

LINN ENERGY, LLC
Form DEF 14A
March 16, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

Linn Energy, LLC

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**LINN ENERGY, LLC
600 Travis, Suite 5100
Houston, Texas 77002
NOTICE OF ANNUAL MEETING OF UNITHOLDERS
To Be Held on April 27, 2010**

Dear Unitholder:

You are cordially invited to attend the 2010 Annual Meeting of Unitholders (Annual Meeting) of Linn Energy, LLC, a Delaware limited liability company (LINN Energy), which will be held on Tuesday, April 27, 2010, at 10:00 a.m., Central Standard Time, at the Lancaster Hotel, 701 Texas Avenue, Houston, Texas 77002.

The Annual Meeting will be held for the following purposes:

1. To elect six directors to LINN Energy's Board of Directors to serve until the 2011 Annual Meeting of Unitholders;
2. To ratify the appointment of KPMG LLP as independent auditor of LINN Energy for the fiscal year ending December 31, 2010; and
3. To transact such other business as may properly come before the Annual Meeting and any reconvened meeting following any adjournments or postponements of the meeting.

Additional information regarding the Annual Meeting is set forth in the attached Proxy Statement.

Only unitholders of record at the close of business on March 1, 2010 are entitled to receive notice of and to vote at the Annual Meeting or any adjournments or postponement thereof. A list of our unitholders will be available for examination at the Annual Meeting and at our Houston office at least ten days prior to the Annual Meeting.

By Order of the Board of Directors,

Charlene A. Ripley
*Senior Vice President, General Counsel and
Corporate Secretary*
Houston, Texas
March 16, 2010

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID RETURN ENVELOPE AS PROMPTLY AS POSSIBLE. IF YOU ATTEND THE MEETING AND SO DESIRE, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE UNITHOLDERS MEETING TO BE HELD ON APRIL 27, 2010.

This Proxy Statement and our 2009 Annual Report are available at www.proxyvote.com.

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**LINN ENERGY, LLC
600 Travis, Suite 5100
Houston, Texas 77002**

PROXY STATEMENT

**Annual Meeting of Unitholders
To Be Held on Tuesday, April 27, 2010**

This Proxy Statement is being furnished to you in connection with the solicitation of proxies by and on behalf of the Board of Directors of Linn Energy, LLC (Board), for use at our 2010 Annual Meeting of Unitholders (Annual Meeting) or at any reconvened meeting after any adjournments or postponements thereof. The Annual Meeting will be held on Tuesday, April 27, 2010, at 10:00 a.m., Central Standard Time, at the Lancaster Hotel, 701 Texas Avenue, Houston, Texas 77002. You can obtain directions to the Annual Meeting by calling our Investor Relations line at (281) 840-4110. Only holders of record of units at the close of business on March 1, 2010 (the Record Date) were entitled to notice of, and are entitled to vote at, the Annual Meeting and any adjournments or postponements thereof, unless such adjournment or postponement is for more than 30 days, in which event we will set a new record date. Unless the context requires otherwise, the terms the Company, our, we, us and similar terms refer to Linn Energy, LLC, together with its consolidated subsidiaries.

Internet Availability of Proxy Materials

We have elected to take advantage of the Notice and Access rules adopted by the U.S. Securities and Exchange Commission (the SEC), which allow us to deliver to our unitholders a Notice of Internet Availability of Proxy Materials and to provide internet access to our proxy materials and annual report.

Accordingly, on or about March 16, 2010, we will begin mailing to our unitholders of record a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice of Internet Availability, except for unitholders who have indicated their preference to receive a full, printed set of materials for future meetings, to whom we will begin mailing the requested printed materials on such date. The Notice of Internet Availability will include instructions on accessing and reviewing our proxy materials and our 2009 annual report to unitholders on the internet, and will provide instructions on submitting a proxy on the internet.

At the time we begin mailing our Notice of Internet Availability, we will also first make available on the internet at www.proxyvote.com our meeting notice, our proxy statement and our 2009 annual report to unitholders. Any unitholder may also request a printed copy of these materials by any of the following methods:

internet at www.proxyvote.com;

e-mail at sendmaterial@proxyvote.com; or

telephone at 1-800-579-1639.

Pursuant to the SEC's rules, our 2009 annual report to unitholders, which includes our audited consolidated financial statements, is not considered a part of, or incorporated by reference in, the proxy solicitation materials.

Proposals

At our 2010 Annual Meeting of Unitholders, we are asking our unitholders to consider and act upon proposals to: (1) elect six directors to serve until our 2011 Annual Meeting and (2) ratify the appointment of KPMG LLP as our independent auditor for the fiscal year ending December 31, 2010.

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Quorum Required

The presence, in person or by proxy, of the holders as of the Record Date of a majority of our outstanding units is necessary to constitute a quorum for purposes of voting on the proposals at the Annual Meeting. Withheld votes, abstentions and broker non-votes (which result when a broker holding shares for a beneficial owner has not received timely voting instructions on certain matters from such beneficial owner and when the broker does not otherwise have discretionary power to vote on a particular matter) will count as present for purposes of establishing a quorum on the proposals.

How to Vote

If you are a holder of our units, you are entitled to one vote at the meeting for each unit that you held as of the Record Date for each proposal and director nominee. If you do not wish to vote for a particular director nominee, you must clearly identify such nominee on your proxy card. Votes withheld will have the same effect as not voting. A plurality of the votes cast by holders of the units present in person or represented by proxy at the meeting and entitled to vote on the election of directors is required to elect each nominee for director. If units are held in street name through a broker and the broker is not given direction on how to vote, the broker will not have discretion to vote such shares on non-routine matters, including the election of directors. Abstentions and broker non-votes, if any, though counted for purposes of determining a quorum, will not be included in the vote totals and therefore will not have any effect on either proposal. For matters other than the election of directors, approval will be determined by a majority of those votes cast affirmatively or negatively by members holding outstanding units and entitled to vote on the matter.

You may vote in person at the Annual Meeting or by proxy. Even if you plan to attend the Annual Meeting, we encourage you to complete, sign and return your proxy card in advance of the Annual Meeting. If you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the meeting. However, please note that if your units are held in street name (in the name of a broker or by a bank or other nominee), you are considered the beneficial owner of these units and proxy materials are being forwarded to you by your broker or nominee, which is considered, with respect to these units, the unitholder of record. As the beneficial owner, you have the right to direct your broker how to vote; however, since you are not the unitholder of record, you may not vote these units in person at the Annual Meeting unless you obtain a legal proxy from your brokerage firm. Please mail your completed, signed and dated proxy card in the enclosed postage-paid return envelope as soon as possible so that your units may be represented at the Annual Meeting.

Revoking Your Proxy

You may revoke your proxy before it is voted at the Annual Meeting as follows: (i) by delivering, before or at the Annual Meeting, a new proxy with a later date; (ii) by delivering, on or before the business day prior to the Annual Meeting, a notice of revocation to our Corporate Secretary at the address set forth in the notice of the Annual Meeting; (iii) by attending the Annual Meeting in person and voting, although your attendance at the Annual Meeting, without actually voting, will not by itself revoke a previously granted proxy; or (iv) if you have instructed a broker to vote your units, you must follow the directions received from your broker to change those instructions.

