

Mid-Continent II, LLC
Form POSASR
September 04, 2014
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As filed with the Securities and Exchange Commission on September 4, 2014

Registration No. 333-184647

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

POST-EFFECTIVE AMENDMENT NO. 1
TO FORM S-3
REGISTRATION STATEMENT
THE SECURITIES ACT OF 1933

Linn Energy, LLC*

Linn Energy Finance Corp.

(Exact name of registrant as specified in its charter)

Delaware

600 Travis Street, Suite 5100

65-1177591

Delaware

Houston, Texas 77002

26-2695453

(State or other jurisdiction of incorporation or organization)	(281) 840-4000 (Address, including zip code, and telephone number, including area code, of registrants principal executive offices)	(I.R.S. Employer Identification Number)
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Candice J. Wells

Linn Energy, LLC

600 Travis Street, Suite 5100

Houston, Texas 77002

(281) 840-4000

(Name, address, including zip code, and telephone number, including area code, of agents for service)

Copy to:

Kelly B. Rose

Baker Botts L.L.P.

One Shell Plaza, 910 Louisiana Street

Houston, Texas 77002

(713) 229-1234

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

*Includes certain subsidiaries of Linn Energy, LLC identified on the following page.

This Registration Statement amends the Registration Statement on Form S-3 (No. 333-184647) of Linn Energy, LLC and Linn Energy Finance Corp. filed with the Commission on October 30, 2012. An indeterminate aggregate initial offering price of each identified class of securities is being registered as may be issued from time to time at indeterminate prices. In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended, the registrant is deferring payment of all of the registration fee required in connection with this registration statement. If a series of debt securities of Linn Energy, LLC or Linn Energy Finance Corp. is guaranteed, the subsidiaries of Linn Energy, LLC identified on the following page may irrevocably and unconditionally guarantee such debt securities. Pursuant to Rule 457(n) no separate fee is payable with respect to the guarantees of the debt securities being registered.

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Exact name of registrant as specified in its charter*	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification No
Linn Energy Holdings, LLC	Delaware	75-3256517
Linn Exploration Midcontinent, LLC	Oklahoma	73-1583143
Linn Exploration & Production Michigan LLC	Delaware	27-2620738
Linn Midstream, LLC	Delaware	06-1319707
Linn Midwest Energy LLC	Delaware	27-2621712
Linn Operating, Inc.	Delaware	71-0983530
Mid-Continent I, LLC	Delaware	26-0891812
Mid-Continent II, LLC	Delaware	26-0891869
Mid-Continent Holdings I, LLC	Delaware	26-0891686
Mid-Continent Holdings II, LLC	Delaware	26-0897129

* The address for each registrant's principal executive office is 600 Travis Street, Suite 5100, Houston, Texas 77002 and the telephone number of each registrant's principal executive office is (281) 840-4000.

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EXPLANATORY NOTE

This Post-Effective Amendment No. 1 (this Amendment) to the Registration Statement on Form S-3 (Registration Statement No. 333-184647) (the Registration Statement) of Linn Energy, LLC and Linn Energy Finance Corp. is being filed for the purpose of: (i) adding the subsidiary guarantor registrants listed on the preceding page, all of which are subsidiaries of Linn Energy, LLC, as co-registrants that are, or may potentially be, guarantors of some or all of the debt securities with respect to which offers and sales may be made under this Registration Statement; (ii) reflecting and documenting our return to Form S-3 eligibility; and (iii) filing or incorporating by reference the required exhibits to the Registration Statement.

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PROSPECTUS

Linn Energy, LLC

Linn Energy Finance Corp.

Units Representing Limited Liability Company Interests

Debt Securities

Guarantees of Debt Securities

This prospectus provides you with a general description of the securities that we may offer. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement that describes those securities. We will provide specific terms of the offering and sale of these securities in supplements to this prospectus. These terms will include the initial offering price, aggregate amount of the offering, listing on any securities exchange or quotation system, risk factors and the agents, dealers or underwriters, if any, to be used in connection with the sale of these securities. The supplements may also add, update or change information contained in this prospectus. You should carefully read this prospectus and any prospectus supplement before you invest.

