the fair value of other property and equipment, the Company used a combination of cost and market approaches. A cost approach was used to value the Company’s natural gas plants and pipelines and other operating assets, based on current replacement costs of the assets less depreciation based on the estimated economic useful lives of the assets and age of the assets. A market approach was used to value the Company’s vehicles and land, using recent transactions of similar assets to determine the fair value from a market participant perspective.

20) Reflects the recognition of intangible assets for the noncurrent portion of favorable leases, as well as increases in equity method investments and carbon credit allowances. Assets and liabilities for out-of-market contracts were valued based on market terms as of February 28, 2017, and will be amortized over the remaining life of the respective lease. The Company’s equity method investments were valued based on a market approach using a market EBITDA multiple. Carbon credit allowances were valued using a market approach based on trading prices for carbon credits on February 28, 2017.

21) Primarily reflects the write-off of deferred rent partially offset by an increase in carbon emissions liabilities.

22) Reflects an increase of the current portion of asset retirement obligations.

23) Primarily reflects a decrease of approximately $49 million for asset retirement obligations and approximately $5 million for deferred rent, partially offset by an increase of approximately $1 million for carbon emissions liabilities. The fair value of asset retirement obligations were estimated using valuation techniques that convert future cash flows to a single

discounted amount. Significant inputs to the valuation include estimates of: (i) plug and abandon costs per well based on existing regulatory requirements; (ii) remaining life per well; (iii) future inflation factors; and (iv) a credit-adjusted risk-free interest rate. Carbon emissions liabilities were valued using a market approach based on trading prices for carbon credits on February 28, 2017.

24) Reflects the cumulative impact of the fresh start accounting adjustments discussed above and the elimination of the Predecessor's accumulated deficit.

Note 4 – Discontinued Operations, Other Divestitures and Roan Contribution

Discontinued Operations

On July 31, 2017, the Company completed the sale of its interest in properties located in the San Joaquin Basin in California to Berry Petroleum Company, LLC (the "San Joaquin Basin Sale"). Cash proceeds received from the sale of these properties were approximately $253 million , net of costs to sell of approximately $4 million , and the Company recognized a net gain of approximately $120 million . The gain is included in "income (loss) from discontinued operations, net of income taxes" on the condensed consolidated statements of operations.

On July 21, 2017, the Company completed the sale of its interest in properties located in the Los Angeles Basin in California to Bridge Energy LLC (the "Los Angeles Basin Sale"). Cash proceeds received from the sale of these properties were approximately $93 million , net of costs to sell of approximately $1 million , and the Company recognized a net gain of approximately $2 million . The gain is included in "income (loss) from discontinued operations, net of income taxes" on the condensed consolidated statements of operations. The Company will receive an additional $7 million contingent payment if certain operational requirements are satisfied within one year.

As a result of the Company's strategic exit from California (completed by the San Joaquin Basin Sale and Los Angeles Basin Sale), the Company classified the assets and liabilities, results of operations and cash flows of its California properties as discontinued operations on its condensed consolidated financial statements.

On December 3, 2016, LINN Energy filed an amended plan of reorganization that excluded Berry (see Note 2). As a result of its loss of control of Berry, LINN Energy concluded that it was appropriate to deconsolidate Berry effective on the aforementioned date and classified it as discontinued operations.

The following table presents carrying amounts of the assets and liabilities of the Company's California properties classified as discontinued operations on the condensed consolidated balance sheet:

	Predecessor
	December 31, 2016
(in thousands)	
Assets:	
Oil and natural gas properties	$ 728,190
Other property and equipment	11,402
Other	1,435
Total assets of discontinued operations	$ 741,027
Liabilities:	
Asset retirement obligations	$ 38,042
Other	1,481
Total liabilities of discontinued operations	$ 39,523

All balances of discontinued operations on the condensed consolidated balance sheet relate to the Company’s California properties, as Berry was deconsolidated effective December 3, 2016.

The following tables present summarized financial results of the Company’s California properties and Berry classified as discontinued operations on the condensed consolidated statements of operations:

	Successor	Predecessor
	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
(in thousands)		
Revenues and other	$ 6,048	$ 133,163
Expenses	(11,113)	132,387
Other income and (expenses)	(750)	(14,891)
Reorganization items, net	—	(87,915)
Income (loss) from discontinued operations before income taxes	16,411	(102,030)
Income tax expense	6,347	34
Income (loss) from discontinued operations, net of income taxes	$ 10,064	$ (102,064)

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
(in thousands)			
Revenues and other	$ 33,684	$ 14,891	$ 369,112
Expenses	19,231	13,758	1,507,867
Other income and (expenses)	(3,541)	(1,681)	(54,361)
Reorganization items, net	—	—	(38,829)
Income (loss) from discontinued operations before income taxes	10,912	(548)	(1,231,945)
Income tax expense	4,102	—	196
Income (loss) from discontinued operations, net of income taxes	$ 6,810	$ (548)	$ (1,232,141)

In addition, for the three months and seven months ended September 30, 2017 , the Company recognized a net gain on the sale of the California properties of approximately $76 million (net of income tax expense of approximately $46 million).

Results of operations of Berry are only included in the three months and nine months ended September 30, 2016 , as Berry was deconsolidated effective December 3, 2016. Other income and (expenses) include an allocation of interest expense for the California properties of approximately $1 million and $2 million for the three months ended September 30, 2017 , and September 30, 2016 , respectively, and approximately $4 million , $2 million and $6 million for the seven months ended September 30, 2017 , the two months ended February 28, 2017, and the nine months ended September 30, 2016 , respectively, which represents interest on debt that was required to be repaid as a result of the sales.

Berry Transition Services and Separation Agreement

On the Effective Date, Berry entered into a Transition Services and Separation Agreement (the “TSSA”) with LINN Energy and certain of its subsidiaries to facilitate the separation of Berry’s operations from LINN Energy’s operations. Pursuant to the TSSA, LINN Energy continued to provide, or caused to be provided, certain administrative, management, operating, and other services and support to Berry during a transitional period following the Effective Date (the “Transition Services”).

Under the TSSA, Berry reimbursed LINN Energy for any and all reasonable, third-party out-of-pocket costs and expenses, without markup, actually incurred by LINN Energy, to the extent documented, in connection with providing the Transition Services. Additionally, Berry paid to LINN Energy a management fee of $6 million per month, prorated for partial months, during the period from the Effective Date through the last day of the second full calendar month after the Effective Date (the "Transition Period") and paid $2.7 million per month, prorated for partial months, from the first day following the Transition Period through the last day of the second full calendar month thereafter (the "Accounting Period"). During the Accounting Period, the scope of the Transition Services was reduced to specified accounting and administrative functions. The Transition Period ended April 30, 2017, and the Accounting Period ended June 30, 2017.

Other Divestitures

On September 12, 2017, August 1, 2017, and July 31, 2017, the Company completed the sales of its interest in certain properties located in south Texas (the "South Texas Assets Sales"). Combined cash proceeds received from the sale of these properties were approximately $49 million , net of costs to sell of approximately $1 million , and the Company recognized a combined net gain of approximately $14 million .

On August 23, 2017, July 28, 2017, and May 9, 2017, the Company completed the sales of its interest in certain properties located in Texas and New Mexico (the "Permian Assets Sales"). Combined cash proceeds received from the sale of these properties were approximately $31 million and the Company recognized a combined net gain of approximately $29 million .

On June 30, 2017, the Company completed the sale of its interest in properties located in the Salt Creek Field in Wyoming to Denbury Resources Inc. (the "Salt Creek Assets Sale"). Cash proceeds received from the sale of these properties were approximately $75 million , net of costs to sell of approximately $1 million , and the Company recognized a net gain of approximately $33 million .

On May 31, 2017, the Company completed the sale of its interest in properties located in western Wyoming to Jonah Energy LLC (the "Jonah Assets Sale"). Cash proceeds received from the sale of these properties were approximately $560 million , net of costs to sell of approximately $6 million , and the Company recognized a net gain of approximately $272 million .

The divestitures discussed above are not presented as discontinued operations because they do not represent a strategic shift that will have a major effect on the Company's operations and financial results. The gains on these divestitures are included in "gains (losses) on sale of assets and other, net" on the condensed consolidated statements of operations.

Divestitures – Pending

On October 20, 2017, the Company, through certain of its subsidiaries, entered into a definitive purchase and sale agreement to sell its interest in properties located in the Williston Basin for a contract price of $285 million , subject to closing adjustments.

On October 3, 2017, the Company, through certain of its subsidiaries, entered into a definitive purchase and sale agreement to sell its interest in properties located in Wyoming for a contract price of $200 million , subject to closing adjustments.

The sales are anticipated to close on November 30, 2017, subject to closing conditions. There can be no assurance that all of the conditions to closing will be satisfied.

Roan Contribution

On August 31, 2017, the Company, through certain of its subsidiaries, completed the transaction in which LINN Energy and Citizen Energy II, LLC ("Citizen") each contributed certain upstream assets located in Oklahoma to a newly formed company, Roan Resources LLC ("Roan" and the contribution, the "Roan Contribution"), focused on the accelerated development of the Merge/SCOOP/STACK play. In exchange for their respective contributions, LINN Energy and Citizen each received a 50% equity interest in Roan, subject to customary post-closing adjustments. As of August 31, 2017, the date of the Roan Contribution, the Company recognized its equity investment at a carryover basis of approximately $452 million . In connection with the Roan Contribution, the Company paid approximately $17 million in advisory fees, which are included in "gains (losses) on sale of assets and other, net" on the condensed consolidated statements of operations.

See Note 6 for additional information about the Company's equity method investment in Roan.

Note 5 – Oil and Natural Gas Properties

Oil and Natural Gas Capitalized Costs

As a result of the application of fresh start accounting, the Company recorded its oil and natural gas properties at fair value as of the Effective Date. The fair values of oil and natural gas properties are estimated using valuation techniques consistent with the income approach, converting future cash flows to a single discounted amount. Significant inputs used to determine the fair values of proved and unproved properties include estimates of: (i) reserves; (ii) future operating and development costs; (iii) future commodity prices; and (iv) a market-based weighted average cost of capital rate. These inputs require significant judgments and estimates by the Company's management at the time of the valuation and are the most sensitive and subject to change. The fair value was estimated using inputs characteristic of a Level 3 fair value measurement. Aggregate capitalized costs related to oil, natural gas and NGL production activities with applicable accumulated depletion and amortization are presented below:

	Successor	Predecessor
	September 30, 2017	December 31, 2016
(in thousands)		
Proved properties	$ 1,188,652	$ 11,350,257
Unproved properties	59,594	998,860
	1,248,246	12,349,117
Less accumulated depletion and amortization	(53,370)	(9,843,908)
	$ 1,194,876	$ 2,505,209

Impairment of Proved Properties

The Company evaluates the impairment of its proved oil and natural gas properties on a field-by-field basis whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying values of proved properties are reduced to fair value when the expected undiscounted future cash flows of proved and risk-adjusted probable and possible reserves are less than net book value.

Based on the analysis described above, for the three months and nine months ended September 30, 2016 , the Company recorded impairment charges of approximately $42 million and $165 million , respectively, associated with proved oil and natural gas properties in the Mid-Continent and Rockies regions due to a decline in commodity prices, changes in expected capital development and a decline in the Company's estimates of proved reserves. The carrying values of the impaired proved properties were reduced to fair value, estimated using inputs characteristic of a Level 3 fair value measurement. The impairment charges are included in "impairment of long-lived assets" on the condensed consolidated statements of operations. The Company recorded no impairment charges for the nine months ended September 30, 2017 .

Note 6 – Equity Method Investments

On August 31, 2017, the Company completed the transaction in which LINN Energy and Citizen each contributed certain upstream assets located in Oklahoma to a newly formed company, Roan, focused on the accelerated development of the Merge/SCOOP/STACK play. See Note 4 for additional information.

The Company uses the equity method of accounting for its investment in Roan. The Company's equity earnings (losses) consists of its share of Roan's earnings or losses and the amortization of the difference between the Company's investment in Roan and Roan's underlying net assets attributable to certain assets. At both September 30, 2017 , and August 31, 2017 (the date of the Roan Contribution), the Company owned 50% of Roan's outstanding units. The percentage ownership in Roan is subject to customary post-closing adjustments.

At September 30, 2017, the carrying amount of the Company's investment in Roan of approximately $454 million was less than the Company's ownership interest in Roan's underlying net assets by approximately $344 million . The difference is attributable to proved and unproved oil and natural gas properties and is amortized over the lives of the related assets. Such amortization is included in the equity earnings (losses) from the Company's investment in Roan.

Impairment testing on the Company's investment in Roan is performed when events or circumstances warrant such testing and considers whether there is an inability to recover the carrying value of the investment that is other than temporary. No impairments occurred with respect to the Company's investment in Roan for the one month ended September 30, 2017.

Following is summarized statement of operations information for Roan.

Summarized Roan Resources LLC Statement of Operations Information

	One Month Ended September 30, 2017
	(in thousands)
Revenues	$ 16,819
Expenses	12,145
Other income and (expenses)	(160)
Net income	$ 4,514

Note 7 – Debt

The following summarizes the Company's outstanding debt:

	Successor	Predecessor
	September 30, 2017	December 31, 2016
(in thousands, except percentages)		
Revolving credit facility	$ —	$ —
Predecessor credit facility [1]	—	1,654,745
Predecessor term loan [1]	—	284,241
6.50% senior notes due May 2019	—	562,234
6.25% senior notes due November 2019	—	581,402
8.625% senior notes due April 2020	—	718,596
12.00% senior secured second lien notes due December 2020	—	1,000,000
7.75% senior notes due February 2021	—	779,474
6.50% senior notes due September 2021	—	381,423
Net unamortized deferred financing fees	—	(1,257)
Total debt, net	—	5,960,858
Less current portion, net [2]	—	(1,937,729)
Less liabilities subject to compromise [3]	—	(4,023,129)
Long-term debt	$ —	$ —

(1) Variable interest rate of 5.50% at December 31, 2016.

(2) Due to covenant violations, the Predecessor's credit facility and term loan were classified as current at December 31, 2016.

(3) The Predecessor's senior notes and Second Lien Notes were classified as liabilities subject to compromise at December 31, 2016. On the Effective Date, pursuant to the terms of the Plan, all outstanding amounts under these debt instruments were canceled.

Fair Value

The Company's debt is recorded at the carrying amount on the condensed consolidated balance sheets. The carrying amounts of the credit facilities and term loans approximate fair value because the interest rates are variable and reflective of market rates. The Company used a market approach to determine the fair value of the Predecessor's Second Lien Notes and senior notes using estimates based on prices quoted from third-party financial institutions, which is a Level 2 fair value measurement.

	Predecessor	
	December 31, 2016	
	Carrying Value	Fair Value
	(in thousands)	
Senior secured second lien notes	$ 1,000,000	$ 863,750
Senior notes, net	3,023,129	1,179,224

Revolving Credit Facility

On August 4, 2017, the Company entered into a credit agreement with Holdco II, as borrower, Royal Bank of Canada, as administrative agent, and the lenders and agents party thereto, providing for a new senior secured reserve-based revolving loan facility (the "Revolving Credit Facility") with $500 million in borrowing commitments and an initial borrowing base of $500 million .

As of September 30, 2017 , there were no borrowings outstanding under the Revolving Credit Facility and there was approximately $455 million of available borrowing capacity (which includes a $45 million reduction for outstanding letters of credit). The maturity date is August 4, 2020.

Redetermination of the borrowing base under the Revolving Credit Facility, based primarily on reserve reports using lender commodity price expectations at such time, occurs semi-annually, in April and October, with the first scheduled borrowing base redetermination to occur on March 15, 2018. At the Company's election, interest on borrowings under the Revolving Credit Facility is determined by reference to either the London Interbank Offered Rate ("LIBOR") plus an applicable margin ranging from 2.50% to 3.50% per annum or the alternate base rate ("ABR") plus an applicable margin ranging from 1.50% to 2.50% per annum, depending on utilization of the borrowing base. Interest is generally payable in arrears quarterly for loans bearing interest based at the ABR and at the end of the applicable interest period for loans bearing interest at the LIBOR, or if such interest period is longer than three months, at the end of the three month intervals during such interest period. The Company is required to pay a commitment fee to the lenders under the Revolving Credit Facility, which accrues at a rate per annum of 0.50% on the average daily unused amount of the available revolving loan commitments of the lenders.

The obligations under the Revolving Credit Facility are secured by mortgages covering approximately 85% of the total value of the proved reserves of the oil and natural gas properties of the Company and certain of its subsidiaries, along with liens on substantially all personal property of the Company and certain of its subsidiaries, and are guaranteed by the Company, Holdco and certain of Holdco II's subsidiaries, subject to customary exceptions. Under the Revolving Credit Facility, the Company is required to maintain (i) a maximum total net debt to last twelve months EBITDA ratio of 4.0 to 1.0 , and (ii) a minimum adjusted current ratio of 1.0 to 1.0 .

The Revolving Credit Facility also contains affirmative and negative covenants, including as to compliance with laws (including environmental laws, ERISA and anti-corruption laws), maintenance of required insurance, delivery of quarterly and annual financial statements, oil and gas engineering reports and budgets, maintenance and operation of property (including oil and gas properties), restrictions on the incurrence of liens and indebtedness, mergers, consolidations and sales of assets, paying dividends or other distributions in respect of, or repurchasing or redeeming, the Company's capital stock, making certain investments and transactions with affiliates.

The Revolving Credit Facility contains events of default and remedies customary for credit facilities of this nature. Failure to comply with the financial and other covenants in the Revolving Credit Facility would allow the lenders, subject to customary cure rights, to require immediate payment of all amounts outstanding under the Revolving Credit Facility.

In September 2017, the Company entered into an amendment to the Revolving Credit Facility to provide for, among other things, an increase in the size of the letter of credit subfacility from $25 million to $50 million .

Successor Credit Facility

On the Effective Date, pursuant to the terms of the Plan, the Company entered into the Successor Credit Facility with Holdco II as borrower and Wells Fargo Bank, National Association, as administrative agent, providing for: 1) a reserve-based revolving loan with an initial borrowing base of $1.4 billion and 2) a term loan in an original principal amount of $300 million . On May 31, 2017, the Company entered into the First Amendment and Consent to Credit Agreement, pursuant to which among other modifications: 1) the term loan was paid in full and terminated using cash proceeds from the Jonah Assets Sale, and 2) the borrowing base for the revolving loan was reduced to $1 billion with additional agreed upon reductions for the Company's other announced sales. In connection with the entry into the Revolving Credit Facility, the Successor Credit Facility was terminated and repaid in full.