Outstanding Units Held on Record Date

As of the Record Date, there were 130,554,909 outstanding units entitled to vote at the Annual Meeting.

PROPOSAL ONE: ELECTION OF DIRECTORS

Members of our Board of Directors are elected each year at the annual meeting of unitholders. Mark E. Ellis was appointed to the Board in January 2010 to fill the vacancy created by an increase in the size of the Board. All six of our current Board members have been nominated to stand for re-election at the Annual Meeting. We encourage our director nominees to attend our annual meetings to provide an opportunity for unitholders to communicate directly with directors about issues affecting our company. We anticipate that all director nominees will attend the Annual Meeting. In 2009, all the current directors attended the annual meeting.

At the Annual Meeting, our unitholders will consider and act upon a proposal to elect six directors to our Board to serve until the 2011 Annual Meeting of Unitholders. Each of the nominees has consented to serve as a director if so elected. Each nominee who is elected to our Board will serve in such capacity until his term expires or his successor has been duly elected and qualified or, if earlier, until such director dies, resigns or is removed. The persons named as proxies in the accompanying proxy card, who have been designated by our Board, intend to vote **FOR** the election of

the director nominees unless otherwise instructed by a unitholder in a proxy card. If any of these nominees becomes unable for any reason to stand

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for election as a director, the persons named as proxies in the accompanying proxy card will vote for the election of such other person or persons as our Board may recommend and propose to replace such nominee or nominees, or the size of the board may be reduced accordingly; however, the Board is not aware of any circumstances likely to render any nominee unavailable.

Information concerning the six director nominees is set forth below.

Director Nominees

Name	Age	Position with Our Company	Director Since
Michael C. Linn	58	Executive Chairman of the Board of Directors	2003
Mark E. Ellis	54	President and Chief Executive Officer and Director	2010
George A. Alcorn	78	Independent Director	2006
Terrence S. Jacobs	67	Independent Director	2006
Joseph P. McCoy	59	Independent Director	2007
Jeffrey C. Swoveland	55	Independent Director	2006

Michael C. Linn is the Executive Chairman of the Board of Directors of the Company and has served in such capacity since January 2010. He served as Chairman and Chief Executive Officer from December 2007 to January 2010; Chairman, President and Chief Executive Officer from June 2006 to December 2007; and President, Chief Executive Officer and Director of the Company from March 2003 to June 2006. Mr. Linn serves on the National Petroleum Council and American Exploration and Production Council. He serves on the boards of America's Natural Gas Alliance and the Independent Petroleum Association of America (IPAA). He is also Chairman of the IPAA Political Action Committee and past Chairman of IPAA. He serves as the Texas Representative for the Legal and Regulatory Affairs Committee of the Interstate Oil and Gas Compact Commission. He previously served as Chairman of the National Gas Council and Director of the Natural Gas Supply Association. He is former President of the Independent Oil and Gas Associations of New York, Pennsylvania and West Virginia. Mr. Linn regularly appears on behalf of the oil and natural gas industry before state and federal agencies, United States Congress and national broadcast media. His civic affiliations include serving on the boards of the Texas Heart Institute, Museum of Fine Arts Houston and Houston Police Foundation. In addition, he is the Chairman of the Texas Children's Hospital Corporate Committee Capital Campaign. He also serves on the Advisory Board of Houston Children's Charity and is a member of the Dean's Executive Advisory Board for the University of Houston C.T. Bauer College of Business. Mr. Linn graduated *cum laude* from Villanova University in 1974 with a BA in Political Science *cum laude* from the University of Baltimore School of Law in 1977. Following graduation, Mr. Linn went on to practice law for the law firm of Ecker, Ecker, Zofer and Rome. In 1980, he became General Counsel for Meridian Exploration, where he ultimately served as President and Chief Executive Officer until its sale in 1999. He served as President of Allegheny Interests, Inc. from 2000 to 2003.

Mark E. Ellis is the President and Chief Executive Officer and a Director of the Company and has served in such capacity since January 2010. From December 2007 to January 2010, Mr. Ellis served as President and Chief Operating Officer and from December 2006 to December 2007, Mr. Ellis served as Executive Vice President and Chief Operating Officer of the Company. Mr. Ellis has more than 30 years of experience in the oil and natural gas industry, most recently serving as President, Lower 48 for ConocoPhillips from April 2006 to November 2006. Prior to joining ConocoPhillips, Mr. Ellis served as Senior Vice President of North American Production for Burlington Resources from September 2004 to April 2006. He served as President of Burlington Resources Canada Ltd. in Calgary from October 2000 to September 2004. Mr. Ellis joined Burlington Resources in 1985 and also held the positions of Vice President of the San Juan Division, Vice President and Chief Engineer and Manager of Acquisitions. He began his career at The Superior Oil Company, where he served in several engineering positions in the Onshore and Offshore divisions. Mr. Ellis is a member of the Society of Petroleum Engineers, a past board member of the New Mexico Oil & Gas Association and previously served on the Board of Governors of the Canadian Association of Petroleum Producers and served on the Foundation Board of the Alberta Children's Hospital. Mr. Ellis currently serves on the Board of The Center for Hearing and Speech in Houston, Houston Museum of Natural Science, the Cynthia

Woods Mitchell Pavilion, Industry Board of Petroleum Engineering at Texas A&M University and the Visiting Committee of Petroleum Engineering at the Colorado School of Mines.

George A. Alcorn was appointed to our Board of Directors in January 2006. Mr. Alcorn is an independent director and serves as Chairman of our Nominating and Governance Committee. Mr. Alcorn has served as President of Alcorn Exploration, Inc., a private exploration and production company, since 1982. Mr. Alcorn is also a member of the board of

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directors of EOG Resources, Inc. He is a past chairman of the Independent Petroleum Association of America and a founding member and past chairman of the Natural Gas Council.

Terrence S. Jacobs was appointed to our Board of Directors in January 2006. Mr. Jacobs is an independent director. Since 1995, Mr. Jacobs has served as President and Chief Executive Officer of Penneco Oil Company (Penneco), which provides ongoing leasing, marketing, exploration and drilling operations for natural gas and crude oil in Western Pennsylvania and West Virginia. Mr. Jacobs currently serves on the boards of directors of Penneco Oil Company and affiliates, CMS Mid-Atlantic, Inc., the Independent Oil and Gas Association of Pennsylvania and Duquesne University. Mr. Jacobs served as President of the Independent Oil and Gas Association of Pennsylvania from 1999 to 2001 and from 2003 to 2005 and has served as a director of the Independent Petroleum Association of America for the states of Delaware, Maryland, Pennsylvania and New York West from 2000-2006. He is presently serving as Chairman of the Tax Committee of the Independent Petroleum Association of America. Mr. Jacobs is a Certified Public Accountant in Pennsylvania.