Linn Energy, LLC may offer and sell from time to time units representing limited liability company interests under this prospectus, Linn Energy, LLC and Linn Energy Finance Corp. may offer and sell from time to time debt securities under this prospectus, and the subsidiary guarantors may offer and sell from time to time guarantees of debt securities issued by Linn Energy, LLC and Linn Energy Finance Corp. under this prospectus. We may offer and sell these securities through one or more underwriters, dealers and agents, through underwriting syndicates managed or co-managed by one or more underwriters or directly to purchasers, on a continuous or delayed basis. The prospectus supplement for each offering of securities will describe in detail the plan of distribution for that offering.

Our units are traded on The NASDAQ Global Select Market, or NASDAQ, under the symbol LINE.

Investing in our securities involves risk. Limited liability companies are inherently different from corporations. You should carefully consider the risk factors on page 2 of this prospectus and in the applicable prospectus supplement or any of the documents we incorporate by reference before you make any investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 4, 2014

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ABOUT THIS PROSPECTUS

This prospectus is part of a shelf registration statement that we filed with the U.S. Securities and Exchange Commission (SEC). By using a shelf registration statement, we may sell from time to time in one or more offerings any combination of the securities described in this prospectus. For further information about the securities and us, you should refer to our registration statement and its exhibits. The registration statement can be obtained from the SEC as described below under the heading Where You Can Find More Information. Throughout this prospectus, when we use the terms we, us, our, or like terms, we are referring to Linn Energy, LLC and its consolidated subsidiaries, unless the context otherwise requires.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that contains more specific information about the terms of those securities. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information included in our reports, proxy statements and other information filed with the SEC. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement.

You should rely only on information contained or incorporated by reference in this prospectus and any applicable prospectus supplement, any written communications from us or any free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to provide different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information contained in or incorporated by reference into this prospectus, any prospectus supplement or any free writing prospectus we may authorize to be delivered to you is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since that date. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and other reports and other information with the Securities and Exchange Commission, or SEC, under the Securities Exchange Act of 1934, as amended, or the Exchange Act. You may read and copy any reports, statements or other information filed by us at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of such materials can be obtained at prescribed rates from the Public Reference Room of the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our filings with the SEC are also available to the public from commercial document retrieval services and at the SEC's website at <http://www.sec.gov>.

We incorporate by reference information into this prospectus, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus. Any statement in this prospectus or incorporated by reference into this prospectus shall be automatically modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in a subsequently filed document that is incorporated by reference in this prospectus modifies or supersedes such prior statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. You should not assume that the information in this prospectus is current as of any date other than the date on the front page of this prospectus.

We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any information furnished under Items 2.02 or 7.01 in any Current Report on Form 8-K) on or after the date of this prospectus and until the termination of this offering. These reports contain important information about us, our financial condition and our results of operations.

Our Annual Report on Form 10-K for the year ended December 31, 2013, filed on February 27, 2014;

Our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2014, filed on May 1, 2014, and for the quarter ended June 30, 2014, filed on August 7, 2014;

Part II, Item 8 of the Annual Report on Form 10-K of Berry Petroleum Company for the year ended December 31, 2012, filed on February 28, 2013;

Part I of the Quarterly Report on Form 10-Q of Berry Petroleum Company for the quarter ended September 30, 2013, filed on October 24, 2013;

Our Current Reports on Form 8-K filed on March 24, 2014, April 1, 2014, April 23, 2014, May 22, 2014, July 1, 2014 and September 2, 2014;

Our Current Report on Form 8-K/A filed on February 25, 2014; and

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The description of our units contained in our registration statement on Form 8-A, filed on January 12, 2006. You may request a copy of any document incorporated by reference in this prospectus and any exhibit specifically incorporated by reference in those documents, at no cost, by writing or telephoning us at the following address or phone number:

Linn Energy, LLC

Investor Relations

600 Travis, Suite 5100

Houston, Texas 77002

(281) 840-4000

We also make available free of charge on our internet website at <http://www.linnenergy.com> our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our website is not incorporated by reference into this prospectus and you should not consider information contained on our website as part of this prospectus.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control, which may include statements about our:

business strategy;

acquisition strategy;

financial strategy;

effects of the pending SEC inquiry and other legal proceedings;

ability to maintain or grow distributions;

drilling locations;

oil, natural gas and natural gas liquid (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

integration of acquired businesses and operations, which may take longer than anticipated, may be more costly than anticipated as a result of unexpected factors or events and may have an unanticipated adverse effect on our business.