Predecessor's Credit Facility, Second Lien Notes and Senior Notes

On the Effective Date, pursuant to the terms of the Plan, all outstanding obligations under the Predecessor's credit facility, Second Lien Notes and senior notes were canceled. See Note 2 for additional information.

Predecessor Covenant Violations

The Company's filing of the Bankruptcy Petitions described in Note 2 constituted an event of default that accelerated the obligations under the Predecessor's credit facility, Second Lien Notes and senior notes. For the two months ended February 28, 2017, contractual interest, which was not recorded, on the Second Lien Notes and senior notes was approximately $57 million . Under the Bankruptcy Code, the creditors under these debt agreements were stayed from taking any action against the Company as a result of an event of default.

Note 8 – Derivatives

Commodity Derivatives

Historically, the Company has hedged a portion of its forecasted production to reduce exposure to fluctuations in oil and natural gas prices and provide long-term cash flow predictability to manage its business. The current direct NGL hedging market is constrained in terms of price, volume, duration and number of counterparties, which limits the Company's ability to effectively hedge its NGL production. The Company has also hedged its exposure to differentials in certain operating areas but does not currently hedge exposure to oil or natural gas differentials.

The Company has historically entered into commodity hedging transactions primarily in the form of swap contracts that are designed to provide a fixed price, collars and, from time to time, put options that are designed to provide a fixed price floor with the opportunity for upside. The Company enters into these transactions with respect to a portion of its projected production or consumption to provide an economic hedge of the risk related to the future commodity prices received or paid. The Company does not enter into derivative contracts for trading purposes. The Company did not designate any of its contracts as cash flow hedges; therefore, the changes in fair value of these instruments are recorded in current earnings. See Note 9 for fair value disclosures about oil and natural gas commodity derivatives.

The following table presents derivative positions for the periods indicated as of September 30, 2017 :

	October 1 – December 31, 2017	2018	2019
Natural gas positions:			
Fixed price swaps (NYMEX Henry Hub):			
Hedged volume (MMMBtu)	31,280	47,815	11,315
Average price ($/MMBtu)	$ 3.18	$ 3.01	$ 2.97
Oil positions:			
Fixed price swaps (NYMEX WTI):			
Hedged volume (MBbls)	1,104	548	—
Average price ($/Bbl)	$ 52.13	$ 54.07	$ —
Collars (NYMEX WTI):			
Hedged volume (MBbls)	—	1,825	1,825
Average floor price ($/Bbl)	$ —	$ 50.00	$ 50.00
Average ceiling price ($/Bbl)	$ —	$ 55.50	$ 55.50

During the seven months ended September 30, 2017 , the Company entered into commodity derivative contracts consisting of oil swaps for January 2018 through December 2018 and natural gas swaps for January 2018 through December 2019. The Company did not enter into any commodity derivative contracts during the two months ended February 28, 2017.

In October 2017, the Company entered into commodity derivative contracts consisting of natural gas swaps for January 2018 through December 2018. Including these new hedges, as of October 31, 2017, the Company had natural gas swaps of approximately 69,715 MMMBtu at an average price of approximately $3.02 per MMBtu for 2018.

The natural gas derivatives are settled based on the closing price of NYMEX Henry Hub natural gas on the last trading day for the delivery month, which occurs on the third business day preceding the delivery month, or the relevant index prices of natural gas published in Inside FERC's Gas Market Report on the first business day of the delivery month. The oil derivatives are settled based on the average closing price of NYMEX WTI crude oil for each day of the delivery month.

Balance Sheet Presentation

The Company's commodity derivatives are presented on a net basis in "derivative instruments" on the condensed consolidated balance sheets. The following table summarizes the fair value of derivatives outstanding on a gross basis:

	Successor	Predecessor
	September 30, 2017	December 31, 2016
(in thousands)		
Assets:		
Commodity derivatives	$ 27,897	$ 19,369
Liabilities:		
Commodity derivatives	$ 17,871	$ 113,226

By using derivative instruments to economically hedge exposures to changes in commodity prices, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk. The

Company’s counterparties are participants in the Revolving Credit Facility or were participants in the Successor Credit Facility or Predecessor Credit Facility. The Revolving Credit Facility is secured by certain of the Company’s and its subsidiaries’ oil, natural gas and NGL reserves and personal property; therefore, the Company is not required to post any collateral. The Company does not receive collateral from its counterparties.

The maximum amount of loss due to credit risk that the Company would incur if its counterparties failed completely to perform according to the terms of the contracts, based on the gross fair value of financial instruments, was approximately $28 million at September 30, 2017 . The Company minimizes the credit risk in derivative instruments by: (i) limiting its exposure to any single counterparty; (ii) entering into derivative instruments only with counterparties that meet the Company’s minimum credit quality standard, or have a guarantee from an affiliate that meets the Company’s minimum credit quality standard; and (iii) monitoring the creditworthiness of the Company’s counterparties on an ongoing basis. In accordance with the Company’s standard practice, its commodity derivatives are subject to counterparty netting under agreements governing such derivatives and therefore the risk of loss due to counterparty nonperformance is somewhat mitigated.

Gains and Losses on Derivatives

Gains and losses on derivatives were net losses of approximately $14 million for the three months ended September 30, 2017 , and net gains of approximately $19 million and $93 million for the seven months ended September 30, 2017 , and the two months ended February 28, 2017, respectively. Gains and losses on derivatives were net gains of approximately $166,000 and net losses of approximately $74 million for the three months and nine months ended September 30, 2016 , respectively. Gains and losses on derivatives are reported on the condensed consolidated statements of operations in “gains (losses) on oil and natural gas derivatives.”

The Company received net cash settlements of approximately $12 million and $20 million for the three months and seven months ended September 30, 2017 , respectively, and paid net cash settlements of approximately $12 million for the two months ended February 28, 2017. The Company received net cash settlements of approximately $857 million for the nine months ended September 30, 2016 . The Company had no cash settlements during the three months ended September 30, 2016 .

Note 9 – Fair Value Measurements on a Recurring Basis

The Company accounts for its commodity derivatives at fair value (see Note 8) on a recurring basis. The Company determines the fair value of its oil and natural gas derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. Inputs to the pricing models include publicly available prices and forward price curves generated from a compilation of data gathered from third parties. Company management validates the data provided by third parties by understanding the pricing models used, obtaining market values from other pricing sources, analyzing pricing data in certain situations and confirming that those instruments trade in active markets. Assumed credit risk adjustments, based on published credit ratings and public bond yield spreads, are applied to the Company’s commodity derivatives.

Fair Value Hierarchy

In accordance with applicable accounting standards, the Company has categorized its financial instruments into a three-level fair value hierarchy based on the priority of inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The following presents the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis:

	Successor		
	September 30, 2017		
	Level 2	Netting [(1)]	Total
	(in thousands)		
Assets:			
Commodity derivatives	$ 27,897	$ (17,095)	$ 10,802
Liabilities:			
Commodity derivatives	$ 17,871	$ (17,095)	$ 776

	Predecessor		
	December 31, 2016		
	Level 2	Netting [(1)]	Total
	(in thousands)		
Assets:			
Commodity derivatives	$ 19,369	$ (19,369)	$ —
Liabilities:			
Commodity derivatives	$ 113,226	$ (19,369)	$ 93,857

(1) Represents counterparty netting under agreements governing such derivatives.

Note 10 – Asset Retirement Obligations

The Company has the obligation to plug and abandon oil and natural gas wells and related equipment at the end of production operations. Estimated asset retirement costs are recognized as liabilities with an increase to the carrying amounts of the related long-lived assets when the obligation is incurred. The liabilities are included in “other accrued liabilities” and “other noncurrent liabilities” on the condensed consolidated balance sheets. Accretion expense is included in “depreciation, depletion and amortization” on the condensed consolidated statements of operations. The fair value of additions to the asset retirement obligations is estimated using valuation techniques that convert future cash flows to a single discounted amount. Significant inputs to the valuation include estimates of: (i) plug and abandon costs per well based on existing regulatory requirements; (ii) remaining life per well; (iii) future inflation factors; and (iv) a credit-adjusted risk-free interest rate. These inputs require significant judgments and estimates by the Company’s management at the time of the valuation and are the most sensitive and subject to change.

The following table presents a reconciliation of the Company’s asset retirement obligations (in thousands):

Asset retirement obligations at December 31, 2016 (Predecessor)	$	402,162
Liabilities added from drilling		146
Accretion expense		4,024
Settlements		(618)
Asset retirement obligations at February 28, 2017 (Predecessor)	$	405,714
Fresh start adjustment [1]		(48,317)
Asset retirement obligations at February 28, 2017 (Successor)	$	357,397
Liabilities added from drilling		510
Liabilities associated with assets sold		(96,349)
Accretion expense		11,233
Settlements		(5,406)
Asset retirement obligations at September 30, 2017 (Successor)	$	267,385

(1) As a result of the application of fresh start accounting, the Successor recorded its asset retirement obligations at fair value as of the Effective Date.

Note 11 – Commitments and Contingencies

On May 11, 2016, the Debtors filed Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Debtors’ Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040. On January 27, 2017, the Bankruptcy Court entered the Confirmation Order. Consummation of the Plan was subject to certain conditions set forth in the Plan. On the Effective Date, all of the conditions were satisfied or waived and the Plan became effective and was implemented in accordance with its terms. The LINN Debtors Chapter 11 cases will remain pending until the final resolution of all outstanding claims.

The commencement of the Chapter 11 proceedings automatically stayed certain actions against the Company, including actions to collect prepetition liabilities or to exercise control over the property of the Company’s bankruptcy estates. However, the Company is, and will continue to be until the final resolution of all claims, subject to certain contested matters and adversary proceedings stemming from the Chapter 11 proceedings.

In March 2017, Wells Fargo Bank, National Association (“Wells Fargo”), the administrative agent under the Predecessor Credit Facility, filed a motion in the Bankruptcy Court seeking payment of post-petition default interest of approximately $31 million . The Company has vigorously disputed that Wells Fargo is entitled to any default interest based on the plain language of the Plan and Confirmation Order. A hearing was held on April 27, 2017, and on November 13, 2017, the Bankruptcy Court ruled that the secured lenders are not entitled to payment of post-petition default interest. The ruling is subject to appeal by Wells Fargo.

The Company is not currently a party to any litigation or pending claims that it believes would have a material adverse effect on its overall business, financial position, results of operations or liquidity; however, cash flow could be significantly impacted in the reporting periods in which such matters are resolved.

During the nine months ended September 30, 2017 , and the nine months ended September 30, 2016 , the Company made no significant payments to settle any legal, environmental or tax proceedings. The Company regularly analyzes current information and accrues for probable liabilities on the disposition of certain matters as necessary. Liabilities for loss contingencies arising from claims, assessments, litigation or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Note 12 – Equity (Deficit)

Shares Issued and Outstanding

As of September 30, 2017 , there were 84,667,268 shares of Class A common stock issued and outstanding. An additional 622,839 vested but not issued restricted stock units and 2,986,554 unvested restricted stock units were outstanding under the Company's Omnibus Incentive Plan. As of September 30, 2017 , the Company's consolidated subsidiary, Holdco, had 778,898 vested Class A-2 units and 2,336,693 unvested Class A-2 units, which may be converted into shares of Class A common stock pursuant to the terms of the Limited Liability Company Operating Agreement of Holdco (the "Holdco LLC Agreement"). See Note 14 for additional information related to the restricted stock units and Class A-2 units.

Cancellation of Units and Issuance of Class A Common Stock

In accordance with the Plan, on the Effective Date:

- All units in the Predecessor that were issued and outstanding immediately prior to the Effective Date were extinguished without recovery;
- 17,678,889 shares of Class A common stock were issued pro rata to holders of the Second Lien Notes with claims allowed under the Plan;
- 26,724,396 shares of Class A common stock were issued pro rata to holders of Unsecured Notes with claims allowed under the Plan;
- 471,110 shares of Class A common stock were issued to commitment parties under the Backstop Commitment Agreement in respect of premium due thereunder;
- 2,995,691 shares of Class A common stock were issued to commitment parties under the Backstop Commitment Agreement in connection with their backstop obligation thereunder; and
- 41,359,806 shares of Class A common stock were issued to participants in the rights offerings extended by the Company to certain holders of claims arising under the Second Lien Notes and the Unsecured Notes (including, in each case, certain of the commitment parties party to the Backstop Commitment Agreement).

With the exception of shares of Class A common stock issued to commitment parties pursuant to their obligations under the Backstop Commitment Agreement, shares of Class A common stock were issued under the Plan pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), under Section 1145 of the Bankruptcy Code. Shares of Class A common stock issued to commitment parties pursuant to their obligations under the Backstop Commitment Agreement were issued pursuant to an exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof.

As of the Effective Date, there were 89,229,892 shares of Class A common stock, par value $0.001 per share, issued and outstanding.

Share Repurchase Program

On June 1, 2017, the Company's Board of Directors announced that it had authorized the repurchase of up to $75 million of the Company's outstanding shares of Class A common stock. On June 28, 2017, the Company's Board of Directors announced that it had authorized an increase in the previously announced share repurchase program to up to a total of $200 million of the Company's outstanding shares of Class A common stock. Any share repurchases are subject to restrictions in the Revolving Credit Facility. During the period from June 2017 through September 2017, the Company repurchased an aggregate of 4,607,598 shares of Class A common stock at an average price of $34.06 per share for a total cost of approximately $157 million .

On October 4, 2017, the Company's Board of Directors announced that it had authorized an additional increase in the previously announced share repurchase program to up to a total of $400 million of the Company's outstanding shares of a Class A common stock. In October 2017, the Company repurchased 590,118 shares of Class A common stock at an average price of $38.09 per share for a total cost of approximately $22 million . At October 31, 2017, approximately $221 million was available for share repurchases under the program.

Dividends/Distributions

Under the Predecessor's limited liability company agreement, unitholders were entitled to receive a distribution of available cash, which included cash on hand plus borrowings less any reserves established by the Predecessor's Board of Directors to provide for the proper conduct of the Predecessor's business (including reserves for future capital expenditures, acquisitions and anticipated future credit needs) or to fund distributions, if any, over the next four quarters. In October 2015, the Predecessor's Board of Directors determined to suspend payment of the Predecessor's distribution. The Successor is not currently paying a cash dividend; however, the Board of Directors periodically reviews the Company's liquidity position to evaluate whether or not to pay a cash dividend. Any future payment of cash dividends would be subject to the restrictions in the Revolving Credit Facility.

Note 13 – Noncontrolling Interests

Noncontrolling interests represent ownership in the net assets of the Company's consolidated subsidiary, Holdco, not attributable to LINN Energy. On the Effective Date, Holdco granted incentive interest awards to certain members of its management in the form of Class B units (see Note 14). In accordance with the terms of the Holdco LLC Agreement, on July 31, 2017, all of the Class B units were converted to Class A-2 units of Holdco. At both September 30, 2017 , and July 31, 2017 (the date of the conversion), the noncontrolling Class A-2 units represented approximately 0.88% of Holdco's total outstanding units.

Note 14 – Share-Based Compensation

The Company had no equity awards outstanding as of December 31, 2016. In accordance with the Plan, in February 2017, the Company implemented the Linn Energy, Inc. 2017 Omnibus Incentive Plan (the "Omnibus Incentive Plan") pursuant to which employees and consultants of the Company and its affiliates are eligible to receive stock options, restricted stock, performance awards, other stock-based awards and other cash-based awards.

The Committee (as defined in the Omnibus Incentive Plan) has broad authority under the Omnibus Incentive Plan to, among other things: (i) select participants; (ii) determine the types of awards that participants receive and the number of shares that are subject to such awards; and (iii) establish the terms and conditions of awards, including the price (if any) to be paid for the shares or the award. As of the Effective Date, an aggregate of 6,444,381 shares of Class A common stock were reserved for issuance under the Omnibus Incentive Plan (the "Share Reserve"). Additional shares of Class A common stock may be issued in excess of the Share Reserve for the sole purpose of satisfying any conversion of Class A-2 units of Holdco into shares of Class A common stock pursuant to the Holdco LLC Agreement, and the conversion procedures set forth therein. If any stock option or other stock-based award granted under the Omnibus Incentive Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Class A common stock underlying any unexercised award shall again be available for the purpose of awards under the Omnibus Incentive Plan. If any shares of restricted stock, performance awards or other stock-based awards denominated in shares of Class A common stock awarded under the Omnibus Incentive Plan are forfeited for any reason, the number of forfeited shares shall again be available for purposes of awards under the Omnibus Incentive Plan. Any award under the Omnibus Incentive Plan settled in cash shall not be counted against the maximum share limitation.

As is customary in incentive plans of this nature, each share limit and the number and kind of shares available under the Omnibus Incentive Plan and any outstanding awards, as well as the exercise or purchase prices of awards, and performance targets under certain types of performance-based awards, are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the Company's stockholders.

Restricted Stock Units

On the Effective Date, the Company granted to certain employees 2,478,606 restricted stock units (the "Emergence Awards"). The portion of the Share Reserve that does not constitute the Emergence Awards, plus any subsequent awards forfeited before vesting (the "Remaining Share Reserve"), will be fully granted within the 36-month period immediately following the Effective Date (with such 36-month anniversary, the "Final Allocation Date"). If a Change in Control (as defined in the Omnibus Incentive Plan) occurs before the Final Allocation Date, the Company will allocate the entire Remaining Share Reserve on a fully-vested basis to actively employed employees (pro-rata based upon each such employee's relative awards) upon the consummation of the Change in Control. During the seven months ended September 30, 2017 , the Company granted to certain employees 1,324,750 restricted stock units from the Remaining Share Reserve. The restricted stock units vest over three years.

Upon a participant's termination of employment and/or service (as applicable), the Company has the right (but not the obligation) to repurchase all or any portion of the shares of Class A common stock acquired pursuant to an award at a price equal to the fair market value (as determined under the Omnibus Incentive Plan) of the shares of Class A common stock to be repurchased, measured as of the date of the Company's repurchase notice.

Holdco Incentive Interest Plan

On the Effective Date, Holdco granted incentive interest awards to certain members of its management in the form of 3,470,051 Class B units, which are intended to qualify as "profits interests" for U.S. income tax purposes. The Class B units vested 25% on the Effective Date and the remaining amount vest ratably over the following three years. In accordance with the terms of the Holdco LLC Agreement, on July 31, 2017, all of the Class B units were converted to Class A-2 units of Holdco. The Class A-2 units will continue to vest over three years.

Accounting for Share-Based Compensation

The Company recognizes expense for share-based compensation over the requisite service period in an amount equal to the fair value of share-based awards granted. The fair value of share-based awards, excluding liability awards, is computed at the date of grant and is not remeasured. The fair value of liability awards is remeasured at each reporting date through the settlement date with the change in fair value recognized as compensation expense over that period. The Company has no outstanding liability awards as of September 30, 2017 . The Company has made a policy decision to recognize compensation expense for service-based awards on a straight-line basis over the requisite service period for the entire award. Beginning in 2017, the Company accounts for forfeitures as they occur.