Joseph P. McCoy was appointed to the Board of Directors of Linn Energy in September 2007. Mr. McCoy is an independent director and serves as Chairman of our Audit Committee. Mr. McCoy served as Senior Vice President and Chief Financial Officer of Burlington Resources Inc. from 2005 until 2006 and Vice President and Controller (Chief Accounting Officer) of Burlington Resources Inc. from 2001 until 2005. Prior to joining Burlington Resources, Mr. McCoy spent 27 years with Atlantic Richfield and affiliates in a variety of financial positions. Mr. McCoy served as a member of the board of directors of Rancher Energy, Inc. and BPI Energy Corp. from 2007 to 2009. Since 2006, other than his service on our board of directors and the other boards identified above, Mr. McCoy has been retired.

Jeffrey C. Swoveland was appointed to our Board of Directors in January 2006. Mr. Swoveland is an independent director and serves as Chairman of the Compensation Committee. Since June 2009, Mr. Swoveland has served as the Chief Executive Officer of ReGear Life Sciences, a medical device company that develops and markets products which reduce pain and increase the rate of healing through therapeutic, deep tissue heating. From May 2006 to June 2009, Mr. Swoveland served as Chief Operating Officer of ReGear Life Sciences (formerly known as Coventina Healthcare Enterprises). From 2000 to 2006, he served as Chief Financial Officer of BodyMedia, a life-science and bioinformatics company. From 1994 to 2000, he served as Director of Finance, VP Finance & Treasurer and Interim Chief Financial Officer of Equitable Resources, Inc., a diversified natural gas company. Mr. Swoveland is also a member of the board of directors of Petroleum Development Corporation.

Qualifications of Director Nominees

In making its recommendation to nominate the current directors for reelection, the Nominating and Governance Committee of the Board (Nominating Committee) determined that each of Michael C. Linn, Mark E. Ellis, George A. Alcorn, Terrence S. Jacobs, Joseph P. McCoy and Jeffrey C. Swoveland possess the following qualifications:

1. personal and professional integrity and high ethical standards;
2. good business judgment;
3. an excellent reputation in the industry in which the nominee or director is or has been primarily employed;
4. a sophisticated understanding of our business or similar businesses;
5. curiosity and a willingness to ask probing questions of management;
6. the ability and willingness to work cooperatively with other members of the Board and with the Chief Executive Officer and our other members of senior management; and
7. the ability and willingness to support us with his preparation for, attendance at and participation in Board meetings.

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The Nominating Committee further found that each of the nominees possesses the following experience, qualifications, attributes and skills that, combined with those qualifications identified above, led the Nominating Committee to conclude that such nominee should serve as a member of our Board:

1. Michael C. Linn:

As our founder, brings historical knowledge and strategic experience and is well suited to serve as a link between board and management.

Brings significant experience in the oil and natural gas industry, including as former chairman of the IPAA.

As an attorney, brings legal expertise.

2. Mark E. Ellis

As our current Chief Executive Officer, is well suited to inform the board of significant strategic matters.

Brings significant experience in the oil and natural gas industry, including membership in the Society of Petroleum Engineers.

As an engineer, brings technical expertise.

3. George A. Alcorn

As President of Alcorn Exploration, Inc., brings significant knowledge of our business.

Brings significant experience in the oil and natural gas industry, including as former chairman of the IPAA.

As member of board and committees of EOG Resources, Inc., brings experience and expertise serving on public company boards and as nominating committee chair.

4. Terrence S. Jacobs

As President of Penneco, brings significant knowledge of our business.

Brings significant experience in the oil and natural gas industry, including as director of the IPAA for the states of Delaware, Maryland, Pennsylvania and New York.

As a Certified Public Accountant, brings significant financial expertise.

5. Joseph P. McCoy

As former Chief Financial Officer of Burlington Resources, Inc., brings significant knowledge of our business.

As former director of Rancher Energy, Inc. and BPI Energy Corp., brings experience serving on public company boards.

As former Chief Financial Officer and Chief Accounting Officer of Burlington Resources, Inc., brings significant financial expertise and experience in the preparation and review of financial statements and disclosure documents.

6. Jeffrey C. Swoveland

As former Vice President and Treasurer and Interim Chief Financial Officer of Equitable Resources, Inc., brings significant financial expertise and experience in the preparation and review of financial statements and disclosure documents.

Brings expertise and experience in banking, including credit/financial analysis.

As director and former chair of the audit and compensation committees of Petroleum Development Corporation, brings experience serving on public company boards and as compensation committee chair.

Required Vote

Our limited liability company agreement provides for plurality voting in the election of directors, and directors will be elected by a plurality of the votes cast for a particular position. Each outstanding unit shall be entitled to one vote on all matters submitted to members for approval and in the election of directors.

With respect to the Annual Meeting, we have six nominees and six available board seats. Each properly executed proxy received in time for the Annual Meeting will be voted as specified therein. The six nominees receiving the most votes cast at the Annual Meeting will be elected to our Board.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT UNITHOLDERS VOTE FOR THE ELECTION OF EACH OF THE SIX NOMINEES FOR DIRECTOR.

Table of Contents**CORPORATE GOVERNANCE****Director Independence**

The Nominating Committee reviews director independence on an annual basis and makes a threshold determination as to the status of each director's independence. After this initial determination is made, the Nominating Committee makes a recommendation to the full Board, who then ultimately determine director independence. This subjective determination is made by considering all direct or indirect business relationships between each director (including his or her immediate family) and our company, as well as relationships with charitable organizations. The full Board, upon recommendation by the Nominating Committee, has determined that Messrs. Alcorn, Jacobs, McCoy and Swoveland qualify as independent in accordance with the published listing requirements of The NASDAQ Global Select Market (NASDAQ). The NASDAQ independence definition includes a series of objective tests, including that the director is not an employee of our company and has not engaged in various types of business dealings with our company. In addition, as further required by the NASDAQ rules, the Nominating Committee has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Nominating Committee, would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. Mr. Linn is not independent by virtue of his role as our Executive Chairman and Mr. Ellis is not independent by virtue of his role as our President and Chief Executive Officer. During the Board of Directors' most recent review of independence, the Board specifically considered that Mr. Jacobs has served as President of Penneco, which provides ongoing leasing, marketing, exploration and drilling operations for natural gas and crude oil in Western Pennsylvania and West Virginia. During 2008, we paid approximately \$0.3 million to Penneco for purchases of natural gas. These sales to us represent an amount less than 5% of Penneco's consolidated gross revenues for 2008 and were consummated on arm's length terms. We made no purchases from Penneco in 2009 and do not expect any future purchases. After consideration, our Board has determined that this relationship would not interfere with Mr. Jacobs' independent judgment as a Board member.

In addition, the members of the Audit Committee of our Board each qualify as independent under standards established by the SEC for members of audit committees, and the Audit Committee includes at least one member who is determined by our Board to meet the qualifications of an audit committee financial expert in accordance with SEC rules, including that the person meets the relevant definition of an independent director. Mr. McCoy is the independent director who has been determined to be an audit committee financial expert. Unitholders should understand that this designation is a disclosure requirement of the SEC related to Mr. McCoy's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose on Mr. McCoy any duties, obligations or liability that are greater than are generally imposed on him as a member of the Audit Committee and Board, and his designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the Audit Committee or Board.