All of these types of statements, other than statements of historical fact included in this prospectus, are forward-looking statements. These forward-looking statements may be found in the Summary, Risk Factors, and other sections of this prospectus. In some cases, you can identify forward-looking statements by terminology such as may, will, could, should, expect, plan, project, intend, anticipate, believe, estimate, predict, potential, continue, the negative of such terms or other comparable terminology.

The forward-looking statements contained in this prospectus and the documents incorporated herein by reference are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. We caution all readers that the forward-looking statements contained in this prospectus and the documents incorporated herein by reference are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking statements or events will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors described in this prospectus or any prospectus supplement and in the reports and other information we file with the SEC, including those set forth under Item 1A, Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014. These forward-looking statements speak only as of the date made, and other than as required by law, we undertake no obligations to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

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LINN ENERGY, LLC

We are a publicly traded, independent oil and natural gas company focused on the development and acquisition of long-life oil and natural gas properties, which complement our asset profile in various producing basins within the U.S. Our properties are currently located in eight operating regions in the U.S.:

Mid-Continent, which includes properties in Oklahoma and the eastern portion of the Texas Panhandle (including the Granite Wash and Cleveland horizontal plays);

Rockies, which includes properties located in Wyoming (Green River, Washakie and Powder River Basins), Utah (Uinta Basin), North Dakota (Williston Basin) and Colorado (Piceance Basin);

Permian Basin, which includes areas in west Texas and southeast New Mexico;

California, which includes the San Joaquin Valley Basin and the Los Angeles Basin;

Hugoton Basin, which includes properties located primarily in Kansas, the Oklahoma Panhandle and the Shallow Texas Panhandle;

Michigan/Illinois, which includes the Antrim Shale formation in the northern part of Michigan and oil properties in southern Illinois;

East Texas/Louisiana; and

South Texas.

Our total proved reserves at December 31, 2013 were approximately 6,403 Bcfe, of which approximately 34% were oil, 47% were natural gas and 19% were NGL. Approximately 68% were classified as proved developed, with a total standardized measure of discounted future net cash flows of approximately \$11.9 billion. At December 31, 2013, we operated 14,594 or 74% of our 19,810 gross productive wells and had an average proved reserve-life index of approximately 16 years, based on our total proved reserves at December 31, 2013 and annualized production for the three months ended December 31, 2013, including full fourth quarter 2013 Berry Petroleum Company production.

Our principal executive offices are located at 600 Travis, Suite 5100, Houston, Texas 77002, and our phone number is (281) 840-4000.

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RISK FACTORS

An investment in our securities involves risks. You should carefully consider all of the information contained in this prospectus, the applicable prospectus supplement and the documents incorporated by reference and provided under **Where You Can Find More Information**, including under **Risk Factors** and **Management's Discussion and Analysis of Financial Condition and Results of Operations** in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. This prospectus and the documents incorporated by reference also contain forward-looking statements that involve risks and uncertainties. Please read **Cautionary Statement Regarding Forward-Looking Statements**. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described in this prospectus, in the applicable prospectus supplement and in the documents incorporated by reference. If any of the risks discussed in the foregoing documents were actually to occur, our business, financial condition, results of operations or cash flow could be affected materially and adversely. In that case, our ability to make distributions to our unitholders may be reduced, the trading price of our securities could decline and you could lose all or part of your investment.

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The table below sets forth the ratios of earnings to fixed charges for us for each of the periods indicated.