The Company's restricted stock units are equity-classified on the condensed consolidated balance sheet. The Company's incentive interest awards in the form of Class B units were liability-classified on the condensed consolidated balance sheet through July 31, 2017 (the date of the conversion to Class A-2 units) and are subsequently equity-classified. The fair value of the Company's restricted stock units was determined based on the fair value of the Company's shares on the date of grant and the fair value of the incentive interest awards in the form of Class B units (Class A-2 units upon conversion) was initially determined based on the estimated amount to settle the awards and the fair value of the awards at the date of the conversion became the measurement basis from that point forward.

Share-Based Compensation Expenses

A summary of share-based compensation expenses included on the condensed consolidated statements of operations is presented below:

	Successor	Predecessor
(in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
General and administrative expenses	$ 6,277	$ 4,832
Lease operating expenses	—	1,129
Total share-based compensation expenses	$ 6,277	$ 5,961
Income tax benefit	$ 3,157	$ 2,203

	Successor	Predecessor	
(in thousands)	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
General and administrative expenses	$ 25,876	$ 50,255	$ 19,238
Lease operating expenses	—	—	5,276
Total share-based compensation expenses	$ 25,876	$ 50,255	$ 24,514
Income tax benefit	$ 6,712	$ 5,170	$ 9,058

Note 15 – Earnings Per Share/Unit

Basic earnings per share/unit is computed by dividing net earnings attributable to common stockholders/unitholders by the weighted average number of shares/units outstanding during the period. Diluted earnings per share/unit is computed by adjusting the average number of shares/units outstanding for the dilutive effect, if any, of potential common shares/units.

The following tables provide a reconciliation of the numerators and denominators of the basic and diluted per share/unit computations for net income (loss):

	Successor		
	Three Months Ended September 30, 2017		
	Income	Shares	Per Share
	(in thousands, except per share data)		
Basic:			
Income from continuing operations	$ 50,964	87,796	$ 0.58
Income from discontinued operations, net of income taxes	86,099	87,796	0.98
Net income attributable to common stockholders	$ 137,063	87,796	$ 1.56
Effect of Dilutive Securities:			
Dilutive effect of restricted stock units	$ —	1,203	
Dilutive effect of unvested Class A-2 units of Holdco	$ (31)	—	
Diluted:			
Income from continuing operations	$ 50,933	88,999	$ 0.57
Income from discontinued operations	86,099	88,999	0.97
Net income attributable to common stockholders	$ 137,032	88,999	$ 1.54

	Predecessor		
	Three Months Ended September 30, 2016		
	Loss	Units	Per Unit
	(in thousands, except per unit data)		
Basic and Diluted:			
Loss from continuing operations	$ (96,301)	352,792	$ (0.27)
Loss from discontinued operations, net of income taxes	(102,064)	352,792	(0.29)
Net loss attributable to common unitholders	$ (198,365)	352,792	$ (0.56)

	Successor		
	Seven Months Ended September 30, 2017		
	Income	Shares	Per Share
	(in thousands, except per share data)		
Basic:			
Income from continuing operations	$ 267,019	88,966	$ 3.00
Income from discontinued operations, net of income taxes	82,845	88,966	0.93
Net income attributable to common stockholders	$ 349,864	88,966	$ 3.93
Effect of Dilutive Securities:			
Dilutive effect of restricted stock units	$ —	818	
Dilutive effect of unvested Class A-2 units of Holdco	$ (31)	—	
Diluted:			
Income from continuing operations	$ 266,988	89,784	$ 2.97
Income from discontinued operations	82,845	89,784	0.93
Net income attributable to common stockholders	$ 349,833	89,784	$ 3.90

	Predecessor		
	Two Months Ended February 28, 2017		
	Income (Loss)	Units	Per Unit
	(in thousands, except per unit data)		
Basic and Diluted:			
Income from continuing operations	$ 2,397,609	352,792	$ 6.80
Loss from discontinued operations, net of income taxes	(548)	352,792	(0.01)
Net income attributable to common unitholders	$ 2,397,061	352,792	$ 6.79

	Predecessor		
	Nine Months Ended September 30, 2016		
	Loss	Units	Per Unit
	(in thousands, except per unit data)		
Basic and Diluted:			
Loss from continuing operations	$ (105,478)	352,606	$ (0.30)
Loss from discontinued operations, net of income taxes	(1,232,141)	352,606	(3.49)
Net loss attributable to common unitholders	$ (1,337,619)	352,606	$ (3.79)

The diluted earnings per unit calculation excludes approximately 8,000 restricted stock units that were anti-dilutive for the seven months ended September 30, 2017 , and approximately 1 million unit options and warrants that were anti-dilutive for each of the three months and nine months ended September 30, 2016 . There were no anti-dilutive restricted stock units for the three months ended September 30, 2017 . There were no potential common units outstanding during the two months ended February 28, 2017.

Note 16 – Income Taxes

Effective February 28, 2017, upon consummation of the Plan, the Successor became a C corporation subject to federal and state income taxes. Prior to the consummation of the Plan, the Predecessor was a limited liability company treated as a partnership for federal and state income tax purposes, with the exception of the state of Texas, in which income tax liabilities and/or benefits were passed through to its unitholders. Limited liability companies are subject to Texas margin tax. In addition, certain of the Predecessor's subsidiaries were C corporations subject to federal and state income taxes. As such, with the exception of the state of Texas and certain subsidiaries, the Predecessor did not directly pay federal and state income taxes and recognition was not given to federal and state income taxes for the operations of the Predecessor.

The effective income tax rates were approximately 11% and 37% for the three months and seven months ended September 30, 2017 , respectively, and zero for the two months ended February 28, 2017. The deferred tax effects of the Company's change to a C corporation are included in income from continuing operations for the two months ended February 28, 2017. Amounts recognized as income taxes are included in "income tax expense (benefit)," as well as discontinued operations, on the condensed consolidated statements of operations.

Note 17 – Supplemental Disclosures to the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Cash Flows

"Other current assets" reported on the condensed consolidated balance sheets include the following:

	Successor	Predecessor
	September 30, 2017	December 31, 2016
(in thousands)		
Prepaids	$ 53,702	$ 70,116
Receivable from related party	18,262	—
Inventories	11,251	15,097
Deferred financing fees	—	16,809
Other	2,722	3,288
Other current assets	$ 85,937	$ 105,310

"Other accrued liabilities" reported on the condensed consolidated balance sheets include the following:

	Successor	Predecessor
	September 30, 2017	December 31, 2016
(in thousands)		
Accrued compensation	$ 25,057	$ 16,443
Asset retirement obligations (current portion)	7,361	9,361
Deposits	8,153	—
Income taxes payable	56,333	—
Other	3,851	175
Other accrued liabilities	$ 100,755	$ 25,979

Supplemental disclosures to the condensed consolidated statements of cash flows are presented below:

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
(in thousands)			
Cash payments for interest, net of amounts capitalized	$ 15,140	$ 17,651	$ 117,794
Cash payments for income taxes	$ 275	$ —	$ 4,427
Cash payments for reorganization items, net	$ 10,802	$ 21,571	$ 5,728
Noncash investing activities:			
Accrued capital expenditures	$ 42,388	$ 22,191	$ 24,817

For purposes of the condensed consolidated statements of cash flows, the Company considers all highly liquid short-term investments with original maturities of three months or less to be cash equivalents. At September 30, 2017 , "restricted cash" on the condensed consolidated balance sheet consists of approximately $38 million that will be used to settle certain claims in accordance with the Plan (which is the remainder of approximately $80 million transferred to restricted cash in February 2017 to fund such items), approximately $8 million related to deposits and approximately $5 million for other items. At December 31, 2016, "restricted cash" on the condensed consolidated balance sheet represents amounts restricted related to utility services providers. In addition, restricted cash of approximately $8 million is included in "other noncurrent assets" on the condensed consolidated balance sheet at December 31, 2016, and represents cash deposited by the Company into a separate account designated for asset retirement obligations in accordance with contractual agreements.

At December 31, 2016, net outstanding checks of approximately $6 million were reclassified and included in "accounts payable and accrued expenses" on the condensed consolidated balance sheet. The change in net outstanding checks is presented as cash flows from financing activities and included in "other" on the condensed consolidated statements of cash flows.

Note 18 – Related Party Transactions

Roan Resources LLC

On August 31, 2017, the Company completed the transaction in which LINN Energy and Citizen each contributed certain upstream assets located in Oklahoma to a newly formed company, Roan. In exchange for their respective contributions, LINN Energy and Citizen each received a 50% equity interest in Roan, subject to customary post-closing adjustments. See Note 4 for additional information. Also on such date, Roan entered into a Master Services Agreement (the "MSA") with Linn Operating, LLC ("Linn Operating"), a subsidiary of LINN Energy, pursuant to which Linn Operating will provide certain operating, administrative and other services in respect of the assets contributed to Roan during a transitional period.

Under the MSA, Roan will reimburse Linn Operating for certain costs and expenses incurred by Linn Operating in connection with providing the services, and Roan will pay to Linn Operating a service fee of $1.25 million per month, prorated for partial months. The termination of the MSA will be the earliest of:
(a) mutual agreement of the parties; (b) upon 30 days' prior written notice from Roan to Linn Operating; (c) upon five days' prior written notice from Linn Operating to Roan of a material default by Roan under the MSA, provided Linn Operating must have provided prior written notice to Roan of such material default providing Roan 10 days to cure such material default and such material default has not been cured by the end of the 10 day time period; and (d) eight months from the date of the MSA.

In addition to the service fee, for the one month ended September 30, 2017 , the Company recognized marketing revenues of approximately $1 million associated with charges incurred by Roan from its properties. The Company has accounts receivable due from Roan of approximately $2 million included in "accounts receivable – trade, net" and accounts payable due to Roan of approximately $1 million included in “accounts payable and accrued expenses” on the condensed consolidated balance sheet at September 30, 2017 . In addition, approximately $18 million due from Roan associated with capital spending is included in “other current assets” on the Company’s condensed consolidated balance sheet at September 30, 2017 .

Berry Petroleum Company, LLC

Berry, a former subsidiary of the Predecessor, was deconsolidated effective December 3, 2016 (see Note 4). The employees of Linn Operating, Inc. (“LOI”), a subsidiary of the Predecessor, provided services and support to Berry in accordance with an agency agreement and power of attorney between Berry and LOI. Upon deconsolidation, transactions between the Predecessor and Berry were no longer eliminated in consolidation and were treated as related party transactions. These transactions include, but are not limited to, management fees paid to the Company by Berry. On the Effective Date, Berry emerged from bankruptcy as a stand-alone, unaffiliated entity.

For the two months ended February 28, 2017, and the three months and the nine months ended September 30, 2016 , Berry incurred management fees of approximately $6 million , $14 million and $56 million , respectively, for services provided by LOI. The Predecessor also had accounts payable due to Berry of approximately $3 million included in “accounts payable and accrued expenses” on the condensed consolidated balance sheet at December 31, 2016. In addition, $25 million due to Berry was included in “liabilities subject to compromise” on the Predecessor’s condensed consolidated balance sheet at December 31, 2016.

LinnCo, LLC

LinnCo, an affiliate of the Predecessor, was formed on April 30, 2012. All of LinnCo’s common shares were held by the public. As of December 31, 2016, LinnCo had no significant assets or operations other than those related to its interest in the Predecessor and owned approximately 71% of the Predecessor’s then outstanding units. In accordance with the Plan, LinnCo will be dissolved following the resolution of all outstanding claims.

The Predecessor had agreed to provide to LinnCo, or to pay on LinnCo’s behalf, any financial, legal, accounting, tax advisory, financial advisory and engineering fees, and other administrative and out-of-pocket expenses incurred by LinnCo, along with any other expenses incurred in connection with any public offering of shares in LinnCo or incurred as a result of being a publicly traded entity. These expenses include costs associated with annual, quarterly and other reports to holders of LinnCo shares, tax return and Form 1099 preparation and distribution, NASDAQ listing fees, printing costs, independent auditor fees and expenses, legal counsel fees and expenses, limited liability company governance and compliance expenses and registrar and transfer agent fees. In addition, the Predecessor had agreed to indemnify LinnCo and its officers and directors for damages suffered or costs incurred (other than income taxes payable by LinnCo) in connection with carrying out LinnCo’s activities. All expenses and costs paid by the Predecessor on LinnCo’s behalf were expensed by the Predecessor.

For the two months ended February 28, 2017, LinnCo incurred total general and administrative expenses of approximately $287,000 , including approximately $240,000 related to services provided by the Predecessor. All of the expenses incurred during the two months ended February 28, 2017, had been paid by the Predecessor on LinnCo’s behalf as of February 28, 2017.

For the three months and nine months ended September 30, 2016 , LinnCo incurred total general and administrative expenses, reorganization expenses and offering costs of approximately $1.0 million and $5.2 million , respectively, including approximately $603,000 and $1.8 million , respectively, related to services provided by the LINN Energy. Of the expenses and costs incurred during the nine months ended September 30, 2016 , approximately $5.1 million had been paid by LINN Energy on LinnCo’s behalf as of September 30, 2016 .

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial statements and related notes included in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The following discussion contains forward-looking statements based on expectations, estimates and assumptions. Actual results may differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, market prices for oil, natural gas and NGL, production volumes, estimates of proved reserves, capital expenditures, economic and competitive conditions, credit and capital market conditions, regulatory changes and other uncertainties, as well as those factors set forth in "Cautionary Statement Regarding Forward-Looking Statements" below and in Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, and elsewhere in the Annual Report.

When referring to Linn Energy, Inc. (formerly known as Linn Energy, LLC) ("Successor," "LINN Energy" or the "Company"), the intent is to refer to LINN Energy, a newly formed Delaware corporation, and its consolidated subsidiaries as a whole or on an individual basis, depending on the context in which the statements are made. Linn Energy, Inc. is a successor issuer of Linn Energy, LLC pursuant to Rule 15d-5 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). When referring to the "Predecessor" in reference to the period prior to the emergence from bankruptcy, the intent is to refer to Linn Energy, LLC, the predecessor that will be dissolved following the effective date of the Plan (as defined below) and resolution of all outstanding claims, and its consolidated subsidiaries as a whole or on an individual basis, depending on the context in which the statements are made.

The reference to "Berry" herein refers to Berry Petroleum Company, LLC, which was an indirect 100% wholly owned subsidiary of the Predecessor through February 28, 2017. Berry was deconsolidated effective December 3, 2016 (see below and Note 4). The reference to "LinnCo" herein refers to LinnCo, LLC, an affiliate of the Predecessor.

The reference to a "Note" herein refers to the accompanying Notes to Condensed Consolidated Financial Statements contained in Item 1. "Financial Statements."

Executive Overview

LINN Energy is an independent oil and natural gas company that was formed in February 2017, in connection with the reorganization of the Predecessor. The Predecessor was publicly traded from January 2006 to February 2017. As discussed further below and in Note 2, on May 11, 2016 (the "Petition Date"), Linn Energy, LLC, certain of its direct and indirect subsidiaries, and LinnCo (collectively, the "LINN Debtors") and Berry (collectively with the LINN Debtors, the "Debtors"), filed voluntary petitions ("Bankruptcy Petitions") for relief under Chapter 11 of the U.S. Bankruptcy Code ("Bankruptcy Code") in the U.S. Bankruptcy Court for the Southern District of Texas ("Bankruptcy Court"). The Debtors' Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040. During the pendency of the Chapter 11 proceedings, the Debtors operated their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. The Company emerged from bankruptcy effective February 28, 2017.

On December 3, 2016, LINN Energy filed an amended plan of reorganization that excluded Berry. As a result of its loss of control of Berry, LINN Energy concluded that it was appropriate to deconsolidate Berry effective on the aforementioned date and classified it as discontinued operations.

The Company's properties are currently located in seven operating regions in the United States ("U.S."):

- Hugoton Basin, which includes properties located in Kansas, the Oklahoma Panhandle and the Shallow Texas Panhandle;
- Mid-Continent, which includes Oklahoma properties located in the Anadarko and Arkoma basins, as well as waterfloods in the Central Oklahoma Platform;
- TexLa, which includes properties located in east Texas and north Louisiana;
- Rockies, which includes properties located in Wyoming (Washakie Basin), Utah (Uinta Basin) and North Dakota (Williston Basin);
- Permian Basin, which includes properties located in west Texas and southeast New Mexico;

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

- Michigan/Illinois, which includes properties located in the Antrim Shale formation in north Michigan and oil properties in south Illinois; and
- South Texas.

In July 2017, the Company divested all of its properties located in California. See below and Note 4 for details of the Company's divestitures.

The Company also owns a 50% equity interest in Roan Resources LLC ("Roan"), which is focused on the accelerated development of the Merge/SCOOP/STACK play in Oklahoma. The Company's current focus is the development of the Merge/SCOOP/STACK through its equity interest in Roan, as well as through its midstream operations in the area. Additionally, the Company is pursuing emerging horizontal opportunities in the Mid-Continent and TexLa regions while continuing to add value by efficiently operating and applying new technology to a diverse set of long-life producing assets.

For the three months ended September 30, 2017, the Company's results included the following:

- oil, natural gas and NGL sales of approximately $206 million compared to $238 million for the three months ended September 30, 2016;
- average daily production of approximately 586 MMcfe/d compared to 809 MMcfe/d for the three months ended September 30, 2016;
- net income attributable to common stockholders of approximately $137 million compared to a net loss attributable to common unitholders of approximately $198 million for the three months ended September 30, 2016;
- capital expenditures of approximately $123 million compared to $44 million for the three months ended September 30, 2016; and
- 22 wells drilled (all successful) compared to 46 wells drilled (all successful) for the three months ended September 30, 2016.

For the nine months ended September 30, 2017, the Company's results included the following:

- oil, natural gas and NGL sales of approximately $530 million and $189 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to $618 million for the nine months ended September 30, 2016;
- average daily production of approximately 664 MMcfe/d and 745 MMcfe/d for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to 812 MMcfe/d for the nine months ended September 30, 2016;
- net income attributable to common stockholders/unitholders of approximately $350 million and $2.4 billion for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to a net loss attributable to unitholders of approximately $1.3 billion for the nine months ended September 30, 2016;
- net cash provided by operating activities from continuing operations of approximately $192 million and net cash used in operating activities of approximately $30 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to net cash provided by operating activities of approximately $851 million for the nine months ended September 30, 2016;
- capital expenditures of approximately $237 million and $46 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to $98 million for the nine months ended September 30, 2016; and
- 63 wells drilled (all successful) compared to 142 wells drilled (141 successful) for the nine months ended September 30, 2016.