Governance Guidelines and Codes of Ethics

Our Board has adopted Corporate Governance Guidelines to assist it in the exercise of its responsibility to provide effective governance over our affairs for the benefit of our unitholders. In addition, we have adopted a Code of Business Conduct and Ethics, which sets forth legal and ethical standards of conduct for all our employees, as well as our directors. We also have adopted a code of ethics which applies to our Chief Executive Officer and Senior Financial Officers. All of these documents are available on our website, www.linnenergy.com, and will be provided free of charge to any unitholder requesting a copy by writing to our Corporate Secretary, Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas 77002. If any substantive amendments are made to the Code of Ethics for Chief Executive Officer and Senior Financial Officers or if we grant any waiver, including any implicit waiver, from a provision of the code, we will disclose the nature of such amendment or waiver within four business days on our website. The information on our website is not, and shall not be deemed to be, a part of this Proxy Statement or incorporated into any other filings we make with the SEC.

Communications to Our Board of Directors

Our Board has a process in place for communication with unitholders. Unitholders should initiate any communications with our Board in writing and send them to our Board c/o Charlene A. Ripley, Senior Vice President, General Counsel and Corporate Secretary, Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas 77002. All

such communications will be forwarded to the appropriate directors. This centralized process will assist our Board in reviewing and responding to unitholder communications in an appropriate manner. If a unitholder wishes for a particular director or directors to receive any such communication, the unitholder must specify the name or names of any specific Board recipient

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or recipients in the communication. Communications to our Board must include the number of units owned by the unitholder as well as the unitholder's name, address, telephone number and email address, if any.

Meetings of Our Board of Directors; Executive Sessions

Our Board holds regular and special meetings from time to time as may be necessary. Regular meetings may be held without notice on dates set by our Board from time to time. Special meetings of our Board may be called with reasonable notice to each member upon request of the Chairman of the Board or upon the written request of any three Board members. A quorum for a regular or special Meeting will exist when a majority of the members are participating in the meeting either in person or by conference telephone. Any action required or permitted to be taken at a Board meeting may be taken without a meeting, without prior notice and without a vote if all of the members sign a written consent authorizing the action.

During 2009, our Board held four regular and nine special meetings. The standing Committees of our Board held an aggregate of 17 meetings during this period. Each director attended at least 75% of the aggregate number of meetings of the Board and Committees on which he served.

The Corporate Governance Guidelines adopted by our Board provide that the independent directors will meet in executive session at least quarterly, or more frequently if necessary. The Chairman of our Nominating Committee will chair the executive sessions of the independent directors.

Leadership Structure

In January 2010, Michael C. Linn resigned his position as Chief Executive Officer and was elected to the position of Executive Chairman of the Board. In his new position, Mr. Linn will focus on our strategic direction and leadership of the Board. Mark E. Ellis, formerly President and Chief Operating Officer, was elected President and Chief Executive Officer and was appointed to fill a vacancy created by the increase of the size of the Board to six members. Although the Board has elected to separate the positions of Chief Executive Officer and Chairman of the Board, Mr. Linn, by virtue of his past and current employment with us, is not independent. The Nominating Committee believes that Mr. Linn's history as our founder and his strategic experience with us make him the appropriate leader of the Board. In 2009, the Nominating Committee considered the appointment of an independent lead director and determined not to appoint one. It is the Nominating Committee's view that Mr. Linn will serve as an effective communication link between the Board and management and there is no need for an independent lead director at this time. The Nominating Committee will reevaluate its view on the Board's leadership structure periodically.

Risk Oversight

In 2009, we formed an Enterprise Risk Management Committee (ERM Committee) composed of members of senior management across all functions of the Company. The ERM Committee is led by our General Counsel and is tasked with 1) ensuring that sound policies, procedures and practices are in place for the enterprise-wide management of our material risks, and 2) reporting the results of the ERM Committee's activities to the Audit Committee of the Board (Audit Committee).

Beginning in 2009, the ERM Committee provided regular status updates to the Audit Committee. The Audit Committee, under its charter, is responsible for oversight of our major risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee, beginning in 2010, will also consult with the Compensation Committee of the Board regarding our major risk exposures and whether our compensation policies and practices create risks that are reasonably likely to have a material adverse effect on us. The Audit Committee reports to the Board at each regularly scheduled meeting.

Committees of Our Board of Directors

Our Board currently has standing Audit, Compensation, and Nominating and Governance Committees. Each member of these Committees is an independent director in accordance with the NASDAQ listing standards described above and applicable SEC rules. Our Board has adopted a written charter for each of these Committees, which sets forth each Committee's purposes, responsibilities and authority. Each Committee reviews and assesses on an annual basis the adequacy of its charter and recommends any proposed modifications. These committee charters are available on our website at www.linnenergy.com. You may also contact Charlene A. Ripley, our Senior Vice President, General Counsel and Corporate Secretary at Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas 77002, to request paper copies free of charge. The following is a brief description of the functions and operations of the standing

Committees of our Board.

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Audit Committee.

The Audit Committee assists our Board in its general oversight of our financial reporting, internal controls and audit functions, and is directly responsible for the appointment, retention, compensation and oversight of the work of our independent auditor and for oversight of our major risk exposures. During 2009, the Audit Committee held seven meetings. The Audit Committee is currently comprised of four directors: Mr. McCoy (Chairman), Mr. Jacobs, Mr. Alcorn, and Mr. Swoveland. Each member of the Audit Committee is independent as defined by the NASDAQ listing standards and applicable SEC rules, and is financially literate. Mr. McCoy has been designated the audit committee financial expert.

Our Audit Committee also reviews related party transactions and other specific matters that our Board believes may involve conflicts of interest. The Audit Committee determines if the related party transaction or resolution of the conflict of interest is in the best interest of our company. Any conflict of interest matters approved by the Audit Committee will be conclusively deemed to be fair and reasonable to our company and approved by all of our Unitholders. The report of our Audit Committee appears under the heading Report of the Audit Committee on page 9 of this Proxy Statement.

Compensation Committee.

The Compensation Committee's primary responsibilities are to: (i) approve the compensation arrangements for our senior management and for our Board members, including establishment of salaries and bonuses and other compensation for our executive officers, (ii) to approve any compensation plans in which our officers and directors are eligible to participate and to administer such plans, including the granting of equity awards or other benefits under any such plans and (iii) to review and discuss with our management the Compensation Discussion and Analysis to be included in our annual proxy statement. The Compensation Committee also oversees the preparation of the report on executive compensation for inclusion in the annual proxy statement.

During 2009, the Compensation Committee held six meetings. The Compensation Committee is currently comprised of four directors: Mr. Swoveland (Chairman), Mr. Alcorn, Mr. Jacobs and Mr. McCoy. Each of the Compensation Committee members is independent as defined by the NASDAQ listing standards. All Compensation Committee members are also non-employee directors as defined by Rule 16b-3 under the Securities Exchange Act of 1934, as amended (Exchange Act). The report of our Compensation Committee appears under the heading Compensation Committee Report on page 21 of this Proxy Statement.