	Six Months Ended June 30,						Fiscal Year Ended December 31,						
	2014	2013	2012	2011	2010	2009							
Ratio of Earnings to Fixed Charges(1)(2)													2.69

- (1) Earnings included in this calculation consist of (i) earnings from continuing operations before tax or equity method earnings or losses, minus (ii) capitalized interest, plus (iii) fixed charges and (iv) distributed income of equity investees. Fixed charges included in this calculation consist of (i) interest and debt expenses, plus (ii) capitalized interest and (iii) an estimate of the interest component of rent expenses.
- (2) Earnings for the six months ended June 30, 2014, were insufficient to cover fixed charges by approximately \$291 million, primarily due to losses of approximately \$612 million associated with changes in fair value on unsettled derivative contracts. Earnings for the year ended December 31, 2013, were insufficient to cover fixed charges by approximately \$696 million, primarily due to noncash impairment charges of approximately \$791 million associated with proved oil and natural gas properties in the Granite Wash formation related to asset performance resulting in reserve revisions and a decline in commodity prices as well as approximately \$37 million associated with the write-down of the carrying value of the Panther Operated Cleveland Properties sold in May 2013. Earnings for the year ended December 31, 2012, were insufficient to cover fixed charges by approximately \$386 million, primarily due to noncash impairment charges of approximately \$422 million associated with proved oil and natural gas properties related to the SEC five-year development limitation on PUDs and a decline in commodity prices and losses of approximately \$278 million associated with changes in fair value on unsettled derivative contracts. Earnings for the years ended December 31, 2010, and December 31, 2009, were insufficient to cover fixed charges by approximately \$110 million and \$300 million, respectively, primarily due to losses of approximately \$232 million and \$591 million, respectively, associated with changes in fair value on unsettled derivative contracts.

USE OF PROCEEDS

Unless we specify otherwise in an accompanying prospectus supplement, we intend to use the net proceeds we receive from the sale of securities offered by this prospectus and the accompanying prospectus supplement for the repayment of debt and for general corporate purposes. General corporate purposes may include additions to working capital, development and exploration expenditures or the financing of acquisitions of oil and natural gas properties and related assets.

The net proceeds may be invested temporarily until they are used for their stated purpose.

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DESCRIPTION OF THE UNITS

The units represent limited liability company interests in us. The holders of units are entitled to participate in distributions and exercise the rights or privileges available to unitholders under our limited liability company agreement. As of July 31, 2014, we had 331,729,246 units outstanding. No other member interests are outstanding.

Our Cash Distribution Policy

Our limited liability company agreement requires us to distribute, at a minimum, all of our available cash to holders of our units, with respect to each quarter, subject to any limitations contained under the Delaware Limited Liability Company Act. Available cash is defined in our limited liability company agreement, and it generally means all cash on hand at the end of a quarter plus working capital borrowings less any cash reserves established by the Company's Board of Directors to (i) provide for the proper conduct of the Company's business (including reserves for future capital expenditures, including drilling, acquisitions and anticipated future credit needs), (ii) comply with applicable law or any of the Company's agreements or obligations or (iii) to provide funds for distributions over any one or more of the next four quarters.

Working capital borrowings are borrowings that will be made under our credit facilities and in all cases are used solely for working capital purposes or to pay distributions to unitholders. We are prohibited from making any distributions to unitholders if it would cause an event of default, or if an event of default is existing, under our credit facilities.

Timing of Distributions

We pay distributions on our units with respect to each quarter to unitholders of record on the applicable record date either (i) within 45 days after March 31, June 30, September 30 and December 31, or (ii) in three equal installments within 15, 45 and 75 days following the end of each quarter.

Issuance of Additional Units

Our limited liability company agreement authorizes us to issue an unlimited number of additional securities and rights to buy securities for the consideration and on the terms and conditions determined by our board of directors without the approval of the unitholders. It is possible that we will fund acquisitions through the issuance of additional units or other equity securities. Holders of any additional units we issue will be entitled to share equally with the then-existing holders of units in our distributions of available cash. In addition, the issuance of additional units or other equity securities may dilute the value of the interests of the then-existing holders of units in our net assets. In accordance with Delaware law and the provisions of our limited liability company agreement, we may also issue additional securities that, as determined by our board of directors, may have special voting rights to which the units are not entitled. The holders of units will not have preemptive rights to acquire additional units or other securities.