Predecessor and Successor Reporting

As a result of the application of fresh start accounting (see Note 3), the Company's condensed consolidated financial statements and certain note presentations are separated into two distinct periods, the period before the Effective Date (labeled Predecessor) and the period after that date (labeled Successor), to indicate the application of a different basis of accounting between the periods presented. Despite this separate presentation, there was continuity of the Company's operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Chapter 11 Proceedings

On the Petition Date, the Debtors filed Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Debtors' Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040.

On December 3, 2016, the LINN Debtors filed the Amended Joint Chapter 11 Plan of Reorganization of Linn Energy, LLC and Its Debtor Affiliates Other Than Linn Acquisition Company, LLC ("LAC") and Berry Petroleum Company, LLC (the "Plan"). The LINN Debtors subsequently filed amended versions of the Plan with the Bankruptcy Court.

On December 13, 2016, LAC and Berry filed the Amended Joint Chapter 11 Plan of Reorganization of Linn Acquisition Company, LLC and Berry Petroleum Company, LLC (the "Berry Plan" and together with the Plan, the "Plans"). LAC and Berry subsequently filed amended versions of the Berry Plan with the Bankruptcy Court.

On January 27, 2017, the Bankruptcy Court entered an order approving and confirming the Plans (the "Confirmation Order"). On February 28, 2017 (the "Effective Date"), the Debtors satisfied the conditions to effectiveness of the respective Plans, the Plans became effective in accordance with their respective terms and LINN Energy and Berry emerged from bankruptcy as stand-alone, unaffiliated entities.

Plan of Reorganization
In accordance with the Plan, on the Effective Date:

- The Predecessor transferred all of its assets, including equity interests in its subsidiaries, other than LAC and Berry, to Linn Energy Holdco II LLC ("Holdco II"), a newly formed subsidiary of the Predecessor and the borrower under the Credit Agreement (as amended, the "Successor Credit Facility") entered into in connection with the reorganization, in exchange for 100% of the equity of Holdco II and the issuance of interests in the Successor Credit Facility to certain of the Predecessor's creditors in partial satisfaction of their claims (the "Contribution"). Immediately following the Contribution, the Predecessor transferred 100% of the equity interests in Holdco II to the Successor in exchange for approximately $530 million in cash and an amount of equity securities in the Successor not to exceed 49.90% of the outstanding equity interests of the Successor, which the Predecessor distributed to certain of its creditors in satisfaction of their claims. Contemporaneously with the reorganization transactions and pursuant to the Plan, (i) LAC assigned all of its rights, title and interest in the membership interests of Berry to Berry Petroleum Corporation, (ii) all of the equity interests in LAC and the Predecessor were canceled and (iii) LAC and the Predecessor commenced liquidation, which is expected to be completed following the resolution of the respective companies' outstanding claims.

- The holders of claims under the Predecessor's Sixth Amended and Restated Credit Agreement ("Predecessor Credit Facility") received a full recovery, consisting of a cash paydown and their pro rata share of the $1.7 billion Successor Credit Facility. As a result, all outstanding obligations under the Predecessor Credit Facility were canceled.

- Holdco II, as borrower, entered into the Successor Credit Facility with the holders of claims under the Predecessor Credit Facility, as lenders, and Wells Fargo Bank, National Association, as administrative agent, providing for a new reserve-based revolving loan with up to $1.4 billion in borrowing commitments and a new term loan in an original principal amount of $300 million. For additional information, see "Financing Activities" below.

- The holders of the Company's 12.00% senior secured second lien notes due December 2020 (the "Second Lien Notes") received their pro rata share of (i) 17,678,889 shares of Class A common stock; (ii) certain rights to purchase shares of Class A common stock in the rights offerings, as described below; and (iii) $30 million in cash. The holders of the Company's 6.50% senior notes due May 2019, 6.25% senior notes due November 2019, 8.625% senior notes due 2020, 7.75% senior notes due February 2021 and 6.50% senior notes due September 2021 (collectively, the "Unsecured Notes") received their pro rata share of (i) 26,724,396 shares of Class A common stock; and (ii) certain rights to purchase shares of Class A common stock in the rights offerings, as described below. As a result, all outstanding obligations under the Second Lien Notes and the Unsecured Notes and the indentures governing such obligations were canceled.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

- The holders of general unsecured claims (other than claims relating to the Second Lien Notes and the Unsecured Notes) against the LINN Debtors (the "LINN Unsecured Claims") received their pro rata share of cash from two cash distribution pools totaling $40 million, as divided between a $2.3 million cash distribution pool for the payment in full of allowed LINN Unsecured Claims in an amount equal to $2,500 or less (and larger claims for which the holders irrevocably agreed to reduce such claims to $2,500), and a $37.7 million cash distribution pool for pro rata distributions to all remaining allowed general LINN Unsecured Claims. As a result, all outstanding LINN Unsecured Claims were fully satisfied, settled, released and discharged as of the Effective Date.

- All units of the Predecessor that were issued and outstanding immediately prior to the Effective Date were extinguished without recovery. On the Effective Date, the Successor issued in the aggregate 89,229,892 shares of Class A common stock. No cash was raised from the issuance of the Class A common stock on account of claims held by the Predecessor's creditors.

- The Successor entered into a registration rights agreement with certain parties, pursuant to which the Company agreed to, among other things, file a registration statement with the Securities and Exchange Commission within 60 days of the Effective Date covering the offer and resale of "Registrable Securities" (as defined therein).

- By operation of the Plan and the Confirmation Order, the terms of the Predecessor's board of directors expired as of the Effective Date. The Successor formed a new board of directors, consisting of the Chief Executive Officer of the Predecessor, one director selected by the Successor and five directors selected by a six-person selection committee.

Rights Offerings
On October 25, 2016, the Company entered into a backstop commitment agreement ("Backstop Commitment Agreement") with the parties thereto (collectively, the "Backstop Parties"). In accordance with the Plan, the Backstop Commitment Agreement and the rights offerings procedures filed in the Chapter 11 cases and approved by the Bankruptcy Court, the LINN Debtors offered eligible creditors the right to purchase Class A common stock upon emergence from the Chapter 11 cases for an aggregate purchase price of $530 million.

Under the Backstop Commitment Agreement, certain Backstop Parties agreed to purchase their pro rata share of the shares that were not duly subscribed to pursuant to the offerings at the discounted per share price set forth in the Backstop Commitment Agreement by parties other than Backstop Parties. Pursuant to the Backstop Commitment Agreement, the LINN Debtors agreed to pay the Backstop Parties on the Effective Date a commitment premium equal to 4.0% of the $530 million committed amount, of which 3.0% was paid in cash and 1.0% was paid in the form of Class A common stock at the discounted per share price set forth in the Backstop Commitment Agreement.

On the Effective Date, all conditions to the rights offerings and the Backstop Commitment Agreement were met, and the LINN Debtors completed the rights offerings and the related issuances of Class A common stock.

Divestitures

Below are the Company's completed divestitures in 2017:

- On September 12, 2017, August 1, 2017, and July 31, 2017, the Company completed the sales of its interest in certain properties located in south Texas (the "South Texas Assets Sales"). Combined cash proceeds received from the sale of these properties were approximately $49 million, net of costs to sell of approximately $1 million, and the Company recognized a combined net gain of approximately $14 million.

- On August 23, 2017, July 28, 2017, and May 9, 2017, the Company completed the sales of its interest in certain properties located in Texas and New Mexico (the "Permian Assets Sales"). Combined cash proceeds received from the sale of these properties were approximately $31 million and the Company recognized a combined net gain of approximately $29 million.

- On July 31, 2017, the Company completed the sale of its interest in properties located in the San Joaquin Basin in California to Berry Petroleum Company, LLC (the "San Joaquin Basin Sale"). Cash proceeds received from the sale of these properties were approximately $253 million, net of costs to sell of approximately $4 million, and the Company recognized a net gain of approximately $120 million.

- On July 21, 2017, the Company completed the sale of its interest in properties located in the Los Angeles Basin in California to Bridge Energy LLC (the “Los Angeles Basin Sale”). Cash proceeds received from the sale of these properties were approximately $93 million, net of costs to sell of approximately $1 million, and the Company recognized a net gain of approximately $2 million. The Company will receive an additional $7 million contingent payment if certain operational requirements are satisfied within one year.

- On June 30, 2017, the Company completed the sale of its interest in properties located in the Salt Creek Field in Wyoming to Denbury Resources Inc. (the “Salt Creek Assets Sale”). Cash proceeds received from the sale of these properties were approximately $75 million, net of costs to sell of approximately $1 million, and the Company recognized a net gain of approximately $33 million.

- On May 31, 2017, the Company completed the sale of its interest in properties located in western Wyoming to Jonah Energy LLC (the “Jonah Assets Sale”). Cash proceeds received from the sale of these properties were approximately $560 million, net of costs to sell of approximately $6 million, and the Company recognized a net gain of approximately $272 million.

As a result of the Company’s strategic exit from California (completed by the San Joaquin Basin Sale and Los Angeles Basin Sale), the Company classified the assets and liabilities, results of operations and cash flows of its California properties as discontinued operations on its condensed consolidated financial statements.

Divestitures – Pending

On October 20, 2017, the Company, through certain of its subsidiaries, entered into a definitive purchase and sale agreement to sell its interest in properties located in the Williston Basin for a contract price of $285 million, subject to closing adjustments.

On October 3, 2017, the Company, through certain of its subsidiaries, entered into a definitive purchase and sale agreement to sell its interest in properties located in Wyoming for a contract price of $200 million, subject to closing adjustments.

Proceeds from these sales are expected to be added as additional cash on the Company’s balance sheet to be used for funding of the Company’s announced share repurchase program and other general corporate purposes. The sales are anticipated to close on November 30, 2017, subject to closing conditions. There can be no assurance that all of the conditions to closing will be satisfied.

The Company continues to market the previously announced non-core assets located in the Permian Basin and south Texas.

Roan Contribution

On August 31, 2017, the Company, through certain of its subsidiaries, completed the transaction in which LINN Energy and Citizen Energy II, LLC (“Citizen”) each contributed certain upstream assets located in Oklahoma to a newly formed company, Roan (the contribution, the “Roan Contribution”), focused on the accelerated development of the Merge/SCOOP/STACK play. In exchange for their respective contributions, LINN Energy and Citizen each received a 50% equity interest in Roan, subject to customary post-closing adjustments. As of August 31, 2017, the date of the Roan Contribution, the Company recognized its equity investment at a carryover basis of approximately $452 million.

Construction of Cryogenic Plant

In July 2017 the Company renamed its subsidiary LINN Midstream, LLC to Blue Mountain Midstream LLC (“Blue Mountain”) and entered into a definitive agreement with BCCK Engineering, Inc. (“BCCK”) to construct the Chisholm Trail Cryogenic Gas Plant. Blue Mountain’s assets include the Chisholm Trail midstream business (“Chisholm Trail”) located in Oklahoma. Chisholm Trail is located in the Merge/SCOOP/STACK play in the Mid-Continent region and has approximately 30 miles of existing natural gas gathering pipeline and approximately 60 MMcf/d of current refrigeration capacity. Infrastructure expansions are underway to add 35 miles of low pressure gathering, increase compression throughput and construct a new cryogenic plant to improve liquids recoveries. Blue Mountain has entered into a definitive agreement with BCCK to construct a 225 MMcf/d cryogenic natural gas processing facility with a total capacity of 250 MMcf/d. Construction is underway and it is expected to be commissioned during the second quarter of 2018.

2017 Oil and Natural Gas Capital Budget

For 2017, the Company estimates its total capital expenditures, excluding acquisitions, will be approximately $360 million, including approximately $245 million related to its oil and natural gas capital program and approximately $107 million related to its plant and pipeline capital. This estimate is under continuous review and subject to ongoing adjustments.

Financing Activities

Revolving Credit Facility
On August 4, 2017, the Company entered into a credit agreement with Holdco II, as borrower, Royal Bank of Canada, as administrative agent, and the lenders and agents party thereto, providing for a new senior secured reserve-based revolving loan facility (the "Revolving Credit Facility") with $500 million in borrowing commitments and an initial borrowing base of $500 million.

As of September 30, 2017, there were no borrowings outstanding under the Revolving Credit Facility and there was approximately $455 million of available borrowing capacity (which includes a $45 million reduction for outstanding letters of credit). The maturity date is August 4, 2020.

Redetermination of the borrowing base under the Revolving Credit Facility, based primarily on reserve reports using lender commodity price expectations at such time, occurs semi-annually, in April and October, with the first scheduled borrowing base redetermination to occur on March 15, 2018. At the Company's election, interest on borrowings under the Revolving Credit Facility is determined by reference to either the London Interbank Offered Rate ("LIBOR") plus an applicable margin ranging from 2.50% to 3.50% per annum or the alternate base rate ("ABR") plus an applicable margin ranging from 1.50% to 2.50% per annum, depending on utilization of the borrowing base. Interest is generally payable in arrears quarterly for loans bearing interest based at the ABR and at the end of the applicable interest period for loans bearing interest at the LIBOR, or if such interest period is longer than three months, at the end of the three month intervals during such interest period. The Company is required to pay a commitment fee to the lenders under the Revolving Credit Facility, which accrues at a rate per annum of 0.50% on the average daily unused amount of the available revolving loan commitments of the lenders.

The obligations under the Revolving Credit Facility are secured by mortgages covering approximately 85% of the total value of the proved reserves of the oil and natural gas properties of the Company and certain of its subsidiaries, along with liens on substantially all personal property of the Company and certain of its subsidiaries, and are guaranteed by the Company, Holdco and certain of Holdco II's subsidiaries, subject to customary exceptions. Under the Revolving Credit Facility, the Company is required to maintain (i) a maximum total net debt to last twelve months EBITDA ratio of 4.0 to 1.0, and (ii) a minimum adjusted current ratio of 1.0 to 1.0.

The Revolving Credit Facility also contains affirmative and negative covenants, including as to compliance with laws (including environmental laws, ERISA and anti-corruption laws), maintenance of required insurance, delivery of quarterly and annual financial statements, oil and gas engineering reports and budgets, maintenance and operation of property (including oil and gas properties), restrictions on the incurrence of liens and indebtedness, mergers, consolidations and sales of assets, paying dividends or other distributions in respect of, or repurchasing or redeeming, the Company's capital stock, making certain investments and transactions with affiliates.

The Revolving Credit Facility contains events of default and remedies customary for credit facilities of this nature. Failure to comply with the financial and other covenants in the Revolving Credit Facility would allow the lenders, subject to customary cure rights, to require immediate payment of all amounts outstanding under the Revolving Credit Facility.

In September 2017, the Company entered into an amendment to the Revolving Credit Facility to provide for, among other things, an increase in the size of the letter of credit subfacility from $25 million to $50 million .

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Share Repurchase Program
On June 1, 2017, the Company's Board of Directors announced that it had authorized the repurchase of up to $75 million of the Company's outstanding shares of Class A common stock. On June 28, 2017, the Company's Board of Directors announced that it had authorized an increase in the previously announced share repurchase program to up to a total of $200 million of the Company's outstanding shares of Class A common stock. Any share repurchases are subject to restrictions in the Revolving Credit Facility. During the period from June 2017 through September 2017, the Company repurchased an aggregate of 4,607,598 shares of Class A common stock at an average price of $34.06 per share for a total cost of approximately $157 million.

On October 4, 2017, the Company's Board of Directors announced that it had authorized an additional increase in the previously announced share repurchase program to up to a total of $400 million of the Company's outstanding shares of a Class A common stock. In October 2017, the Company repurchased 590,118 shares of Class A common stock at an average price of $38.09 per share for a total cost of approximately $22 million. At October 31, 2017, approximately $221 million was available for share repurchases under the program.

Listing on the OTCQB Market

On the Effective Date, the Predecessor's units were canceled and ceased to trade on the OTC Markets Group Inc.'s Pink marketplace. In April 2017, the Successor's Class A common stock was approved for trading on the OTCQB market under the symbol "LNGG."

Commodity Derivatives

In October 2017, the Company entered into commodity derivative contracts consisting of natural gas swaps for January 2018 through December 2018. Including these new hedges, as of October 31, 2017, the Company had natural gas swaps of approximately 69,715 MMMBtu at an average price of approximately $3.02 per MMBtu for 2018.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Results of Operations

Three Months Ended September 30, 2017, Compared to Three Months Ended September 30, 2016

	Successor	Predecessor	
(in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Variance
Revenues and other:			
Natural gas sales	$ 92,470	$ 121,842	$ (29,372)
Oil sales	74,384	82,244	(7,860)
NGL sales	39,464	33,900	5,564
Total oil, natural gas and NGL sales	206,318	237,986	(31,668)
Gains (losses) on oil and natural gas derivatives	(14,497)	166	(14,663)
Marketing and other revenues [1]	44,861	28,823	16,038
	236,682	266,975	(30,293)
Expenses:			
Lease operating expenses	61,272	67,234	(5,962)
Transportation expenses	34,541	40,986	(6,445)
Marketing expenses	34,099	6,933	27,166
General and administrative expenses [2]	30,035	48,471	(18,436)
Exploration costs	171	4	167
Depreciation, depletion and amortization	29,657	87,413	(57,756)
Impairment of long-lived assets	—	41,728	(41,728)
Taxes, other than income taxes	12,368	18,003	(5,635)
(Gains) losses on sale of assets and other, net	(26,977)	2,532	(29,509)
	175,166	313,304	(138,138)
Other income and (expenses)	(1,885)	(25,261)	23,376
Reorganization items, net	(2,605)	(28,361)	25,756
Income (loss) from continuing operations before income taxes	57,026	(99,951)	156,977
Income tax expense (benefit)	5,996	(3,650)	9,646
Income (loss) from continuing operations	51,030	(96,301)	147,331
Income (loss) from discontinued operations, net of income taxes	86,099	(102,064)	188,163
Net income (loss)	137,129	(198,365)	335,494
Net income attributable to noncontrolling interests	66	—	66
Net income (loss) attributable to common stockholders/unitholders	$ 137,063	$ (198,365)	$ 335,428

(1) Marketing and other revenues for the three months ended September 30, 2016, include approximately $14 million of management fee revenues recognized by the Company from Berry. Management fee revenues are included in "other revenues" on the condensed consolidated statement of operations.

(2) General and administrative expenses for the three months ended September 30, 2017, and September 30, 2016, include approximately $6 million and $5 million, respectively, of noncash share-based compensation expenses. In addition, general and administrative expenses for the three months ended September 30, 2016, include expenses incurred by LINN Energy associated with the operations of Berry. On February 28, 2017, LINN Energy and Berry emerged from Bankruptcy as stand-alone, unaffiliated entities.