Procedures and Processes for Determining Executive and Director Compensation

Please refer to Compensation Discussion and Analysis, The Compensation Committee, on page 11 of this Proxy Statement for a discussion of the Compensation Committee's procedures and processes for making compensation determinations.

Nominating and Governance Committee.

The Nominating Committee's primary responsibilities are (i) to develop criteria, recruit and recommend candidates for election to our Board, (ii) to develop and recommend corporate governance guidelines to our Board, and to assist our Board in implementing such guidelines, (iii) to lead our Board in its annual review of the performance of the Board and its Committees, (iv) to review and amend as appropriate our Code of Business Conduct and Ethics and our Code of Ethics for Chief Executive Officer and Senior Financial Officers and (v) to assess the independence of each non-employee director and to determine the audit committee financial expert. The Nominating Committee will consider the following qualifications, along with such other individual qualities the Board identifies from time to time, for director nominees:

personal and professional integrity and high ethical standards;

good business judgment;

an excellent reputation in the industry in which the nominee or director is or has been primarily employed;

a sophisticated understanding of our business or similar businesses;

curiosity and a willingness to ask probing questions of management;

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the ability and willingness to work cooperatively with other members of the Board and with the CEO and other senior management; and

the ability and willingness to support us with his or her preparation for, attendance at and participation in Board meetings.

The Nominating Committee will evaluate each nominee based upon a consideration of a nominee's qualification as independent and consideration of diversity, age, skills and experience in the context of the needs of the Board as described in our Corporate Governance Guidelines. The Nominating Committee does not have a policy with regard to the consideration of diversity in identifying director nominees. Diversity, including diversity of experience, professional expertise, gender, race and age, is one factor outlined in our Corporate Governance Guidelines that the Nominating Committee considers in evaluating a nominee. The Nominating Committee may rely on various sources to identify director nominees. These include input from directors, management, professional search firms and others that the Nominating Committee feels are reliable.

The Nominating Committee will consider director candidate suggestions made by unitholders in the same manner as other candidates. Any such nominations, together with appropriate biographical information, should be submitted to the Chairman of the Nominating and Governance Committee, c/o Charlene A. Ripley, Senior Vice President, General Counsel and Corporate Secretary, Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas 77002. For other procedures that must be followed in order for the Committee to consider recommendations from unitholders, please read Unitholder Proposals and Director Nominations Recommendation of Director Candidates to the Nominating and Governance Committee. In 2009, the Nominating Committee held four meetings. The Nominating Committee is currently comprised of four directors: Mr. Alcorn (Chairman), Mr. Jacobs, Mr. McCoy, and Mr. Swoveland. Each member of the Nominating Committee is independent as defined by the NASDAQ listing standards.

Report of the Audit Committee

The Audit Committee oversees our financial reporting process on behalf of the Board. Management has the primary responsibility for the preparation of the financial statements and the reporting process, including the systems of internal control.

With respect to the consolidated financial statements for the year ended December 31, 2009, the Audit Committee reviewed and discussed the consolidated financial statements of Linn Energy, LLC and the quality of financial reporting with management and the independent auditor. It also discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee also discussed with the independent auditor its independence from Linn Energy, LLC and received from the independent auditor the written disclosures and the letter from the independent auditor complying with the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence. The Audit Committee determined that the non-audit services provided to Linn Energy, LLC by the independent auditor (discussed below under Proposal Two: Ratification of Independent Public Accountants) are compatible with maintaining the independence of the independent auditor.

Based on the reviews and discussions described above, the Audit Committee recommended to our Board that the consolidated financial statements of Linn Energy, LLC be included in the Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the Securities and Exchange Commission.

Submitted By:

Audit Committee

Joseph P. McCoy, Chair

George A. Alcorn

Terrence S. Jacobs

Jeffrey C. Swoveland

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Exchange Act that might incorporate this Proxy Statement or future filings with the SEC, in whole or in

part, the preceding report shall not be deemed to be soliciting material or to be filed with the SEC or incorporated by reference into any filing except to the extent the foregoing report is specifically incorporated by reference therein.

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PROPOSAL TWO: RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANTS

The Audit Committee of our Board has selected KPMG LLP to continue as our independent public accountants for 2010. KPMG LLP has served as Linn Energy, LLC's independent auditor since 2005. The Audit Committee has determined to submit KPMG LLP's selection to unitholders for ratification. Unitholder ratification of the selection of KPMG LLP as our independent public accountants is not required by our limited liability company agreement or otherwise. We are submitting the selection of KPMG LLP to unitholders for ratification as a matter of good corporate practice. If this selection of auditor is not ratified by a majority of the outstanding units present in person or by proxy and entitled to vote at the Annual Meeting, the Audit Committee will reconsider its selection of auditor. We are advised that no member of KPMG LLP has any direct or material indirect financial interest in our company or, during the past three years, has had any connection with us in the capacity of promoter, underwriter, voting trustee, director, officer or employee. A representative of KPMG LLP will attend the Annual Meeting. The representative will have the opportunity to make a statement if he desires to do so and to respond to appropriate questions.

Audit Fees

The fees for professional services rendered by KPMG LLP for the audit of our annual consolidated financial statements for each of the fiscal years ended December 31, 2008 and 2009, and the reviews of the financial statements included in any of our Quarterly Reports on Forms 10-Q for each of those fiscal years were approximately \$2,220,000 and \$1,254,000 respectively.

Audit-Related Fees

KPMG LLP also received fees for (i) services rendered in connection with an acquisition audit and related regulatory filings, (ii) an audit of our 401(k) Plan, (iii) services in connection with, and comfort letters for, our senior notes offerings and equity offerings, and (iv) providing a consent for our Registration Statement on Form S-8. These fees totaled approximately \$502,000 and \$520,000 for the years ended December 31, 2008 and 2009, respectively.

Tax Fees

We incurred no fees in the fiscal years ended December 31, 2008 and 2009 for tax-related services provided by KPMG LLP.

All Other Fees

We incurred no other fees in the fiscal years ended December 31, 2008 and 2009 for any other services provided by KPMG LLP.

Audit Committee Approval of Audit and Non-Audit Services

The Audit Committee pre-approves all audit and non-audit services to be provided to us by our independent auditors in the upcoming year at the last meeting of each calendar year and at subsequent meetings as necessary. The non-audit services to be provided are specified and shall not exceed a specified dollar limit. During the course of a fiscal year, if additional non-audit services are identified, these services are presented to the Audit Committee for pre-approval. Management is directed to provide a report to the Audit Committee quarterly showing in reasonable detail the services provided by the independent auditors to us since the day of the initial pre-approval, as well as the estimated cost to date of audit and non-audit services. All of the services covered under the caption "Audit-Related Fees" were approved by the Audit Committee and none were provided under the *de minimis* exception of Section 10A of the Securities Exchange Act of 1934, as amended.

Required Vote

Under our limited liability company agreement, unitholder ratification of KPMG LLP as our independent public accountants for 2010 is not required. However, in the event we elect to submit such ratification for unitholder approval, as we have done here, this approval would require the affirmative vote of a majority of the votes cast affirmatively or negatively by members holding outstanding units and entitled to vote on the proposal.