Voting Rights

Unitholders have the right to vote with respect to the election of our board of directors, certain amendments to our limited liability company agreement, the merger of our company or the sale of all or substantially all of our assets, and the dissolution of our company.

Exchange Listing

Our units are traded on The NASDAQ Global Select Market under the symbol LINE.

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Transfer Agent and Registrar

American Stock Transfer & Trust Company is our transfer agent and will serve as registrar and transfer agent for the units. We pay all fees charged by the transfer agent for transfers of units, except the following fees that will be paid by unitholders:

surety bond premiums to replace lost or stolen certificates, taxes and other governmental charges;

special charges for services requested by a holder of a unit; and

other similar fees or charges.

There will be no charge to holders for disbursements of our cash distributions. We will indemnify the transfer agent, its agents and each of their shareholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence or intentional misconduct of the indemnified person or entity.

The transfer agent may at any time resign, by notice to us, or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If no successor has been appointed and has accepted the appointment within 30 days after notice of the resignation or removal, we are authorized to act as the transfer agent and registrar until a successor is appointed.

Transfer of Units

By transfer of units in accordance with our limited liability company agreement, each transferee of units shall be admitted as a unitholder with respect to the units transferred when such transfer and admission is reflected on our books and records with or without execution of our limited liability company agreement. Additionally, each transferee of units:

becomes the record holder of the units;

automatically agrees to be bound by the terms and conditions of, and is deemed to have executed our limited liability company agreement;

represents that the transferee has the capacity, power and authority to enter into the limited liability company agreement;

grants powers of attorney to our officers and any liquidator of our company as specified in the limited liability company agreement;

makes the consents and waivers contained in our limited liability company agreement; and

will become a unitholder of our company for the transferred units upon the recording of the name of the transferee on our books and records.

Until a unit has been transferred on our books, we and the transfer agent, notwithstanding any notice to the contrary, may treat the record holder of the unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

Our Limited Liability Company Agreement

The following is a summary of the material provisions of our limited liability company agreement.

We summarize the following provisions of our limited liability company agreement elsewhere in this prospectus:

with regard to distributions of available cash, please read [Our Cash Distribution Policy](#) and [Timing of Distributions](#) ;

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with regard to the transfer of units, please read Transfer of Units ;

with regard to issuance of additional units, please read Issuance of Additional Units ;

with regard to our limited call right with respect to the units, please read Limited Call Right ; and

with regard to allocations of taxable income and taxable loss, please read Material Tax Consequences.

Organization

Linn Energy, LLC was organized in April 2005 and will remain in existence unless and until dissolved in accordance with our limited liability company agreement.

Purpose

Under our limited liability company agreement, we are permitted to engage, directly or indirectly, in any activity that our board of directors approves and that a limited liability company organized under Delaware law lawfully may conduct; provided, that our board of directors shall not cause us to engage, directly or indirectly, in any business activities that it determines would cause us to be treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes.

Although our board of directors has the ability to cause us and our operating subsidiaries to engage in activities other than the exploration, development and production of oil and natural gas reserves, our board of directors has no current plans to do so. Our board of directors is authorized in general to perform all acts it deems to be necessary or appropriate to carry out our purposes and to conduct our business.

Fiduciary Duties

Our limited liability company agreement provides that our business and affairs shall be managed under the direction of our board of directors, which shall have the power to appoint our officers. Our limited liability company agreement further provides that the authority and function of our board of directors and officers shall be identical to the authority and functions of a board of directors and officers of a corporation organized under the General Corporation Law of the State of Delaware, or DGCL. Finally, our limited liability company agreement provides that except as specifically provided therein, the fiduciary duties and obligations owed to our limited liability company and to our members shall be the same as the respective duties and obligations owed by officers and directors of a corporation organized under the DGCL to their corporation and stockholders, respectively.