	Successor	Predecessor	
	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Variance
Average daily production:			
Natural gas (MMcf/d)	368	518	(29)%
Oil (MBbls/d)	17.7	22.0	(20)%
NGL (MBbls/d)	18.5	26.6	(30)%
Total (MMcfe/d)	586	809	(28)%
Average daily production – Equity method investments: (1)			
Total (MMcfe/d)	23	—	
Weighted average prices: (2)			
Natural gas (Mcf)	$ 2.73	$ 2.56	7 %
Oil (Bbl)	$ 45.58	$ 40.60	12 %
NGL (Bbl)	$ 23.18	$ 13.87	67 %
Average NYMEX prices:			
Natural gas (MMBtu)	$ 3.00	$ 2.81	7 %
Oil (Bbl)	$ 48.20	$ 44.94	7 %
Costs per Mcfe of production:			
Lease operating expenses	$ 1.14	$ 0.90	27 %
Transportation expenses	$ 0.64	$ 0.55	16 %
General and administrative expenses (3)	$ 0.56	$ 0.65	(14)%
Depreciation, depletion and amortization	$ 0.55	$ 1.17	(53)%
Taxes, other than income taxes	$ 0.23	$ 0.24	(4)%
Average daily production – discontinued operations: (4)			
Total (MMcfe/d)	8	265	

(1) Represents the Company’s 50% equity interest in Roan. Production of Roan for 2017 is for the period from September 1, 2017 through September 30, 2017.

(2) Does not include the effect of gains (losses) on derivatives.

(3) General and administrative expenses for the three months ended September 30, 2017, and September 30, 2016, include approximately $6 million and $5 million, respectively, of noncash share-based compensation expenses. In addition, general and administrative expenses for the three months ended September 30, 2016, include expenses incurred by LINN Energy associated with the operations of Berry. On February 28, 2017, LINN Energy and Berry emerged from Bankruptcy as stand-alone, unaffiliated entities.

(4) Production of discontinued operations for 2017 is for the period from July 1, 2017 through July 31, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Revenues and Other

Oil, Natural Gas and NGL Sales
Oil, natural gas and NGL sales decreased by approximately $32 million or 13% to approximately $206 million for the three months ended September 30, 2017, from approximately $238 million for the three months ended September 30, 2016, due to lower production volumes partially offset by higher commodity prices. Higher NGL, oil and natural gas prices resulted in an increase in revenues of approximately $16 million, $8 million and $5 million, respectively.

Average daily production volumes decreased to approximately 586 MMcfe/d for the three months ended September 30, 2017, from 809 MMcfe/d for the three months ended September 30, 2016. Lower natural gas, oil and NGL production volumes resulted in a decrease in revenues of approximately $35 million, $16 million and $10 million, respectively.

The following table sets forth average daily production by region:

	Successor	Predecessor		
	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Variance	
Average daily production (MMcfe/d):				
Rockies	160	343	(183)	(54)%
Hugoton Basin	171	178	(7)	(4)%
Mid-Continent	91	102	(11)	(11)%
TexLa	81	73	8	12 %
Permian Basin	43	54	(11)	(19)%
Michigan/Illinois	29	30	(1)	(6)%
South Texas	11	29	(18)	(62)%
	586	809	(223)	(28)%
Equity method investments	23	—		

The increase in average daily production volumes in the TexLa region primarily reflects increased development capital spending in the region. The decrease in average daily production volumes in the Mid-Continent region primarily reflects lower production volumes as a result of the Roan Contribution on August 31, 2017, partially offset by increased development capital spending in the region. The decreases in average daily production volumes in the Rockies, Permian Basin and South Texas regions primarily reflect lower production volumes as a result of divestitures completed during 2017. See Note 4 for additional information of divestitures. In addition, the decreases in average daily production volumes in these and the remaining regions reflect lower production volumes as a result of reduced development capital spending, as well as marginal well shut-ins, driven by continued low commodity prices. Equity method investments represents the Company's 50% equity interest in Roan. Production of Roan for 2017 is for the period from September 1, 2017 through September 30, 2017.

Gains (Losses) on Oil and Natural Gas Derivatives
Losses on oil and natural gas derivatives were approximately $14 million for the three months ended September 30, 2017, compared to gains of approximately $166,000 for the three months ended September 30, 2016, representing a variance of approximately $15 million. Gains and losses on oil and natural gas derivatives were primarily due to changes in fair value of the derivative contracts. The fair value on unsettled derivative contracts changes as future commodity price expectations change compared to the contract prices on the derivatives. If the expected future commodity prices increase compared to the contract prices on the derivatives, losses are recognized; and if the expected future commodity prices decrease compared to the contract prices on the derivatives, gains are recognized.

The Company determines the fair value of its oil and natural gas derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. See Item 3. "Quantitative and Qualitative Disclosures About Market Risk" and Note 8 and Note 9 for additional details about the Company's commodity derivatives. For information about the Company's credit risk related to derivative contracts, see "Counterparty Credit Risk" under "Liquidity and Capital Resources" below.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Marketing and Other Revenues
Marketing revenues represent third-party activities associated with company-owned gathering systems, plants and facilities. Other revenues primarily include management fee revenues recognized by the Company from Berry (in the Predecessor period) and helium sales revenue. Marketing and other revenues increased by approximately $16 million or 56% to approximately $45 million for the three months ended September 30, 2017, from approximately $29 million for the three months ended September 30, 2016. The increase was primarily due to higher revenues generated by the Jayhawk natural gas processing plant in Kansas, principally driven by a change in contract terms, and higher helium sales revenue in the Hugoton Basin, partially offset by the management fee revenues from Berry included in the Predecessor period.

Expenses

Lease Operating Expenses
Lease operating expenses include expenses such as labor, field office, vehicle, supervision, maintenance, tools and supplies, and workover expenses. Lease operating expenses decreased by approximately $6 million or 9% to approximately $61 million for the three months ended September 30, 2017, from approximately $67 million for the three months ended September 30, 2016. The decrease was primarily due to reduced labor costs for field operations as a result of cost savings initiatives and the divestitures completed in 2017. Lease operating expenses per Mcfe increased to $1.14 per Mcfe for the three months ended September 30, 2017, from $0.90 per Mcfe for the three months ended September 30, 2016.

Transportation Expenses
Transportation expenses decreased by approximately $6 million or 16% to approximately $35 million for the three months ended September 30, 2017, from approximately $41 million for the three months ended September 30, 2016. The decrease was primarily due to reduced costs as a result of lower production volumes and as a result of the divestitures completed in 2017. Transportation expenses per Mcfe increased to $0.64 per Mcfe for the three months ended September 30, 2017, from $0.55 per Mcfe for the three months ended September 30, 2016, primarily due to lower unit rates on the properties sold in 2017.

Marketing Expenses
Marketing expenses represent third-party activities associated with company-owned gathering systems, plants and facilities. Marketing expenses increased by approximately $27 million or 392% to approximately $34 million for the three months ended September 30, 2017, from approximately $7 million for the three months ended September 30, 2016. The increase was primarily due to higher expenses associated with the Jayhawk natural gas processing plant in Kansas, principally driven by a change in contract terms.

General and Administrative Expenses
General and administrative expenses are costs not directly associated with field operations and reflect the costs of employees including executive officers, related benefits, office leases and professional fees. In addition, general and administrative expenses in the Predecessor period includes expenses incurred by LINN Energy associated with the operations of Berry. General and administrative expenses decreased by approximately $18 million or 38% to approximately $30 million for the three months ended September 30, 2017, from approximately $48 million for the three months ended September 30, 2016. The decrease was primarily due to lower salaries and benefits related expenses, the costs associated with the operations of Berry in the Predecessor period and lower various other administrative expenses including insurance and rent, partially offset by higher noncash share-based compensation expenses and higher professional services expenses. General and administrative expenses per Mcfe also decreased to $0.56 per Mcfe for the three months ended September 30, 2017, from $0.65 per Mcfe for the three months ended September 30, 2016.

For the professional services expenses related to the Chapter 11 proceedings that were incurred since the Petition Date, see "Reorganization Items, Net."

Exploration Costs
Exploration costs increased by approximately $167,000 to approximately $171,000 for the three months ended September 30, 2017, from approximately $4,000 for the three months ended September 30, 2016. The increase was primarily due to higher seismic data expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Depreciation, Depletion and Amortization
Depreciation, depletion and amortization decreased by approximately $57 million or 66% to approximately $30 million for the three months ended September 30, 2017, from approximately $87 million for the three months ended September 30, 2016. The decrease was primarily due to lower rates as a result of the application of fresh start accounting, as well as lower total production volumes. Depreciation, depletion and amortization per Mcfe also decreased to $0.55 per Mcfe for the three months ended September 30, 2017, from $1.17 per Mcfe for the three months ended September 30, 2016.

Impairment of Long-Lived Assets
The Company recorded no impairment charges for the three months ended September 30, 2017. During the three months ended September 30, 2016, the Company recorded an impairment charge of approximately $42 million associated with proved oil and natural gas properties in the Mid-Continent and Rockies regions due to a decline in commodity prices, changes in expected capital development and a decline in the Company's estimates of proved reserves.

Taxes, Other Than Income Taxes

(in thousands)	Successor Three Months Ended September 30, 2017	Predecessor Three Months Ended September 30, 2016	Variance
Severance taxes	$ 7,610	$ 10,871	$ (3,261)
Ad valorem taxes	4,983	7,120	(2,137)
Other	(225)	12	(237)
	$ 12,368	$ 18,003	$ (5,635)

Taxes, other than income taxes decreased by approximately $6 million or 31% for the three months ended September 30, 2017, compared to the three months ended September 30, 2016. Severance taxes, which are a function of revenues generated from production, decreased primarily due to lower production volumes partially offset by higher commodity prices. Ad valorem taxes, which are based on the value of reserves and production equipment and vary by location, decreased primarily due to divestitures completed in 2017 and lower estimated valuations on certain of the Company's properties.

(Gains) Losses on Sale of Assets and Other, Net
During the three months ended September 30, 2017, the Company recorded the following amounts related to divestitures (see Note 4):

- Advisory fees of approximately $17 million associated with the Roan Contribution;
- Net gain of approximately $25 million on the Permian Assets Sales; and
- Net gain of approximately $14 million, including costs to sell of approximately $1 million, on the South Texas Assets Sales.

Other Income and (Expenses)

(in thousands)	Successor Three Months Ended September 30, 2017	Predecessor Three Months Ended September 30, 2016	Variance
Interest expense, net of amounts capitalized	$ (223)	$ (25,283)	$ 25,060
Earnings from equity method investments	2,575	222	2,353
Other, net	(4,237)	(200)	(4,037)
	$ (1,885)	$ (25,261)	$ 23,376

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Other income and (expenses) decreased by approximately $23 million or 93% for the three months ended September 30, 2017, compared to the three months ended September 30, 2016. Interest expense decreased due to lower outstanding debt during the period. For the three months ended September 2016, contractual interest, which was not recorded, on the senior notes was approximately $56 million. See "Debt" under "Liquidity and Capital Resources" below for additional details.

The Second Lien Notes were accounted for as a troubled debt restructuring which requires that interest payments on the Second Lien Notes reduce the carrying value of the debt with no interest expense recognized. For the three months ended September 30, 2016, contractual interest, which was not recorded, on the Second Lien Notes was approximately $30 million.

Equity method investments primarily include the Company's 50% equity interest in Roan. The Company's equity earnings consists of its share of Roan's earnings and the amortization of the difference between the Company's investment in Roan and Roan's underlying net assets attributable to certain assets. See Note 4 for additional information.

Reorganization Items, Net

The Company incurred significant costs and recognized significant gains associated with the reorganization. Reorganization items represent costs and income directly associated with the Chapter 11 proceedings since the Petition Date, and also include adjustments to reflect the carrying value of certain liabilities subject to compromise at their estimated allowed claim amounts, as such adjustments are determined. The following table summarizes the components of reorganization items included on the condensed consolidated statements of operations:

	Successor	Predecessor
(in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
Legal and other professional advisory fees	$ (2,549)	$ (16,714)
Terminated contracts	—	(13,123)
Other	(56)	1,476
Reorganization items, net	$ (2,605)	$ (28,361)

Income Tax Expense (Benefit)

Effective February 28, 2017, upon the consummation of the Plan, the Successor became a C corporation. Prior to the consummation of the Plan, the Predecessor was a limited liability company treated as a partnership for federal and state income tax purposes, with the exception of the state of Texas, in which income tax liabilities and/or benefits were passed through to its unitholders. Limited liability companies are subject to Texas margin tax. In addition, certain of the Predecessor's subsidiaries were C corporations subject to federal and state income taxes. The Company recognized income tax expense of approximately $6 million and an income tax benefit of approximately $4 million for the three months ended September 30, 2017, and September 30, 2016, respectively.

Income (loss) from Discontinued Operations, Net of Income Taxes

As a result of the Company's strategic exit from California (completed by the San Joaquin Basin Sale and Los Angeles Basin Sale) and the deconsolidation of Berry, the Company has classified the results of operations of its California properties and Berry as discontinued operations. Income from discontinued operations, net of income taxes was approximately $86 million for the three months ended September 30, 2017, compared to loss from discontinued operations, net of income taxes of approximately $l02 million for the three months ended and September 30, 2016. See Note 4 for additional information.

Net Income (Loss) Attributable to Common Stockholders/Unitholders

Net income attributable to common stockholders/unitholders increased by approximately $335 million to approximately $137 million for the three months ended September 30, 2017, from a net loss of approximately $198 million for the three months ended September 30, 2016. The increase was primarily due to lower expenses, including interest, and gains on the divestitures completed in 2017, partially offset by lower production revenues, losses compared to gains on commodity derivatives and income tax expense compared to income tax benefit. See discussion above for explanations of variances.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Continued

Results of Operations

The following table reflects the Company’s results of operations for each of the Successor and Predecessor periods presented:

	Successor	Predecessor	
(in thousands)	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
Revenues and other:			
Natural gas sales	$ 241,021	$ 99,561	$ 300,585
Oil sales	193,859	58,560	228,766
NGL sales	94,930	30,764	88,923
Total oil, natural gas and NGL sales	529,810	188,885	618,274
Gains (losses) on oil and natural gas derivatives	19,258	92,691	(74,175)
Marketing and other revenues [(1)]	68,741	16,551	98,382
	617,809	298,127	642,481
Expenses:			
Lease operating expenses	156,959	49,665	220,847
Transportation expenses	85,652	25,972	124,609
Marketing expenses	43,614	4,820	21,493
General and administrative expenses [(2)]	74,904	71,745	184,360
Exploration costs	1,037	93	2,745
Depreciation, depletion and amortization	101,558	47,155	262,880
Impairment of long-lived assets	—	—	165,044
Taxes, other than income taxes	37,316	14,877	53,544
(Gains) losses on sale of assets and other, net	(333,371)	829	6,607
	167,669	215,156	1,042,129
Other income and (expenses)	(15,057)	(16,717)	(160,323)
Reorganization items, net	(8,547)	2,331,189	457,437
Income (loss) from continuing operations before income taxes	426,536	2,397,443	(102,534)
Income tax expense (benefit)	159,451	(166)	2,944
Income (loss) from continuing operations	267,085	2,397,609	(105,478)
Income (loss) from discontinued operations, net of income taxes	82,845	(548)	(1,232,141)
Net income (loss)	349,930	2,397,061	(1,337,619)
Net income attributable to noncontrolling interests	66	—	—
Net income (loss) attributable to common stockholders/unitholders	$ 349,864	$ 2,397,061	$ (1,337,619)

(1) Marketing and other revenues for the two months ended February 28, 2017, and the nine months ended September 30, 2016, include approximately $6 million and $56 million, respectively, of management fee revenues recognized by the Company from Berry. Management fee revenues are included in “other revenues” on the condensed consolidated statements of operations.

(2) General and administrative expenses for the seven months ended September 30, 2017, the two months ended February 28, 2017, and the nine months ended September 30, 2016, include approximately $26 million, $50 million and $19 million, respectively, of noncash share-based compensation expenses. In addition, general and administrative expenses for the two months ended February 28, 2017, and the nine months ended September 30, 2016, include expenses incurred by LINN Energy associated with the operations of Berry. On February 28, 2017, LINN Energy and Berry emerged from bankruptcy as stand-alone, unaffiliated entities.

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
Average daily production:			
Natural gas (MMcf/d)	414	495	521
Oil (MBbls/d)	19.8	20.2	22.6
NGL (MBbls/d)	21.8	21.4	25.8
Total (MMcfe/d)	664	745	812
Average daily production – Equity method investments: (1)			
Total (MMcfe/d)	10	—	—
Weighted average prices: (2)			
Natural gas (Mcf)	$ 2.72	$ 3.41	$ 2.10
Oil (Bbl)	$ 45.71	$ 49.16	$ 36.96
NGL (Bbl)	$ 20.32	$ 24.37	$ 12.57
Average NYMEX prices:			
Natural gas (MMBtu)	$ 3.03	$ 3.66	$ 2.29
Oil (Bbl)	$ 48.45	$ 53.04	$ 41.33
Costs per Mcfe of production:			
Lease operating expenses	$ 1.11	$ 1.13	$ 0.99
Transportation expenses	$ 0.60	$ 0.59	$ 0.56
General and administrative expenses (3)	$ 0.53	$ 1.63	$ 0.83
Depreciation, depletion and amortization	$ 0.72	$ 1.07	$ 1.18
Taxes, other than income taxes	$ 0.26	$ 0.34	$ 0.24
Average daily production – discontinued operations: (4)			
Total (MMcfe/d)	20	30	277

(1) Represents the Company’s 50% equity interest in Roan. Production of Roan for 2017 is for the period from September 1, 2017 through September 30, 2017.

(2) Does not include the effect of gains (losses) on derivatives.

(3) General and administrative expenses for the seven months ended September 30, 2017, the two months ended February 28, 2017, and the nine months ended September 30, 2016, include approximately $26 million, $50 million and $19 million, respectively, of noncash share-based compensation expenses. In addition, general and administrative expenses for the two months ended February 28, 2017, and the nine months ended September 30, 2016, include expenses incurred by LINN Energy associated with the operations of Berry. On February 28, 2017, LINN Energy and Berry emerged from bankruptcy as stand-alone, unaffiliated entities.

(4) Production of discontinued operations for 2017 is for the period from January 1, 2017 through July 31, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Revenues and Other

Oil, Natural Gas and NGL Sales
Oil, natural gas and NGL sales increased by approximately $101 million or 16% to approximately $530 million and $189 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from approximately $618 million for the nine months ended September 30, 2016, due to higher commodity prices partially offset by lower production volumes. Higher natural gas, oil and NGL prices resulted in an increase in revenues of approximately $93 million, $52 million and $51 million, respectively.