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THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT UNITHOLDERS VOTE FOR APPROVAL OF THE RATIFICATION OF THE SELECTION OF KPMG LLP AS OUR INDEPENDENT PUBLIC ACCOUNTANTS FOR 2010.

In the event of a negative vote on such ratification, the Audit Committee will reconsider its selection. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditing firm at any time during the year if the Audit Committee believes that such a change would be in the best interest of our company and our unitholders.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Our total compensation package for our Named Officers comprises a combination of base salary, short-term cash incentive compensation, long-term equity incentive compensation and broad-based benefits programs. Our Named Officers discussed below are Michael C. Linn, our Executive Chairman, Mark E. Ellis, our President and Chief Executive Officer, Kolja Rockov, our Executive Vice President and Chief Financial Officer, Charlene A. Ripley, our Senior Vice President, General Counsel and Corporate Secretary and Arden L. Walker, Jr., our Senior Vice President and Chief Operating Officer. This Compensation Discussion and Analysis addresses the following topics:

the role of our Compensation Committee in establishing executive compensation;

our process for setting executive compensation;

our compensation philosophy and policies regarding executive compensation; and

our compensation decisions for performance during fiscal year 2009 with respect to our Named Officers.

The Compensation Committee

The Compensation Committee of our Board has overall responsibility for the approval, evaluation and oversight of all our compensation plans, policies and programs. The fundamental responsibilities of the Committee are (i) to establish our goals, objectives and policies relevant to the compensation of senior management, and evaluate performance in light of those goals to determine compensation levels, (ii) to approve and administer our incentive compensation plans, (iii) to set compensation levels and make awards under incentive compensation plans that are consistent with our compensation principles and the performance of our company and its senior management and employees, and (iv) to review appropriate disclosures relating to compensation. The Committee also has responsibility for evaluating compensation for service as independent directors on our Board.

The Compensation Setting Process

Compensation Committee Meetings. Our Compensation Committee holds regular quarterly meetings each year, which coincide with our quarterly Board meetings. It also holds additional meetings as required to carry out its duties. The Committee Chairman works with our General Counsel to establish each meeting agenda.

At the Committee's regularly scheduled fourth quarter meeting (or an earlier special meeting, as determined by the Chairman of the Committee), the Committee reviews and discusses a compensation analysis prepared by Towers Perrin (an independent compensation consultant retained by the Committee, please see *Role of Compensation Consultant* below) and considers compensation for the succeeding calendar year.

At the regular first quarter meeting, the Committee:

considers and approves changes in base salary for the upcoming year;

reviews actual results compared to the pre-established performance measures for the previous year to determine annual cash incentive awards for our executive officers under our Employee Incentive Compensation Plan, or EICP;

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grants equity awards under the Company's Amended and Restated Long-Term Incentive Plan, as amended, or LTIP;

approves the performance measures under our EICP for the upcoming year, which may include both quantitative financial measures and qualitative performance measures intended to focus on and reward activities that create unitholder value;

evaluates the compensation paid to our independent directors and, to the extent it deems appropriate, approves any adjustments; and

reviews the summary results of the Board's written evaluations of our Chief Executive Officer, as well as the Chief Executive Officer's self evaluation.

The Committee meets in executive session to consider appropriate compensation for our Executive Chairman and our President and Chief Executive Officer. With respect to compensation for all other Named Officers, the Committee meets with our Executive Chairman and President and Chief Executive Officer outside the presence of all our other executive officers. When individual compensation decisions are not being considered, the Committee typically meets in the presence of our Executive Chairman, our President and Chief Executive Officer, and our General Counsel. Depending upon the agenda for a particular meeting, the Committee may also invite other officers, the Company's compensation consultant, and a representative of Towers Perrin to participate in Committee meetings. The Committee also regularly meets in executive session without management.

Role of Compensation Consultant. The Committee's Charter grants the Committee the sole and direct authority to retain and terminate compensation advisors and to approve their fees. All such advisors report directly to the Compensation Committee, and all assignments are directed by the Committee Chairman. The Committee has engaged Towers Perrin for the past four years as the Committee's independent compensation consultant to assist the Committee in assessing and determining competitive compensation packages for our executive officers. Towers Perrin did no other work for the Company in 2009.

In this capacity, Towers Perrin has, from time to time at the Committee's request and under the direction of the Committee Chairman, assembled information regarding (i) compensation trends in the oil and natural gas industry among independent oil and natural gas producers, master limited partnerships and limited liability companies, and (ii) relative compensation for similarly-situated executive officers of companies within these groups. In addition to published survey sources, Towers Perrin employs data compiled from the public filings of a peer group of various companies.

Our compensation peer group for 2009 is the same as our peer group from 2008 and comprises the following: Southwestern Energy Company, Noble Energy, Inc., Pioneer Natural Resources Company, Ultra Petroleum Corp., Range Resources Corporation, Forest Oil Corporation, EXCO Resources, Inc., Petrohawk Energy Corporation, Newfield Exploration Company, Plains Exploration & Production Company, Denbury Resources Inc., Sandridge Energy, Inc., Cimarex Energy Co., Cabot Oil & Gas Corp., Encore Acquisition Company, Comstock Resources, Inc., Atlas Energy Resources, LLC, Berry Petroleum Company, and Stone Energy Corporation. These companies were selected because they are independent oil and natural gas producers of similar size, based on enterprise value.

The Company also employs an individual as compensation consultant to advise us on executive compensation matters. In 2009, our consultant also advised us on our Change of Control Protection Plan, which applies generally to all our employees, and did not provide any other services to us in excess of \$120,000.

Role of Executive Officers. Except with respect to his own compensation, our President and Chief Executive Officer, with advice from the Company's compensation consultant, plays a significant role in the Compensation Committee's establishment of compensation levels for our executive officers. The most significant aspects of his role in the process are:

evaluating performance;

recommending EICP award targets and quantitative and qualitative performance measures under our EICP;

recommending base salary levels, actual EICP awards and LTIP awards; and

advising the Committee with respect to achievement of performance measures under the EICP.

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Our Executive Compensation Program

Compensation Objectives. Our executive compensation program is intended to align the interests of our executive officers with those of our unitholders by motivating our executive officers to achieve strong financial and operating results, which we believe closely correlate to financial strength and long-term unitholder value. This alignment of interests is primarily reflected through our executive officers' participation in our EICP and LTIP. In addition, our program is designed to achieve the following objectives:

attract and retain talented executive officers by providing total compensation levels competitive with that of executives holding comparable positions in similarly-situated organizations;

provide total compensation that is justified by individual performance;

provide a performance-based compensation component that balances rewards for short-term and long-term results and is tied to company performance; and

encourage the long-term commitment of our executive officers to us and to our unitholders' long-term interests.