Our limited liability company agreement permits affiliates of our directors to invest or engage in other business interests or activities in preference to or to the exclusion of our company and to engage in business interests that directly compete with our company, provided that the affiliate does not engage in such competing businesses as a result of or using confidential information provided by or on behalf of our company to such director. Additionally, our directors do not have any contractual obligation or express or implied legal duty to present business opportunities to our company that become available to their affiliates, and neither we nor any of our subsidiaries or members have any rights in any business ventures of a director.

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In addition, our limited liability company agreement establishes a conflicts committee of our board of directors, consisting solely of independent directors, which will be authorized to review transactions involving potential conflicts of interest. If the conflicts committee approves such a transaction, or if a transaction is on terms generally available from third parties or an action is taken that is fair and reasonable to us, you will not be able to assert that such approval constituted a breach of fiduciary duties owed to you by our directors and officers.

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Agreement to be Bound by Limited Liability Company Agreement; Power of Attorney

By purchasing a unit in us, you will be admitted as a unitholder of our company and will be deemed to have agreed to be bound by the terms of our limited liability company agreement. Pursuant to this agreement, each unitholder and each person who acquires a unit from a unitholder grants to each of our Chief Executive Officer, our President and our Secretary (and, if appointed, a liquidator) a power of attorney to, among other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants each of our Chief Executive Officer, our President and our Secretary (and, if appointed, a liquidator) the authority to make certain amendments to, and to make consents and waivers under and in accordance with, our limited liability company agreement.

Capital Contributions

Unitholders are not obligated to make additional capital contributions, except as described below under **Limited Liability**.

Limited Liability

Unlawful Distributions. The Delaware Limited Liability Company Act, or Delaware Act, provides that a unitholder who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the company for the amount of the distribution for three years from the date of the distribution. Under the Delaware Act, a limited liability company may not make a distribution to a unitholder if, after the distribution, all liabilities of the company, other than liabilities to unitholders with respect to their membership interests and liabilities for which the recourse of creditors is limited to specific property of the company, would exceed the fair value of the assets of the company. For the purpose of determining the fair value of the assets of a company, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the company only to the extent that the fair value of that property exceeds the nonrecourse liability. Under the Delaware Act, an assignee who becomes a substituted unitholder of a company is liable for the obligations of his assignor to make contributions to the company, except the assignee is not obligated for liabilities unknown to him at the time he became a unitholder and that could not be ascertained from the limited liability company agreement.

Failure to Comply with the Limited Liability Provisions of Jurisdictions in Which We Do Business. Our subsidiaries currently conduct business operations or own assets in the states of Arkansas, California, Colorado, Illinois, Indiana, Kansas, Louisiana, Michigan, Mississippi, Montana, New Mexico, North Dakota, Oklahoma, Pennsylvania, South Dakota, Texas, Utah and Wyoming. Our subsidiaries may conduct business or own assets in other states, and maintenance of limited liability for us, as a member of our operating subsidiaries, may require compliance with legal requirements in the jurisdictions in which the operating subsidiaries conduct business, including qualifying our subsidiaries to do business there. Limitations on the liability of unitholders for the obligations of a limited liability company have not been clearly established in many jurisdictions. We operate in a manner that our board of directors considers reasonable and necessary or appropriate to preserve the limited liability of our unitholders.

Voting Rights

The following matters require the unitholder vote specified below:

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Election of members of the board of directors

Our limited liability company agreement provides that we will have a board of not less than three and no more than eleven members. Holders of our units, voting together as a single class, will elect our directors. Please read Election of Members of Our Board of Directors.

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Issuance of additional units	No approval right.
Amendment of our limited liability company agreement	Certain amendments may be made by our board of directors without the approval of the unitholders. Other amendments generally require the approval of a unit majority. Please read Amendment of Our Limited Liability Company Agreement.
Merger of our company or the sale of all or substantially all of our assets	Unit majority. Please read Merger, Sale or Other Disposition of Assets.
Dissolution of our company	Unit majority. Please read Termination and Dissolution.
Matters requiring the approval of a unit majority	require the approval of a majority of the outstanding units.

Election of Members of Our Board of Directors

Members of our board of directors are elected by our unitholders and are subject to re-election on an annual basis at our annual meeting of unitholders.