Average daily production volumes decreased to approximately 664 MMcfe/d and 745 MMcfe/d for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from approximately 812 MMcfe/d for the nine months ended September 30, 2016. Lower natural gas, oil and NGL production volumes resulted in a decrease in revenues of approximately $53 million, $28 million and $14 million, respectively.

The following table sets forth average daily production by region:

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	**Two Months Ended February 28, 2017**	**Nine Months Ended September 30, 2016**
Average daily production (MMcfe/d):			
Rockies	213	294	339
Hugoton Basin	168	159	183
Mid-Continent	111	109	100
TexLa	79	80	72
Permian Basin	45	49	58
Michigan/Illinois	29	29	31
South Texas	19	25	29
	664	745	812
Equity method investments	10	—	—

The increase from 2016 in average daily production volumes in the TexLa region primarily reflects increased development capital spending in the region. The increase in average daily production volumes in the Mid-Continent region primarily reflects increased development capital spending in the region, partially offset by lower production volumes as a result of the Roan Contribution on August 31, 2017. The decreases in average daily production volumes in the Rockies, Permian Basin and South Texas regions primarily reflect lower production volumes as a result of divestitures completed during 2017. See Note 4 for additional information of divestitures. In addition, the decreases in average daily production volumes in these and the remaining regions reflect lower production volumes as a result of reduced development capital spending, as well as marginal well shut-ins, driven by continued low commodity prices. Equity method investments represents the Company's 50% equity interest in Roan. Production of Roan for 2017 is for the period from September 1, 2017 through September 30, 2017.

Gains (Losses) on Oil and Natural Gas Derivatives
Gains on oil and natural gas derivatives were approximately $19 million and $93 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to losses on oil and natural gas derivatives of approximately $74 million for the nine months ended September 30, 2016, representing a variance of approximately $186 million. Gains and losses on oil and natural gas derivatives were primarily due to changes in fair value of the derivative contracts. The fair value on unsettled derivative contracts changes as future commodity price expectations change compared to the contract prices on the derivatives. If the expected future commodity prices increase compared to the contract prices on the derivatives, losses are recognized; and if the expected future commodity prices decrease compared to the contract prices on the derivatives, gains are recognized.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

The Company determines the fair value of its oil and natural gas derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. See Item 3. "Quantitative and Qualitative Disclosures About Market Risk" and Note 8 and Note 9 for additional details about the Company's commodity derivatives. For information about the Company's credit risk related to derivative contracts, see "Counterparty Credit Risk" under "Liquidity and Capital Resources" below.

Marketing and Other Revenues
Marketing revenues represent third-party activities associated with company-owned gathering systems, plants and facilities. Other revenues primarily include management fee revenues recognized by the Company from Berry (in the Predecessor periods) and helium sales revenue. Marketing and other revenues decreased by approximately $12 million or 13% to approximately $69 million and $17 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from approximately $98 million for the nine months ended September 30, 2016. The decrease was primarily due to the management fee revenues from Berry included in the Predecessor periods, partially offset by higher revenues generated by the Jayhawk natural gas processing plant in Kansas, principally driven by a change in contract terms, and higher helium sales revenue in the Hugoton Basin.

Expenses

Lease Operating Expenses
Lease operating expenses include expenses such as labor, field office, vehicle, supervision, maintenance, tools and supplies, and workover expenses. Lease operating expenses decreased by approximately $14 million or 6% to approximately $157 million and $50 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from approximately $221 million for the nine months ended September 30, 2016. The decrease was primarily due to reduced labor costs for field operations as a result of cost savings initiatives and the divestitures completed in 2017. Lease operating expenses per Mcfe increased to $1.11 per Mcfe and $1.13 per Mcfe for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to $0.99 per Mcfe for the nine months ended September 30, 2016.

Transportation Expenses
Transportation expenses decreased by approximately $13 million or 10% to approximately $86 million and $26 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from approximately $125 million for the nine months ended September 30, 2016. The decrease was primarily due to reduced costs as a result of lower production volumes and as a result of the divestitures completed in 2017. Transportation expenses per Mcfe increased to $0.60 per Mcfe and $0.59 per Mcfe for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to $0.56 per Mcfe for the nine months ended September 30, 2016, primarily due to lower unit rates on the properties sold in 2017.

Marketing Expenses
Marketing expenses represent third-party activities associated with company-owned gathering systems, plants and facilities. Marketing expenses increased by approximately $28 million or 125% to approximately $44 million and $5 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to approximately $21 million for the nine months ended September 30, 2016. The increase was primarily due to higher expenses associated with the Jayhawk natural gas processing plant in Kansas, principally driven by a change in contract terms.

General and Administrative Expenses
General and administrative expenses are costs not directly associated with field operations and reflect the costs of employees including executive officers, related benefits, office leases and professional fees. In addition, general and administrative expenses in the Predecessor periods include expenses incurred by LINN Energy associated with the operations of Berry. General and administrative expenses decreased by approximately $37 million or 20% to approximately $75 million and $72 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from approximately $184 million for the nine months ended September 30, 2016. The decrease was primarily due to lower salaries and benefits related expenses, the costs associated with the operations of Berry in the Predecessor periods, lower various other administrative expenses including insurance and rent, and lower professional services expenses, partially offset by higher noncash share-based compensation expenses principally driven by the immediate vesting of certain awards on the Effective

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Date. General and administrative expenses per Mcfe were $0.53 per Mcfe and $1.63 per Mcfe for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to $0.83 per Mcfe for the nine months ended September 30, 2016.

For professional services expenses related to the Chapter 11 proceedings that were incurred since the Petition Date, see "Reorganization Items, Net."

Exploration Costs
Exploration costs decreased by approximately $2 million to approximately $1 million and $93,000 for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from approximately $3 million for the nine months ended September 30, 2016. The decrease was primarily due to lower seismic data expenses.

Depreciation, Depletion and Amortization
Depreciation, depletion and amortization decreased by approximately $114 million or 43% to approximately $102 million and $47 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from approximately $263 million for the nine months ended September 30, 2016. The decrease was primarily due to lower rates as a result of the application of fresh start accounting and impairments recorded in the first quarter of 2016, as well as lower total production volumes. Depreciation, depletion and amortization per Mcfe also decreased to $0.72 per Mcfe and $1.07 per Mcfe for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from $1.18 per Mcfe for the nine months ended September 30, 2016.

Impairment of Long-Lived Assets
The Company recorded no impairment charges for the seven months ended September 30, 2017, or the two months ended February 28, 2017. During the nine months ended September 30, 2016, the Company recorded an impairment charge of approximately $165 million associated with proved oil and natural gas properties in the Mid-Continent and Rockies regions due to a decline in commodity prices, changes in expected capital development and a decline in the Company's estimates of proved reserves.

Taxes, Other Than Income Taxes

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
(in thousands)			
Severance taxes	$ 22,142	$ 9,107	$ 28,028
Ad valorem taxes	15,084	5,744	24,501
Other	90	26	1,015
	$ 37,316	$ 14,877	$ 53,544

Severance taxes, which are a function of revenues generated from production, increased primarily due to higher commodity prices partially offset by lower production volumes. Ad valorem taxes, which are based on the value of reserves and production equipment and vary by location, decreased primarily due to divestitures completed in 2017 and lower estimated valuations on certain of the Company's properties.

(Gains) Losses on Sale of Assets and Other, Net
During the seven months ended September 30, 2017, the Company recorded the following amounts related to divestitures (see Note 4):

- Advisory fees of approximately $17 million associated with the Roan Contribution;
- Net gain of approximately $29 million on the Permian Assets Sales;

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

- Net gain of approximately $14 million, including costs to sell of approximately $1 million, on the South Texas Assets Sales;
- Net gain of approximately $33 million, including costs to sell of approximately $1 million, on the Salt Creek Assets Sale; and
- Net gain of approximately $272 million, including costs to sell of approximately $6 million, on the Jonah Assets Sale.

Other Income and (Expenses)

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
(in thousands)			
Interest expense, net of amounts capitalized	$ (11,974)	$ (16,725)	$ (159,476)
Earnings from equity method investments	2,705	157	511
Other, net	(5,788)	(149)	(1,358)
	$ (15,057)	$ (16,717)	$ (160,323)

Interest expense decreased primarily due to the Company's discontinuation of interest expense recognition on the senior notes for the two months ended February 28, 2017, as a result of the Chapter 11 proceedings, lower outstanding debt and lower amortization of discounts and financing fees. For the two months ended February 28, 2017, and the period from May 12, 2016 through September 30, 2016, contractual interest, which was not recorded, on the senior notes was approximately $37 million and $86 million, respectively. See "Debt" under "Liquidity and Capital Resources" below for additional details.

The Second Lien Notes were accounted for as a troubled debt restructuring which requires that interest payments on the Second Lien Notes reduce the carrying value of the debt with no interest expense recognized. For the two months ended February 28, 2017, and the period from May 12, 2016 through September 30, 2016, unrecorded contractual interest on the Second Lien Notes was approximately $20 million and $46 million, respectively.

Equity method investments primarily include the Company's 50% equity interest in Roan. The Company's equity earnings consists of its share of Roan's earnings and the amortization of the difference between the Company's investment in Roan and Roan's underlying net assets attributable to certain assets. See Note 4 for additional information.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Reorganization Items, Net

The Company incurred significant costs and recognized significant gains associated with the reorganization. Reorganization items represent costs and income directly associated with the Chapter 11 proceedings since the Petition Date, and also include adjustments to reflect the carrying value of certain liabilities subject to compromise at their estimated allowed claim amounts, as such adjustments were determined. The following table summarizes the components of reorganization items included on the condensed consolidated statements of operations:

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
(in thousands)			
Gain on settlement of liabilities subject to compromise	$ —	$ 3,724,750	$ —
Recognition of an additional claim for the Predecessor's Second Lien Notes settlement	—	(1,000,000)	—
Fresh start valuation adjustments	—	(591,525)	—
Income tax benefit related to implementation of the Plan	—	264,889	—
Legal and other professional advisory fees	(8,565)	(46,961)	(30,165)
Unamortized deferred financing fees, discounts and premiums	—	—	(52,045)
Gain related to interest payable on Predecessor's Second Lien Notes	—	—	551,000
Terminated contracts	—	(6,915)	(13,123)
Other	18	(13,049)	1,770
Reorganization items, net	$ (8,547)	$ 2,331,189	$ 457,437

Income Tax Expense (Benefit)

Effective February 28, 2017, upon the consummation of the Plan, the Successor became a C corporation. Prior to the consummation of the Plan, the Predecessor was a limited liability company treated as a partnership for federal and state income tax purposes, with the exception of the state of Texas, in which income tax liabilities and/or benefits were passed through to its unitholders. Limited liability companies are subject to Texas margin tax. In addition, certain of the Predecessor's subsidiaries were C corporations subject to federal and state income taxes. The Company recognized income tax expense of approximately $159 million and an income tax benefit of approximately $166,000 for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to income tax expense of approximately $3 million for the nine months ended September 30, 2016.

Income (loss) from Discontinued Operations, Net of Income Taxes

As a result of the Company's strategic exit from California (completed by the San Joaquin Basin Sale and Los Angeles Basin Sale) and the deconsolidation of Berry, the Company has classified the results of operations of its California properties and Berry as discontinued operations. Income from discontinued operations, net of income taxes was approximately $83 million for the seven months ended September 30, 2017, compared to loss from discontinued operations, net of income taxes of approximately $548,000 and $1.2 billion for the two months ended February 28, 2017, and the nine months ended September 30, 2016, respectively. See Note 4 for additional information.

Net Income (Loss) Attributable to Common Stockholders/Unitholders

Net income attributable to common stockholders/unitholders increased by approximately $4.1 billion to net income of approximately $350 million and $2.4 billion for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, from a net loss of approximately $1.3 billion for the nine months ended September 30, 2016. The increase was primarily due to higher gains included in reorganization items, income compared to losses from discontinued operations, gains on the divestitures completed in 2017, gains compared to losses on commodity derivatives, lower impairment charges, lower expenses and higher production revenues. See discussion above for explanations of variances.

Liquidity and Capital Resources

Since its emergence from Chapter 11 bankruptcy in February 2017, the Company's sources of cash have primarily consisted of proceeds from its 2017 oil and natural gas properties divestitures and net cash provided by operating activities. As a result of divesting certain oil and natural gas properties, the Company received over $1 billion in cash proceeds and repaid all of its outstanding debt as of July 31, 2017. The Company has also used its cash to fund capital expenditures, principally for the development of its oil and natural gas properties, and plant and pipeline construction, as well as repurchases of its Class A common stock. The Company expects to fund the remaining 2017 capital program and any share repurchases with excess cash from its pending divestitures and net cash provided by operating activities.

Prior to its emergence from bankruptcy, the Company utilized funds from debt and equity offerings, borrowings under its credit facilities and net cash provided by operating activities for liquidity and capital resources, and the primary use was for the development of oil and natural gas properties, as well as for acquisitions.

See below for details regarding capital expenditures for the periods presented:

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
(in thousands)			
Oil and natural gas	$ 168,446	$ 39,409	$ 66,066
Plant and pipeline	63,923	4,990	25,188
Other	5,015	1,243	6,259
Capital expenditures, excluding acquisitions	$ 237,384	$ 45,642	$ 97,513
Capital expenditures, excluding acquisitions – discontinued operations	$ 2,007	$ 436	$ 17,282

The increase in capital expenditures was primarily due to oil and natural gas development activities in the Merge/SCOOP/STACK and plant and pipeline construction activities associated with the Chisholm Trail Cryogenic Gas Plant. For 2017, the Company estimates its total capital expenditures, excluding acquisitions, will be ap proximately $360 million, including approximately $245 million related to its oil and natural gas capital program and approximately $107 million related to its plant and pipeline capital. This estimate is under continuous review and subject to ongoing adjustments.

Statements of Cash Flows

The following provides a comparative cash flow summary:

	Successor	Predecessor	
	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
(in thousands)			
Net cash:			
Provided by (used in) operating activities	$ 194,605	$ (20,814)	$ 885,192
Provided by (used in) investing activities	851,583	(58,756)	(129,063)
Provided by (used in) financing activities	(1,068,501)	(560,932)	42,210
Net increase (decrease) in cash and cash equivalents	$ (22,313)	$ (640,502)	$ 798,339

Operating Activities
Cash provided by operating activities was approximately $195 million and cash used in operating activities was approximately $21 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to cash provided by operating activities of approximately $885 million for the nine months ended September 30, 2016. The decrease was primarily due to lower cash settlements on derivatives partially offset by higher production related revenues principally due to higher commodity prices. In addition, in February 2017, restricted cash increased by approximately $80 million in order to fund the settlement of certain claims and pay certain professional fees in accordance with the Plan.

Investing Activities
The following provides a comparative summary of cash flow from investing activities:

	Successor	Predecessor	
(in thousands)	Seven Months Ended September 30, 2017	Two Months Ended February 28, 2017	Nine Months Ended September 30, 2016
Cash flow from investing activities:			
Capital expenditures	$ (197,294)	$ (58,006)	$ (144,875)
Proceeds from sale of properties and equipment and other	703,234	(166)	(3,321)
Net cash provided by (used in) investing activities – continuing operations	505,940	(58,172)	(148,196)
Net cash provided by (used in) investing activities – discontinued operations	345,643	(584)	19,133
Net cash provided by (used in) investing activities	$ 851,583	$ (58,756)	$ (129,063)

The primary use of cash in investing activities is for the development of the Company's oil and natural gas properties. Capital expenditures increased primarily due to higher spending on development activities in the Company's Mid-Continent, Rockies and TexLa regions. The Company made no acquisitions of properties during the nine months ended September 30, 2017, or September 30, 2016. The Company has classified the cash flows of its California properties and Berry as discontinued operations.

Proceeds from sale of properties and equipment and other for the seven months ended September 30, 2017, include cash proceeds received of approximately $50 million from the South Texas Assets Sales, approximately $31 million from the Permian Basin Assets Sales, approximately $76 million from the Salt Creek Assets Sale and approximately $561 million from the Jonah Assets Sale. An additional $8 million received from the 2017 divestitures remains in escrow and is currently classified as restricted cash. See Note 4 for additional details of divestitures.

Financing Activities
Cash used in financing activities was approximately $1.1 billion and $561 million for the seven months ended September 30, 2017, and the two months ended February 28, 2017, respectively, compared to cash provided by financing activities of approximately $42 million for the nine months ended September 30, 2016. In 2017, the primary use of cash in financing activities has been for repayments of debt.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

The following provides a comparative summary of proceeds from borrowings and repayments of debt:

(in thousands)	Successor: Seven Months Ended September 30, 2017	Predecessor: Two Months Ended February 28, 2017	Predecessor: Nine Months Ended September 30, 2016
Proceeds from borrowings:			
Successor Credit Facility	$ 190,000	$ —	$ —
Predecessor Credit Facility	—	—	978,500
	$ 190,000	$ —	$ 978,500
Repayments of debt:			
Successor Credit Facility	$ (790,000)	$ —	$ —
Successor Term Loan	(300,000)	—	—
Predecessor Credit Facility	—	(1,038,986)	(814,299)
Predecessor Term Loan	—	—	(98,911)
	$ (1,090,000)	$ (1,038,986)	$ (913,210)

On February 28, 2017, the Company canceled its obligations under the Predecessor Credit Facility and entered into the Successor Credit Facility (see Note 7), which was a net transaction and is reflected as such on the condensed consolidated statement of cash flows. In addition, in February 2017, the Company made a $30 million payment to holders of claims under the Second Lien Notes, and also issued 41,359,806 shares of Class A common stock to participants in the rights offerings extended by the Company to certain holders of claims arising under the Second Lien Notes and the Unsecured Notes for net proceeds of approximately $514 million.

Debt

The following summarizes the Company's outstanding debt:

(in thousands, except percentages)	Successor: September 30, 2017	Predecessor: December 31, 2016
Revolving credit facility	$ —	$ —
Predecessor credit facility	—	1,654,745
Predecessor term loan	—	284,241
6.50% senior notes due May 2019	—	562,234
6.25% senior notes due November 2019	—	581,402
8.625% senior notes due April 2020	—	718,596
12.00% senior secured second lien notes due December 2020	—	1,000,000
7.75% senior notes due February 2021	—	779,474
6.50% senior notes due September 2021	—	381,423
Net unamortized deferred financing fees	—	(1,257)
Total debt, net	—	5,960,858
Less current portion, net (1)	—	(1,937,729)
Less liabilities subject to compromise (2)	—	(4,023,129)
Long-term debt	$ —	$ —

(1) Due to covenant violations, the Predecessor's credit facility and term loan were classified as current at December 31, 2016.