Compensation Strategy. To accomplish our objectives, we seek to offer a total direct compensation program to our executive officers that, when valued in its entirety, serves to attract, motivate and retain executives with the character, experience and professional accomplishments required to grow and develop our company. We seek to align executive compensation with unitholder interests by placing a significant portion of total direct compensation at risk. At risk means the executive officer will not realize value unless performance goals, approximately half of which are directly tied to Company financial performance, are achieved (for EICP awards) or as our unit price appreciates and payment of our distribution is maintained (for restricted units). To appropriately incentivize our executive officers to take a long-term view, unit based awards under our LTIP are the largest component of our at risk compensation.

Our executive compensation program consists of three principal elements: (i) base salary, (ii) potential for annual cash incentive compensation awards under our EICP based upon the achievement of specific company performance objectives, and (iii) opportunities to earn unit-based awards under our LTIP, which provide long-term incentives that are intended to encourage the achievement of superior results over time and to align the interests of executive officers with those of our unitholders.

To ensure that the total compensation package we offer our executive officers is competitive, Towers Perrin develops an assessment of market levels of compensation through both an analysis of private survey data and information disclosed in peer companies' public filings. While the Committee considers this data when assessing the reasonableness of our executive officers' total compensation, it also considers a number of other factors including: (i) historical compensation levels, (ii) the specific role the executive plays within our company, (iii) the individual performance of the executive and (iv) the relative compensation levels among our executive officers. There is no pre-established policy or target for the Committee's allocation of total compensation between long-term compensation in the form of LTIP awards and short-term compensation in the form of base salary and EICP awards. The allocation is generally based upon an analysis of how our peer companies use long-term and short-term compensation to compensate their executive officers. Each year the Committee reviews this peer company data and sets EICP targets and LTIP allocations for that year.

2009 Executive Compensation Components

For 2009, the principal components of compensation for Named Officers were:

Short-term compensation:

base salary

employee incentive compensation plan

Long-term equity compensation in the form of restricted units

Other benefits.

Table of Contents**Base Salary**

We provide Named Officers and other employees with a base salary to provide them with a reasonable base level of monthly income relative to their role and responsibilities. Each of our Named Officers has an employment agreement that provides for a minimum level of base salary and upward adjustments in the discretion of the Board. For a summary of the material terms of the Named Officers' employment agreements, please see Narrative Disclosure to the 2009 Summary Compensation Table.

Salary levels are typically considered annually as part of our performance review process as well as upon a promotion or other change in job responsibility. During its review of base salaries for executive officers, the Committee primarily considers:

public and private peer data provided by the Committee's compensation consultant;

internal review of the executive's compensation, both individually and relative to other executive officers; and

recommendations by the President and Chief Executive Officer.

For 2009, reviewing peer data and considering the other factors mentioned above under Compensation Strategy, the Committee increased the base salary of each of our Named Officers to maintain base salary around the median of our peers.

Employee Incentive Compensation Program**EICP Award Targets**

Our EICP is an annual cash incentive program which provides guidelines for the calculation of annual cash incentive based compensation. The Committee reviews peer data in setting EICP award targets and for 2009, using peer data as a guide, set the following EICP award targets for each Named Officer as a percentage of base salary.

EICP award targets for our Named Officers in 2009 were set as follows:

Named Officer	% of Base Salary
Michael C. Linn	125%
Mark E. Ellis	100%
Kolja Rockov	85%
Charlene A. Ripley	65%
Arden L. Walker, Jr.	65%

Performance Measures

To determine actual payout under the EICP in 2008 and prior years, the Committee reviewed quantitative and qualitative performance results against pre-established objectives and determined a payout percentage for each objective based on pre-established thresholds. The Committee then used those objectives as data points in exercising its discretion in the ultimate determination of the overall payout percentage amount.

For 2009, the Committee took a different approach in evaluating our performance and did not rely on pre-established thresholds for quantitative performance objectives. The Committee determined that a formulaic approach relying on pre-established thresholds for quantitative objectives did not provide the Committee the flexibility it needs to adjust for and react to macroeconomic events, such as dramatic changes in commodity prices and volatile capital markets. The Committee instead established 1) targets for quantitative performance measures based on our 2009 budget targets and 2) qualitative strategic pathways, and decided to weight each 50% in the determination of EICP payout. See Actual Results below for the specific 2009 quantitative performance measures and budget targets and the qualitative strategic pathways. To determine EICP payout level for 2009, the Committee reviewed 1) the Company's performance on the quantitative

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performance measures described below, as compared to budget, and 2) the Company's progress on and achievement of our qualitative strategic pathways.

Quantitative Performance Measures

For 2009, 50% percent of each Named Officer's EICP Award opportunity was based on the Company's performance with respect to the following measures:

- a) Operations measured by actual production volumes and cash costs (including lease operating expenses and general and administrative expenses) compared to our budget;
- b) Relative Unitholder Return measured by our total return for fiscal year 2009 compared to that of a peer group of oil and natural gas master limited partnerships, selected due to management's and the Committee's view that these companies most closely align with the peer group considered by analysts and investors when comparing our total return. The Committee selected the following peer group for comparison of total return comprises the following: Regency Energy Partners LP, EV Energy Partners, L.P., Inergy, L.P., Buckeye Partners, L.P., El Paso Pipeline Partners, L.P., Breitburn Energy L.P., Magellan Midstream Partners, L.P., Nustar Energy L.P.;
- c) Growth measured by cash flow and cash flow per unit compared to our original budget for 2009; and
- d) Ability to Pay Distribution measured by our Distribution Coverage Ratio as compared to our budget. Distribution coverage ratio is defined as Distributable Cash Flow for 2009 divided by total cash distributions. Distributable Cash Flow is defined as adjusted EBITDA (defined below) less cash interest expense and maintenance capital.

We defined adjusted EBITDA as net income (loss) from continuing operations plus:

Net operating cash flow from acquisitions and divestitures, effective date through closing date;

Interest expense;

Depreciation, depletion and amortization;

Impairment of goodwill and long-lived assets;

Write off of deferred financing fees and other;

(Gain) loss on sale of assets, net;

Unrealized (gain) loss on commodity derivatives;

Unrealized (gain) loss on interest rate derivatives;

Realized (gain) loss on interest rate derivatives;

Realized (gain) loss on canceled derivatives;

Unit-based compensation expenses;

Exploration costs; and

Income tax (benefit) expense.

In setting the measures in February 2009, the Committee determined that the measures above should be weighted equally with no individual factor given more importance or weight than the others. See **Actual Results** below for how the Committee actually considered the objectives.

Table of Contents**Qualitative Strategic Pathways**

The other 50% of the EICP award opportunity was based on our achievement of or progress on the following qualitative strategic pathways, which were recommended by management and reviewed by the Committee in February 2009:

- a) Consistent Operational Results and Execution;
- b) Acquisitions Excellence;
- c) Integration of Assets and People;
- d) Culture People Development and Growth; and
- e) Access to Capital/Optimizing Capital Structure.