Removal of Members of Our Board of Directors

Any director may be removed, with or without cause, by the holders of a majority of the outstanding units then entitled to vote at an election of directors.

Amendment of Our Limited Liability Company Agreement

General. Amendments to our limited liability company agreement may be proposed only by or with the consent of our board of directors. To adopt a proposed amendment, other than the amendments discussed below, our board of directors is required to seek written approval of the holders of the number of units required to approve the amendment or call a meeting of our unitholders to consider and vote upon the proposed amendment. Except as our limited liability company agreement provides, an amendment must be approved by a unit majority.

Prohibited Amendments. No amendment may be made that would:

enlarge the obligations of any unitholder without its consent, unless approved by at least a majority of the type or class of member interests so affected;

provide that we are not dissolved upon an election to dissolve our company by our board of directors that is approved by a unit majority;

change our term of existence; or

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give any person the right to dissolve our company other than our board of directors right to dissolve our company with the approval of a unit majority.

The provision of our limited liability company agreement preventing the amendments having the effects described in any of the clauses above can be amended upon the approval of the holders of at least 75% of the outstanding units, voting together as a single class.

No Unitholder Approval. Our board of directors may generally make amendments to our limited liability company agreement without the approval of any unitholder or assignee to reflect:

a change in our name, the location of our principal place of business, our registered agent or our registered office;

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the admission, substitution, withdrawal or removal of members in accordance with our limited liability company agreement;

the merger of our company or any of its subsidiaries into, or the conveyance of all of our assets to, a newly-formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity;

a change that our board of directors determines to be necessary or appropriate for us to qualify or continue our qualification as a company in which our members have limited liability under the laws of any state or to ensure that neither we, our operating subsidiaries nor any of its subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

an amendment that is necessary, in the opinion of our counsel, to prevent us, members of our board, or our officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisors Act of 1940, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed;

an amendment that our board of directors determines to be necessary or appropriate for the authorization of additional securities or rights to acquire securities;

any amendment expressly permitted in our limited liability company agreement to be made by our board of directors acting alone;

an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our limited liability company agreement;

any amendment that our board of directors determines to be necessary or appropriate for the formation by us of, or our investment in, any corporation, partnership or other entity, as otherwise permitted by our limited liability company agreement;

a change in our fiscal year or taxable year and related changes;

a merger, conversion or conveyance effected in accordance with the limited liability company agreement; and

any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our board of directors may make amendments to our limited liability company agreement without the approval of any unitholder or assignee if our board of directors determines that those amendments:

do not adversely affect the unitholders (including any particular class of unitholders as compared to other classes of unitholders) in any material respect;

are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;

are necessary or appropriate to facilitate the trading of units or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the units are or will be listed for trading, compliance with any of which our board of directors deems to be in the best interests of us and our unitholders;

are necessary or appropriate for any action taken by our board of directors relating to splits or combinations of units under the provisions of our limited liability company agreement; or

are required to effect the intent expressed in the registration statement filed by us in connection with our initial public offering or the intent of the provisions of our limited liability company agreement or are otherwise contemplated by our limited liability company agreement.

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Opinion of Counsel and Unitholder Approval. Our board of directors will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to our unitholders or result in our being treated as an entity for federal income tax purposes if one of the amendments described above under **No Unitholder Approval** should occur. No other amendments to our limited liability company agreement will become effective without the approval of holders of at least 90% of the units unless we obtain an opinion of counsel to the effect that the amendment will not affect the limited liability under applicable law of any unitholder of our company.

Any amendment that would have a material adverse effect on the rights or preferences of any type or class of outstanding units in relation to other classes of units will require the approval of at least a majority of the type or class of units so affected. Any amendment that reduces the voting percentage required to take any action is required to be approved by the affirmative vote of unitholders whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced.

Limited Call Right

If at any time any person owns more than 90% of the then-issued and outstanding membership interests of any class, such person will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the remaining membership interests of the class held by unaffiliated persons as of a record date to be selected by our management, on at least 10 but not more than 60 days' notice. The unitholders are not entitled to dissenters' rights of appraisal under the limited liability company agreement or applicable Delaware law if this limited call right is exercised. The purchase price in the event of this purchase is the greater of:

the highest cash price paid by such person for any membership interests of the class purchased within the 90 days preceding the date on which such person first mails notice of its election to purchase those membership interests; or

the closing market price as of the date three days before the date the notice is mailed.