(2) The Predecessor's senior notes and Second Lien Notes were classified as liabilities subject to compromise at December 31, 2016. On the Effective Date, pursuant to the terms of the Plan, all outstanding amounts under these debt instruments were canceled.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

As of October 31, 2017, there were no borrowings outstanding under the Revolving Credit Facility and there was approximately $461 million of available borrowing capacity (which includes a $39 million reduction for outstanding letters of credit).

In connection with the entry into the Revolving Credit Facility in August 2017, the Successor Credit Facility was terminated and repaid in full. On the Effective Date, pursuant to the terms of the Plan, all outstanding obligations under the Predecessor's credit facility, Second Lien Notes and senior notes were canceled.

For additional information related to the Company's outstanding debt, see Note 7.

Share Repurchase Program

On June 1, 2017, the Company's Board of Directors announced that it had authorized the repurchase of up to $75 million of the Company's outstanding shares of Class A common stock. On June 28, 2017, the Company's Board of Directors announced that it had authorized an increase in the previously announced share repurchase program to up to a total of $200 million of the Company's outstanding shares of Class A common stock. Any share repurchases are subject to restrictions in the Revolving Credit Facility. During the period from June 2017 through September 2017, the Company repurchased an aggregate of 4,607,598 shares of Class A common stock at an average price of $34.06 per share for a total cost of approximately $157 million.

Counterparty Credit Risk

The Company accounts for its commodity derivatives at fair value. The Company's counterparties are participants in the Revolving Credit Facility or were participants in the Successor Credit Facility or Predecessor Credit Facility. The Revolving Credit Facility is secured by certain of the Company's and its subsidiaries' oil, natural gas and NGL reserves and personal property; therefore, the Company is not required to post any collateral. The Company does not receive collateral from its counterparties. The Company minimizes the credit risk in derivative instruments by: (i) limiting its exposure to any single counterparty; (ii) entering into derivative instruments only with counterparties that meet the Company's minimum credit quality standard, or have a guarantee from an affiliate that meets the Company's minimum credit quality standard; and (iii) monitoring the creditworthiness of the Company's counterparties on an ongoing basis. In accordance with the Company's standard practice, its commodity derivatives are subject to counterparty netting under agreements governing such derivatives and therefore the risk of loss due to counterparty nonperformance is somewhat mitigated.

Dividends/Distributions

Under the Predecessor's limited liability company agreement, unitholders were entitled to receive a distribution of available cash, which included cash on hand plus borrowings less any reserves established by the Predecessor's Board of Directors to provide for the proper conduct of the Predecessor's business (including reserves for future capital expenditures, acquisitions and anticipated future credit needs) or to fund distributions, if any, over the next four quarters. In October 2015, the Predecessor's Board of Directors determined to suspend payment of the Predecessor's distribution. The Successor is not currently paying a cash dividend; however, the Board of Directors periodically reviews the Company's liquidity position to evaluate whether or not to pay a cash dividend. Any future payment of cash dividends would be subject to the restrictions in the Revolving Credit Facility.

Off-Balance Sheet Arrangements

The Company does not currently have any off-balance sheet arrangements.

Contingencies

See Part II. Item 1. "Legal Proceedings" for information regarding legal proceedings that the Company is party to and any contingencies related to these legal proceedings.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued

Commitments and Contractual Obligations

The Company has contractual obligations for long-term debt, operating leases and other long-term liabilities that were summarized in the table of contractual obligations in the March 31, 2017, Quarterly Report on Form 10-Q. During the six months ended September 30, 2017, the Company repaid in full the Successor Credit Facility and entered into the Revolving Credit Facility (see Note 7). As of September 30, 2017, there were no borrowings outstanding under the Revolving Credit Facility. There have been no other significant changes to the Company's contractual obligations since March 31, 2017.

Critical Accounting Policies and Estimates

The discussion and analysis of the Company's financial condition and results of operations is based on the condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management of the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that are believed to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. Actual results may differ from these estimates and assumptions used in the preparation of the financial statements.

Recently Issued Accounting Standards

For a discussion of recently issued accounting standards, see Note 1.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond the Company's control. These statements may include discussions about the Company's:

- business strategy;
- acquisition and disposition strategy;
- financial strategy;
- new capital structure and the adoption of fresh start accounting;
- uncertainty of the Company's ability to improve its financial results and profitability following emergence from bankruptcy and other risks and uncertainties related to the Company's emergence from bankruptcy;
- inability to maintain relationships with suppliers, customers, employees and other third parties following emergence from bankruptcy;
- failure to satisfy the Company's short- or long-term liquidity needs, including its inability to generate sufficient cash flow from operations or to obtain adequate financing to fund its capital expenditures and meet working capital needs following emergence from bankruptcy;
- large or multiple customer defaults on contractual obligations, including defaults resulting from actual or potential insolvencies;
- ability to comply with covenants under the Revolving Credit Facility;
- effects of legal proceedings;
- drilling locations;
- oil, natural gas and NGL reserves;
- realized oil, natural gas and NGL prices;
- production volumes;
- capital expenditures;
- economic and competitive advantages;
- credit and capital market conditions;
- regulatory changes;
- lease operating expenses, general and administrative expenses and development costs;
- future operating results, including results of acquired properties;
- plans, objectives, expectations and intentions; and
- taxes.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Continued

All of these types of statements, other than statements of historical fact included in this Quarterly Report on Form 10-Q, are forward-looking statements. These forward-looking statements may be found in Item 2. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “pursue,” “target,” “continue,” the negative of such terms or other comparable terminology.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are largely based on Company expectations, which reflect estimates and assumptions made by Company management. These estimates and assumptions reflect management’s best judgment based on currently known market conditions and other factors. Although the Company believes such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties beyond its control. In addition, management’s assumptions may prove to be inaccurate. The Company cautions that the forward-looking statements contained in this Quarterly Report on Form 10-Q are not guarantees of future performance, and it cannot assure any reader that such statements will be realized or the events will occur. Actual results may differ materially from those anticipated or implied in forward-looking statements due to factors set forth in Item 1A. “Risk Factors” in the Annual Report on Form 10-K for the year ended December 31, 2016, and elsewhere in the Annual Report. The forward-looking statements speak only as of the date made and, other than as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company’s primary market risks are attributable to fluctuations in commodity prices and interest rates. These risks can affect the Company’s business, financial condition, operating results and cash flows. See below for quantitative and qualitative information about these risks.

The following should be read in conjunction with the financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in the Company’s 2016 Annual Report on Form 10-K. The reference to a “Note” herein refers to the accompanying Notes to Condensed Consolidated Financial Statements contained in Item 1. “Financial Statements.”

Commodity Price Risk

The Company’s most significant market risk relates to prices of oil, natural gas and NGL. The Company expects commodity prices to remain volatile and unpredictable. As commodity prices decline or rise significantly, revenues and cash flows are likewise affected. In addition, future declines in commodity prices may result in noncash write-downs of the Company’s carrying amounts of its assets.

Historically, the Company has hedged a portion of its forecasted production to reduce exposure to fluctuations in oil and natural gas prices and provide long-term cash flow predictability to manage its business. The Company does not enter into derivative contracts for trading purposes. The appropriate level of production to be hedged is an ongoing consideration based on a variety of factors, including among other things, current and future expected commodity market prices, the Company’s overall risk profile, including leverage and size and scale considerations, as well as any requirements for or restrictions on levels of hedging contained in any credit facility or other debt instrument applicable at the time. In addition, when commodity prices are depressed and forward commodity price curves are flat or in backwardation, the Company may determine that the benefit of hedging its anticipated production at these levels is outweighed by its resultant inability to obtain higher revenues for its production if commodity prices recover during the duration of the contracts. As a result, the appropriate percentage of production volumes to be hedged may change over time.

At September 30, 2017, the fair value of fixed price swaps and collars was a net asset of approximately $7 million. A 10% increase in the index oil and natural gas prices above the September 30, 2017, prices would result in a net liability of approximately $41 million, which represents a decrease in the fair value of approximately $48 million; conversely, a 10% decrease in the index oil and natural gas prices below the September 30, 2017, prices would result in a net asset of approximately $54 million, which represents an increase in the fair value of approximately $47 million.

At December 31, 2016, the fair value of fixed price swaps and collars was a net liability of approximately $85 million. A 10% increase in the index oil and natural gas prices above the December 31, 2016, prices would result in a net liability of approximately $183 million, which represents a decrease in the fair value of approximately $98 million; conversely, a 10%

Item 3. Quantitative and Qualitative Disclosures About Market Risk - Continued

decrease in the index oil and natural gas prices below the December 31, 2016, prices would result in a net asset of approximately $13 million, which represents an increase in the fair value of approximately $98 million.

The Company determines the fair value of its oil and natural gas derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. Inputs to the pricing models include publicly available prices and forward price curves generated from a compilation of data gathered from third parties. Company management validates the data provided by third parties by understanding the pricing models used, obtaining market values from other pricing sources, analyzing pricing data in certain situations and confirming that those instruments trade in active markets.

The prices of oil, natural gas and NGL have been extremely volatile, and the Company expects this volatility to continue. Prices for these commodities may fluctuate widely in response to relatively minor changes in the supply of and demand for such commodities, market uncertainty and a variety of additional factors that are beyond its control. Actual gains or losses recognized related to the Company's derivative contracts depend exclusively on the price of the commodities on the specified settlement dates provided by the derivative contracts. Additionally, the Company cannot be assured that its counterparties will be able to perform under its derivative contracts. If a counterparty fails to perform and the derivative arrangement is terminated, the Company's cash flows could be impacted.

Interest Rate Risk

At September 30, 2017, the Company had no debt outstanding under the Revolving Credit Facility. At December 31, 2016, the Company had debt outstanding under the Predecessor Credit Facility of approximately $1.9 billion which incurred interest at floating rates. A 1% increase in the respective market rates would result in an estimated $19 million increase in annual interest expense.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, and the Company's Audit Committee of the Board of Directors, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company carried out an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of September 30, 2017, because of a material weakness related to the Company's controls over application of fresh start accounting in the first quarter of 2017, as discussed below.

Description of Material Weakness
Upon emergence from bankruptcy on February 28, 2017, the Company adopted fresh start accounting. The Company involved third party individuals to assist in the accounting and disclosure of the complex non-routine transaction. As part of fresh start accounting in February 2017, the reorganization value derived from the enterprise value as disclosed in the plan of reorganization was allocated using a residual method to the Company's assets and liabilities based on their fair values measured in accordance with ASC 805 "Business Combinations." The Company recorded its proved oil and natural gas properties at fair value as of the Effective Date and no value was assigned to the unproved properties. During the third quarter of 2017, the Company concluded that a relative fair value method should have been used and a portion of the value should have been attributed to its unproved properties, and because of this, the Company re-allocated value from its proved properties to its unproved properties.

Item 4. Controls and Procedures - Continued

The Company did not have adequately designed controls over the application of GAAP used to measure the carrying value of the underlying assets and liabilities in fresh start accounting, the involvement of individuals with the requisite knowledge, expertise and industry-specific experience to account for and disclose complex non-routine transactions, and the review and supervision of such accounting.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

These control deficiencies resulted in immaterial misstatements in the carrying amount of oil and natural gas properties, accumulated depletion and amortization, depreciation, depletion and amortization expense, gains on sale of assets, and discontinued operations to the Company's condensed consolidated financial statements for the quarters ended March 31, June 30 and September 30, 2017, as described in Note 1. These control deficiencies create a reasonable possibility that a material misstatement to the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis by the Company's internal controls. Accordingly, the Company's management determined that these control deficiencies represent a material weakness.

Notwithstanding the material weakness in the Company's internal control over financial reporting, management concluded that the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report.

Remediation Efforts to Address the Material Weakness
During the third quarter of 2017, the Company took actions to commence remediation of the material weakness, including performing additional reviews of the allocation of proved and unproved properties on a field-by-field basis, and revised its policy to engage parties with the requisite knowledge, expertise and industry-specific experience as needed to assist in the accounting and disclosure of complex non-routine transactions. Management will consider the qualifications of team members reviewing non-routine complex transactions to ensure they meet the qualifications required for the proposed and actual scope of work.

Changes in the Company's Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal controls were designed to provide reasonable assurance as to the reliability of its financial reporting and the preparation and presentation of the condensed consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not detect or prevent misstatements. Projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

On August 31, 2017, the Company completed the transaction in which LINN Energy and Citizen Energy II, LLC each contributed certain upstream assets located in Oklahoma to a newly formed company, Roan Resources LLC ("Roan" and the contribution, the "Roan Contribution"). The Company uses the equity method of accounting for its investment in Roan, and after the date of the Roan Contribution, the Company designed and tested additional controls over the financial reporting process for this investment.

Other than the additional controls related to the remediation of the material weakness and the equity method investment, there were no changes in the Company's internal control over financial reporting during the third quarter of 2017 that materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

On May 11, 2016, the Debtors filed Bankruptcy Petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Debtors' Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040. On January 27, 2017, the Bankruptcy Court entered the Confirmation Order. Consummation of the Plan was subject to certain conditions set forth in the Plan. On the Effective Date, all of the conditions were satisfied or waived and the Plan became effective and was implemented in accordance with its terms. The LINN Debtors Chapter 11 cases will remain pending until the final resolution of all outstanding claims.

The commencement of the Chapter 11 proceedings automatically stayed certain actions against the Company, including actions to collect prepetition liabilities or to exercise control over the property of the Company's bankruptcy estates. However, the Company is, and will continue to be until the final resolution of all claims, subject to certain contested matters and adversary proceedings stemming from the Chapter 11 proceedings.

In March 2017, Wells Fargo Bank, National Association ("Wells Fargo"), the administrative agent under the Predecessor Credit Facility, filed a motion in the Bankruptcy Court seeking payment of post-petition default interest of approximately $31 million. The Company has vigorously disputed that Wells Fargo is entitled to any default interest based on the plain language of the Plan and Confirmation Order. A hearing was held on April 27, 2017, and on November 13, 2017, the Bankruptcy Court ruled that the secured lenders are not entitled to payment of post-petition default interest. The ruling is subject to appeal by Wells Fargo.

The Company is not currently a party to any litigation or pending claims that it believes would have a material adverse effect on its overall business, financial position, results of operations or liquidity; however, cash flow could be significantly impacted in the reporting periods in which such matters are resolved.

Item 1A. Risk Factors

Our business has many risks. Factors that could materially adversely affect our business, financial condition, operating results or liquidity and the trading price of our shares are described in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016. Except as set forth below, as of the date of this report, these risk factors have not changed materially. This information should be considered carefully, together with other information in this report and other reports and materials we file with the United States Securities and Exchange Commission.

We have limited control over the operations of Roan, which could adversely affect our business.

We have limited control over the operations of Roan Resources LLC ("Roan"). Although we own a 50% equity interest in Roan, we do not control its board of directors or operating committee. Because of this limited control:

- Roan may take actions contrary to our strategy or objectives;
- we have limited ability to influence the day to day operations of Roan or its properties, including compliance with environmental, safety and other regulations; and
- we are dependent on third parties for financial reporting matters upon which our financial statements are based.

Since Roan represents a significant investment of ours, adverse developments in Roan's business could adversely affect our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The Company's Board of Directors has authorized the repurchase of up to $400 million of the Company's outstanding shares of Class A common stock. Purchases may be made from time to time in negotiated purchases or in the open market, including through Rule 10b5-1 prearranged stock trading plans designed to facilitate the repurchase of the Company's shares during times

it would not otherwise be in the market due to self-imposed trading blackout periods or possible possession of material nonpublic information. The timing and amounts of any such repurchases of shares will be subject to market conditions and certain other factors, and will be in accordance with applicable securities laws and other legal requirements, including restrictions contained in the Company's then current credit facility. The repurchase plan does not obligate the Company to acquire any specific number of shares and may be discontinued at any time.

The following sets forth information with respect to the Company's repurchases of its shares of Class A common stock during the third quarter of 2017:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [(1)]
				(in thousands)
July 1 – 31	833,763	$ 32.43	833,763	$ 172,732
August 1 – 31	2,770,661	$ 34.33	2,770,661	$ 77,622
September 1 – 30	995,634	$ 34.72	995,634	$ 43,049
Total	4,600,058	$ 34.07	4,600,058	

(1) On June 1, 2017, the Company's Board of Directors announced that it had authorized the repurchase of up to $75 million of the Company's outstanding shares of Class A common stock. On June 28, 2017, the Company's Board of Directors announced that it had authorized an increase in the previously announced share repurchase program to up to a total of $200 million of the Company's outstanding shares of Class A common stock. On October 4, 2017, the Company's Board of Directors announced that it had authorized an additional increase in the previously announced share repurchase program to up to a total of $400 million of the Company's outstanding shares of a Class A common stock.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number		Description
2.1	—	First Amendment, dated July 10, 2017, to Purchase and Sale Agreement, dated June 1, 2017, by and between Linn Energy Holdings, LLC, Linn Operating, LLC, Linn Midstream, LLC and Bridge Energy LLC (incorporated by reference to Exhibit 2.6 to Quarterly Report on Form 10-Q filed on August 3, 2017)
2.2	—	Purchase and Sale Agreement, dated October 3, 2017, by and between Linn Energy Holdings, LLC, Linn Operating, LLC and Washakie Exaro Opportunities, LLC (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed on October 5, 2017)
3.1	—	Amended and Restated Certificate of Incorporation of Linn Energy, Inc. (incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-8 filed on February 28, 2017)
3.2	—	Bylaws of Linn Energy, Inc. (incorporated by reference to Exhibit 3.2 to Registration Statement on Form S-8 filed on February 28, 2017)
10.1	—	Credit Agreement, dated as of August 4, 2017, among Linn Energy Holdco II LLC, as borrower, Linn Energy Holdco LLC, as parent, Linn Energy, Inc. as holdings, Royal Bank of Canada, as administrative agent, Citibank, N.A., as syndication agent, Barclays Bank PLC, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and PNC Bank National Association, as co-documentation agents, and the lenders party thereto (incorporated by reference to Exhibit 10.26 to Registration Statement on Form S-1/A filed on September 26, 2017)
10.2*	—	First Amendment to Credit Agreement dated as of September 29, 2017, to Credit Agreement dated as of August 4, 2017, among Linn Energy Holdco II LLC, as borrower, Linn Energy Holdco LLC, as parent, Linn Energy, Inc. as holdings, Royal Bank of Canada, as administrative agent, Citibank, N.A., as syndication agent, Barclays Bank PLC, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and PNC Bank National Association, as co-documentation agents, and the lenders party thereto
10.3	—	Amended and Restated Limited Liability Company Agreement of Roan Resources LLC, dated as of August 31, 2017 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on September 7, 2017)
31.1*	—	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2*	—	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1*	—	Section 1350 Certification of Chief Executive Officer
32.2*	—	Section 1350 Certification of Chief Financial Officer
101.INS**	—	XBRL Instance Document
101.SCH**	—	XBRL Taxonomy Extension Schema Document
101.CAL**	—	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	—	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	—	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	—	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	LINN ENERGY, INC.
	(Registrant)
Date: November 14, 2017	/s/ Darren R. Schluter
	Darren R. Schluter
	Vice President and Controller
	(Duly Authorized Officer and Principal Accounting Officer)
Date: November 14, 2017	/s/ David B. Rottino
	David B. Rottino
	Executive Vice President and Chief Financial Officer
	(Principal Financial Officer)

FIRST AMENDMENT TO CREDIT AGREEMENT

This FIRST AMENDMENT TO CREDIT AGREEMENT (this " Amendment ") dated as of September 29, 2017, is among LINN ENERGY HOLDCO II LLC, a Delaware limited liability company (the " Borrower "); LINN ENERGY HOLDCO LLC, a Delaware limited liability company (the " Parent "); LINN ENERGY, INC., a Delaware corporation (" Holdings "); each of the undersigned guarantors (the " Guarantors ", and together with the Borrower, the Parent and Holdings, the " Obligors "); ROYAL BANK OF CANADA, as administrative agent for the Lenders (in such capacity, the " Administrative Agent ") and as the Issuing Bank; and the Lenders signatory hereto.