As a result of this limited call right, a holder of membership interests in our company may have his membership interests purchased at an undesirable time or price. The tax consequences to a unitholder of the exercise of this call right are the same as a sale by that unitholder of his common units in the market. Please read **Material Tax Consequences - Disposition of Units**.

Merger, Sale or Other Disposition of Assets

Our board of directors is generally prohibited, without the prior approval of the holders of a unit majority from causing us to, among other things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination, or approving on our behalf the sale, exchange or other disposition of all or substantially all of the assets of our subsidiaries, provided that our board of directors may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without that approval. Our board of directors may also sell all or substantially all of our assets under a foreclosure or other realization upon the encumbrances above without that approval.

If the conditions specified in the limited liability company agreement are satisfied, our board of directors may merge us or any of its subsidiaries into, or convey all of our assets to, a newly-formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity. The unitholders

are not entitled to dissenters' rights of appraisal under the limited liability company agreement or applicable Delaware law in the event of a merger or consolidation, a sale of all or substantially all of our assets or any other transaction or event.

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Termination and Dissolution

We will continue as a company until terminated under our limited liability company agreement. We will dissolve upon: (1) the election of our board of directors to dissolve us, if approved by the holders of a unit majority; (2) the sale, exchange or other disposition of all or substantially all of the assets and properties of our company and our subsidiaries; or (3) the entry of a decree of judicial dissolution of our company.

Liquidation and Distribution of Proceeds

Upon our dissolution, the liquidator authorized to wind up our affairs will, acting with all of the powers of our board of directors that the liquidator deems necessary or desirable in its judgment, sell or otherwise dispose of our assets. The liquidator will first apply the proceeds of liquidation to the payment of our creditors and then distribute any remaining proceeds to the unitholders in accordance with, and to the extent of, the positive balances in their respective capital accounts in their units, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation. The liquidator may defer liquidation or distribution of our assets for a reasonable period of time or distribute assets to unitholders in kind if it determines that a sale would be impractical or would cause undue loss to our unitholders.

Anti-Takeover Provisions

Our limited liability company agreement contains specific provisions that are intended to discourage a person or group from attempting to take control of our company without the approval of our board of directors. Specifically, our limited liability company agreement provides that we will elect to have Section 203 of the DGCL apply to transactions in which an interested unitholder (as described below) seeks to enter into a merger or business combination with us. Under this provision, such a holder will not be permitted to enter into a merger or business combination with us unless:

prior to such time, our board of directors approved either the business combination or the transaction that resulted in the unitholder s becoming an interested unitholder;

upon consummation of the transaction that resulted in the unitholder s becoming an interested unitholder, the interested unitholder owned at least 85% of our outstanding units at the time the transaction commenced, excluding for purposes of determining the number of units outstanding those units owned:

by persons who are directors and also officers; and

by employee unit plans in which employee participants do not have the right to determine confidentially whether units held subject to the plan will be tendered in a tender or exchange offer; or

at or subsequent to such time the business combination is approved by our board of directors and authorized at an annual or special meeting of our unitholders, and not by written consent, by the affirmative vote of at least a majority of our outstanding voting units that are not owned by the interested unitholder.

Section 203 defines business combination to include:

any merger or consolidation involving the company and the interested unitholder;

any sale, transfer, pledge or other disposition of 10% or more of the assets of the company involving the interested unitholder;

subject to certain exceptions, any transaction that results in the issuance or transfer by the company of any units of the company to the interested unitholder;

any transaction involving the company that has the effect of increasing the proportionate share of the units of any class or series of the company beneficially owned by the interested unitholder; or

the receipt by the interested unitholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the company.

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In general, by reference to Section 203, an interested unitholder is any entity or person who or which beneficially owns (or within three years did own) 15% or more of the outstanding voting units of the company and any entity or person affiliated with or controlling or controlled by such entity or person.