R E C I T A L S

A. The Borrower, the Parent, Holdings, the Administrative Agent and the Lenders are parties to that certain Credit Agreement dated as of August 4, 2017 (the " Credit Agreement "), pursuant to which the Lenders have made certain credit available to and on behalf of the Borrower.

B. The Borrower and the other Obligors are parties to that certain Guarantee and Collateral Agreement dated as of August 4, 2017 made by each of the Grantors (as defined therein) in favor of the Administrative Agent.

C. The Borrower, the Parent, Holdings, the Administrative Agent and the Lenders have agreed to amend certain provisions of the Credit Agreement as more fully set forth herein.

D. NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms . Each capitalized term which is defined in the Credit Agreement, but which is not defined in this Amendment, shall have the meaning ascribed such term in the Credit Agreement. Unless otherwise indicated, all section, exhibit and schedule references in this Amendment refer to sections, exhibits or schedules of the Credit Agreement.

Section 2. Amendments to Credit Agreement.

2.1 Amendments to Section 1.02 .

(a) Each of the following definitions is hereby amended and restated in its entirety to read as follows:

" Agreement " means this Credit Agreement, as amended by the First Amendment, as the same may from time to time be further amended, restated, amended and restated, supplemented or otherwise modified.

" LC Commitment " at any time means $50,000,000.

(b) The following definitions are hereby added where alphabetically appropriate to read as follows:

“ First Amendment ” means that certain First Amendment to Credit Agreement, dated as of September 29, 2017, among the Borrower, the Parent, Holdings, the other Guarantors, the Administrative Agent and the Lenders party thereto.

“ First Amendment Effective Date ” has the meaning assigned to such term in the First Amendment.

“ Wells Fargo Default Interest LC ” means the Letter of Credit issued on the First Amendment Effective Date for the benefit of Wells Fargo Bank, National Association, in an amount equal to $31,846,413.75, for the purpose of securing potential obligations of the Borrower pursuant to that certain Stipulation and Agreed Order Regarding Default Interest Litigation with Respect to Linn Energy, LLC entered by the United States Bankruptcy Court for the Southern District of Texas on August 4, 2017.

(c) The second-to-last sentence of the definition of “Debt” is hereby amended and restated in its entirety to read as follows: “Notwithstanding anything herein to the contrary, any obligations of the Borrower or any Guarantor with respect to (i) any obligations under the Existing Credit Agreement secured by the Wells Fargo Default Interest LC and (ii) the Existing Letters of Credit shall not constitute Debt.”

(d) Clause (k) of the definition of “Excepted Liens” is hereby amended and restated in its entirety to read as follows: “(k) Liens on any cash deposited with Paul Hastings LLP pursuant to Section 6.01(c) ;”.

(e) Clause (h) of the definition of “Excluded Accounts” is hereby amended and restated in its entirety to read as follows: “(h) accounts consisting of purchase price deposits held in escrow by or on behalf of the Borrower or any Subsidiary pursuant to a binding and enforceable purchase and sale agreement with an unaffiliated third party containing customary provisions regarding the payment and refunding of such deposits,”.

(f) The definition of “Excluded Accounts” is hereby further amended by inserting the following sentence at the end of such definition: “Notwithstanding anything to the contrary in this definition or in Section 7.25, in no event shall an Excluded Account described in clause (h) hereof be required to be listed as an “Excluded Account” on Schedule 7.25.”.

(g) The definition of “Wells Fargo Escrow Account” is hereby deleted in its entirety.

2.2 Amendment to Section 2.07(f) . The last sentence of Section 2.07(f) is hereby amended and restated in its entirety to read as follows: “Notwithstanding the foregoing, from the period commencing on the First Amendment Effective Date through December 31, 2017, the Liquidation of any Swap Agreements covering up to 30 MMcf per day of calendar year 2017 gas production shall not constitute a Liquidation of a Swap Agreement solely for the purposes of this Section 2.07(f) .”

2.3 Amendment to Section 7.05. Section 7.05 is hereby amended by replacing the phrase "amounts on deposit in the Wells Fargo Escrow Account" with the phrase "the Wells Fargo Default Interest LC".

2.4 Amendment to Section 8.16. Section 8.16 is hereby amended by deleting the last sentence therein in its entirety.

2.5 Amendments to Schedule 6.03.

(a) Section 3 of Schedule 6.03 is hereby amended and restated in its entirety to read as follows: "3. [Reserved.]".

(b) Exhibit 1 to Schedule 6.03 is hereby deleted in its entirety.

2.6 Amendment to Schedule 7.25. Schedule 7.25 is hereby amended and restated in its entirety to read as set forth on Schedule 7.25 attached hereto.

Section 3. Conditions Precedent. This Amendment shall become effective on the date (such date, the "First Amendment Effective Date") when each of the following conditions is satisfied (or waived in accordance with Section 12.02 of the Credit Agreement):

3.1 First Amendment. The Administrative Agent shall have received from the Borrower, each other Obligor, the Majority Lenders and the Issuing Bank counterparts (in such number as may be requested by the Administrative Agent) of this Amendment signed on behalf of such Persons.

3.2 No Default. No Default or Event of Default shall have occurred and be continuing as of the First Amendment Effective Date.

3.3 Wells Fargo Default Interest LC. The Issuing Bank shall have issued the Wells Fargo Default Interest LC (or shall issue the Wells Fargo Default Interest LC substantially concurrently with the First Amendment Effective Date).

3.4 Wells Fargo Escrow Account. The Wells Fargo Escrow Account (as defined in the Credit Agreement prior to giving effect to this Amendment) shall have been closed (or shall be closed substantially concurrently with the First Amendment Effective Date), and all proceeds therein shall be deposited in a Deposit Account specified on Schedule 7.25 that is subject to an Account Control Agreement.

3.5 Payment of Outstanding Invoices. The Administrative Agent shall have received payment by the Borrower of all fees and other amounts due and payable on or prior to the First Amendment Effective Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses required to be reimbursed or paid by the Borrower (including, but not limited to the reasonable fees of Paul Hastings LLP), in each case pursuant to the Credit Agreement.

The Administrative Agent is hereby authorized and directed to declare this Amendment to be effective and to declare the occurrence of the First Amendment Effective Date when it has received documents confirming compliance with the conditions set forth in this Section 3 or the waiver of such conditions in accordance with Section 12.02 of the Credit Agreement. Such declaration shall be final, conclusive and binding upon all parties to the Credit Agreement for all purposes. For purposes of determining compliance with the conditions specified in this Section 3, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted, or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to such Lender, unless the Administrative Agent shall have received written notice from such Lender prior to the First Amendment Effective Date specifying its objection thereto.

Section 4. Miscellaneous .

4.1 Confirmation . The provisions of the Credit Agreement (as amended by this Amendment) shall remain in full force and effect in accordance with its terms following the effectiveness of this Amendment.

4.2 Ratification and Affirmation; Representations and Warranties . Each Obligor hereby: (a) acknowledges the terms of this Amendment; (b) ratifies and affirms its obligations, and acknowledges, renews and extends its continued liability, under each Loan Document to which it is a party and agrees that each Loan Document to which it is a party remains in full force and effect, as amended hereby (subject to subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law); (c) agrees that from and after the First Amendment Effective Date, each reference to the Credit Agreement in the Loan Documents shall be deemed to be a reference to the Credit Agreement, as amended by this Amendment; and (d) represents and warrants to the Lenders that as of the date hereof, after giving effect to the terms of this Amendment: (i) the representations and warranties set forth in each Loan Document are true and correct in all material respects (except for those which have a materiality qualifier, which shall be true and correct in all respects as so qualified), except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, such representations and warranties shall continue to be true and correct in all material respects (except for those which have a materiality qualifier, which shall be true and correct in all respects as so qualified) as of such specified earlier date and (ii) no Default has occurred and is continuing.

4.3 Counterparts . This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by fax, as an attachment to an email or other similar electronic means shall be effective as delivery of a manually executed counterpart of this Agreement.

4.4 **NO ORAL AGREEMENT . THIS AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND THEREWITH REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

4.5 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

4.6 Payment of Expenses. In accordance with Section 12.03(a) of the Credit Agreement, the Borrower agrees to pay or reimburse the Administrative Agent for its reasonable and documented out-of-pocket expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable and documented fees, charges and disbursements of counsel to each of the Administrative Agent.

4.7 Severability. Any provision of this Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof or thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

4.8 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties to the Credit Agreement and their respective successors and assigns permitted thereby.

4.9 Loan Document. This Amendment is a “Loan Document” as defined and described in the Credit Agreement and all of the terms and provisions of the Credit Agreement relating to Loan Documents shall apply hereto.

[Signatures begin next page.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed effective as of the First Amendment Effective Date.

BORROWER: **LINN ENERGY HOLDCO II LLC**

By: /s/ David B. Rottino
Name: David B. Rottino
Title: Executive Vice President and Chief Financial Officer

PARENT: **LINN ENERGY HOLDCO LLC**

By: /s/ David B. Rottino
Name: David B. Rottino
Title: Executive Vice President and Chief Financial Officer

HOLDINGS: **LINN ENERGY, INC.**

By: /s/ David B. Rottino
Name: David B. Rottino
Title: Executive Vice President and Chief Financial Officer

GUARANTORS: **LINN ENERGY HOLDINGS, LLC**

By: /s/ David B. Rottino
Name: David B. Rottino
Title: Executive Vice President and Chief Financial Officer

LINN OPERATING, LLC

By: /s/ David B. Rottino
Name: David B. Rottino
Title: Executive Vice President and Chief Financial Officer

LINN MIDWEST ENERGY LLC

By: /s/ David B. Rottino
Name: David B. Rottino
Title: Executive Vice President and Chief Financial Officer

BLUE MOUNTAIN MIDSTREAM LLC

By: /s/ David B. Rottino
Name: David B. Rottino
Title: Executive Vice President and Chief Financial Officer

LINN MARKETING, LLC

By: /s/ David B. Rottino
Name: David B. Rottino
Title: Executive Vice President and Chief Financial Officer

ADMINISTRATIVE AGENT :	**ROYAL BANK OF CANADA** , as Administrative Agent	
	By:	/s/ Rodica Dutka
	Name:	Rodica Dutka
	Title:	Manager, Agency Services Group

SIGNATURE PAGE
FIRST AMENDMENT TO CREDIT AGREEMENT

ISSUING BANK AND LENDER :

ROYAL BANK OF CANADA , as Issuing Bank and a Lender

By:	/s/ Emilee Scott
Name:	Emilee Scott
Title:	Authorized Signatory

LENDERS :

CITIBANK, N.A. , as a Lender

By: /s/ Saqeeb Ludhi
Name: Saqeeb Ludhi
Title: Senior Vice President

BARCLAYS BANK PLC , as a Lender

By:	/s/ Christopher M. Aitkin
Name:	Christopher M. Aitkin
Title:	Assistant Vice President

SIGNATURE PAGE
FIRST AMENDMENT TO CREDIT AGREEMENT

JPMORGAN CHASE BANK, N.A. , as a Lender

By: /s/ Anson Williams
Name: Anson Williams
Title: Authorized Signatory

SIGNATURE PAGE
FIRST AMENDMENT TO CREDIT AGREEMENT

MORGAN STANLEY BANK, N.A. , as a Lender

By:	/s/ Pat Layton
Name:	Pat Layton
Title:	Authorized Signatory

PNC BANK NATIONAL ASSOCIATION , as a Lender

By:	/s/ Denise S. Davis
Name:	Denise S. Davis
Title:	Vice President

SIGNATURE PAGE
FIRST AMENDMENT TO CREDIT AGREEMENT

ABN AMRO CAPITAL USA LLC , as a Lender

By: /s/ Darrell Holley
Name: Darrell Holley
Title: Managing Director

By: /s/ Elizabeth Johnson
Name: Elizabeth Johnson
Title: Director

SIGNATURE PAGE
FIRST AMENDMENT TO CREDIT AGREEMENT

CADENCE BANK, N.A. , as a Lender

By:	/s/ Anthony Blanco
Name:	Anthony Blanco
Title:	Senior Vice President

CAPITAL ONE, NATIONAL ASSOCIATION , as a Lender

By:	/s/ Mason McGurrin
Name:	Mason McGurrin
Title:	Managing Director

CATHAY BANK , as a Lender

By:	/s/ Stephen V. Bacala II
Name:	Stephen V. Bacala II
Title:	Vice President

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH , as a Lender

By: /s/ Richard Antl
Name: Richard Antl
Title: Authorized Signatory

By: /s/ William M. Reid
Name: William M. Reid
Title: Authorized Signatory

COMERICA BANK , as a Lender

By:	/s/ William B. Robinson
Name:	William B. Robinson
Title:	Senior Vice President

DEUTSCHE BANK AG NEW YORK BRANCH , as a Lender

By: /s/ Marcus Tarkington
Name: Marcus Tarkington
Title: Director

By: /s/ Anca Trifan
Name: Anca Trifan
Title: Managing Director

DNB CAPITAL LLC , as a Lender

By:	/s/ Byron Cooley
Name:	Byron Cooley
Title:	Senior Vice President

By:	/s/ James Grubb
Name:	James Grubb
Title:	Vice President

FIFTH THIRD BANK , as a Lender

By:	/s/ Justin Bellamy
Name:	Justin Bellamy
Title:	Director

SIGNATURE PAGE
FIRST AMENDMENT TO CREDIT AGREEMENT

KEYBANK NATIONAL ASSOCIATION , as a Lender

By:	/s/ George E. McKean
Name:	George E. McKean
Title:	Senior Vice President

SOCIETE GENERALE , as a Lender

By:	/s/ Max Sonnonstine
Name:	Max Sonnonstine
Title:	Director

SUNTRUST BANK , as a Lender

By:	/s/ Benjamin L. Brown
Name:	Benjamin L. Brown
Title:	Director

BP ENERGY COMPANY , as a Lender

By:	/s/ Timothy Yee
Name:	Timothy Yee
Title:	Attorney-in-Fact

SIGNATURE PAGE
FIRST AMENDMENT TO CREDIT AGREEMENT

CARGILL, INCORPORATED , as a Lender

By:	/s/ Tyler R. Smith
Name:	Tyler R. Smith
Title:	Authorized Signer

MACQUARIE BANK LIMITED , as a Lender

By:	/s/ Philip Yates
Name:	Philip Yates
Title:	Division Director

By:	/s/ Andrew Mitchell
Name:	Andrew Mitchell
Title:	Division Director

NEXTERA ENERGY MARKETING, LLC , as a Lender

By:	/s/ Craig Shapiro
Name:	Craig Shapiro
Title:	Vice President and Managing Director

Schedule 7.25

Deposit Accounts

Bank Name	Legal Name	Account No.	Type of Account
Comerica Bank	Linn Operating, LLC	XXXX0410	Lockbox
Comerica Bank	Linn Operating, LLC	XXXX1587	Lockbox
Comerica Bank	Linn Operating, LLC	XXXX1518	Lockbox
Comerica Bank	Linn Operating, LLC	XXXX1548	Lockbox
Comerica Bank	Linn Operating, LLC	XXXX1540	Lockbox
Comerica Bank	Linn Operating, LLC	XXXX1631	Lockbox
Comerica Bank	Linn Energy, Inc.	XXXX1150	Checking
Comerica Bank	Linn Energy Holdco LLC	XXXX1184	Checking
Comerica Bank	Linn Energy Holdco II LLC	XXXX3194	Checking
Comerica Bank	Linn Operating, LLC	XXXX9231	Master Zero Balance
Comerica Bank	Linn Energy Holdings, LLC	XXXX4372	Checking
Comerica Bank	Linn Operating, LLC	XXXX6624	Sub Zero Balance Account
PNC Bank	Linn Operating, LLC	XXXX2908	Money Market DDA
Cadence Bank, N.A.	Linn Operating, LLC	XXXX8159	Checking

Excluded Accounts

Bank Name	Legal Name	Account No.	Type of Account
Comerica Bank	Linn Operating, LLC	XXXX7057	Payroll
Comerica Bank	Linn Operating, LLC	XXXX1880	Trust Account for Environmental Protection Agency
Wells Fargo	Linn Energy, Inc.	XXXX4136	Trust Account
First Interstate Bank	Linn Operating, LLC	XXXX8532	State of Wyoming Suspense Account
Citi Bank	Linn Operating, LLC	XXXX0324	Employee Benefits
Comerica Bank	Linn Operating, LLC	XXXX2789	State of California Dept. Fish & Wildlife Standby Trust Account
Amegy Bank of Texas	Linn Energy, LLC	XXXX9639	General Unsecured Claims Account

Amegy Bank of Texas	Linn Energy, LLC	XXXX8078	General Unsecured (Convenience) Claims Account
Citi Bank	Linn Energy, Inc.	XXXX7473	Investment account - stock repurchases

Securities Accounts

Comerica Bank	Linn Operating, LLC	XXXX6151	Sweep Account

Exhibit 31.1

CERTIFICATION

I, Mark E. Ellis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Linn Energy, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2017

/s/ Mark E. Ellis

Mark E. Ellis
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, David B. Rottino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Linn Energy, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 14, 2017

/s/ David B. Rottino

David B. Rottino
Executive Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Linn Energy, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark E. Ellis, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2017

/s/ Mark E. Ellis

Mark E. Ellis
President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Linn Energy, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David B. Rottino, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2017

/s/ David B. Rottino

David B. Rottino
Executive Vice President and Chief Financial Officer