Actual Results

50% of the total EICP award opportunity is allocated to the quantitative performance measures described above. Upon completion of the fiscal year, the Committee reviewed and assessed our performance for each quantitative measure relative to our budget and made a subjective determination with respect to the Company's achievement as compared to those metrics. Actual results for 2009 were as follows:

	Budget	2009 Actual
Operations		
Volumes (MMcfe/day)	229	218
Cash Costs (Lease Operating Expenses and General and Administrative Expenses) (in \$millions)	\$ 198	\$ 204
Relative Unitholder Return		2009 Top Quartile Over combined 2008-2009 first among peers
	n/a	
Growth		
Cash Flow (Adjusted EBITDA less Interest Expense) (in \$millions)	\$ 442	\$ 445
Cash Flow per unit	9%	5%
Ability to Pay		
Coverage Ratio	1.19x	1.14x

The Committee then reviewed our performance relative to the qualitative strategic pathways, which comprise the other 50% of the total EICP award opportunity, and determined that all objectives were substantially achieved or substantial progress was made.

Objective	Substantially Achieved or Substantial Progress Made
Consistent Operational Results and Execution	ü
Acquisitions Excellence	ü
Integration of Assets and People	ü
Culture People Development and Growth	ü
Access to Capital/Optimizing Capital Structure	ü

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In its consideration of the quantitative measures, the Committee focused on 1) the Company's position as leader of the peer group in terms of relative unitholder return over the past two years and 2) the Company's increased cash flow compared to budget. In reviewing the qualitative measures, the Committee reviewed examples of success in each category and focused on 1) the Company's seamless succession of the Chief Executive Officer position, 2) the continuing strengthening of the management team, 3) the Company's culture and fostering of an entrepreneurial spirit among employees and 4) the Company's performance in light of extremely challenging macroeconomic conditions, specifically the volatile capital markets and commodity prices. After reviewing the results of the quantitative and qualitative measures with a focus on the above mentioned factors, the Committee also used subjective discretion and determined that an overall award of 150% of each Named Officer's EICP award target was appropriate.

Generally the Committee believes that company performance is a reflection of executive officer performance in total. The Committee may, however, apply discretion upward or downward to reflect individual performance. For 2009, except with respect to Mr. Ellis (described below), the Committee did not make any differentiation due to individual performance; thus each Named Officer received 150% of his or her EICP award target (for example, Mr. Linn, whose EICP award target was 125% of his base salary, received an award of approximately 187.5% of his base salary). As recognition for his efforts in ensuring a successful transition of the office of Chief Executive Officer, the Committee elected to award Mr. Ellis his EICP award based approximately half on his base salary for 2009 (\$415,000) and approximately half on his new base salary for 2010 as President and Chief Executive Officer (\$600,000).

Long-Term Incentive Compensation

Our LTIP encourages participants to focus on our long-term performance and provides an opportunity for executive officers and other employees to increase their stake in our company through grants of our units based on a three-year vesting period. Long-term incentive awards benefit us by:

enhancing the link between the creation of unitholder value and long-term executive incentive compensation;

providing an opportunity for increased equity ownership by executives thereby fostering retention; and

maintaining competitive levels of total compensation.

LTIP awards are typically made in January/February and are intended as forward looking long-term incentives. In determining the size of the grants generally, the Committee uses peer data as a guide and targets the total cash value of each grant such that each Named Officer's LTIP award, when combined with base salary and bonus, would place the executives' total direct compensation between the median and 75th percentile of similarly situated executives in our peer group. In determining the individual awards, the Committee considered the market data, Company performance for the previous year, its subjective evaluation of the individual performances of each Named Officer and how that Named Officer contributed to the Company's achievement of quantitative and qualitative performance measures.

In granting awards in 2009, the Committee considered our peer companies' allocations between options and restricted stock/units and determined based on that review to use a ratio of 10% of total value in options and 90% in restricted units. For 2010 awards, the Committee reviewed peer data and based on that review determined to grant 100% restricted units and no options. The Committee believes options are more appropriately used in companies in which an investment would derive the majority of its value based on capital growth. Given our position in the equity market as primarily a yield based investment, the Committee believes granting restricted units only is more appropriate. In addition, the Committee believes that granting only restricted units results in a simpler, more straightforward LTIP program and better aligns the Company with how other oil and natural gas master limited partnerships are currently using long term incentive awards. It is also the Committee's view that during periods of unit price volatility, such as that experienced over the last two years, restricted units provide some immediate value in the form of quarterly distributions to the officer, while also providing long-term incentive. Because our Named Officers receive distributions at the same rate as all our unitholders, the Committee believes that restricted units closely align management's interests with those of our unitholders, by providing incentive to maintain or increase the level of distributions.

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Restricted Unit Awards

Under the terms of our LTIP, restricted units are subject to a vesting period of at least three years and contain such other terms as the Committee may determine. For our Named Officers, our Executive Restricted Unit Grant Agreement provides for vesting in equal installments over three years and provides that upon termination of employment with us (a) by the Company other than for Cause, (b) by the officer with Good Reason, or (c) by reason of death, Disability or retirement (as those terms are defined herein under the section titled *Payments Made Upon Termination Without Cause or For Good Reason*), all restrictions lapse and the grant immediately vests in full.

Participants, including Named Officers, who receive restricted unit grants under the LTIP receive quarterly distributions on all the units awarded (whether vested or unvested), with the units being retained in our custody and subject to restrictions on sale or transfer until vested. The Committee considered the receipt of quarterly distributions when determining the allocation of long-term incentive compensation between restricted units and options, but does not include amounts received from cash distributions in its calculations of total direct compensation.

Option Awards

Options, when awarded, are awarded at the NASDAQ closing price of our units on the date of the grant. The Committee has never granted options with an exercise price that is less than the closing price of our units on the grant date, nor has it granted options which are priced on a date other than the grant date.

Named Officer options granted by the Committee vest in equal installments over the first three years of the ten-year option term, with the vesting date scheduled in January of each year. Upon termination of the Named Officer's employment with us (a) other than for Cause, (b) by the grantee with Good Reason, or (c) by reason of death, Disability or retirement (as those terms are defined herein under the section titled *Payments Made Upon Termination Without Cause or For Good Reason*), the option grant automatically and immediately vests in full. Prior to the exercise of a unit option, the holder has no rights as a unitholder with respect to the units subject to such unit option, including voting rights or the right to receive distributions. As indicated above, the Committee elected not to grant any options in 2010.

Unit Ownership Guidelines

In August 2009, the Committee adopted minimum unit ownership guidelines for our executive officers and independent directors. Each of our Named Officers is required to own such number of units representing a value that is the multiple of his or her base salary listed below:

Executive Chairman and President and Chief Executive Officer: 5 times base salary

Executive Vice Presidents: 4 times base salary

Senior Vice Presidents: 3 times base salary

Our independent directors are required to own units representing a value that is three times the annual cash retainer for independent directors. The calculation of the applicable number of units is determined as of the last day of the fiscal year based on the average high and low closing price of the Company's units on the NASDAQ Global Select Market for the prior 12 months and salary or cash retainer in effect as of the last day of the year. The Committee has discretion to allow sufficient time to permit the Named Officer or director to regain compliance with these guidelines should he or she fall out of compliance due to fluctuating unit price. The Committee believes that continued unit ownership by executives and independent directors helps tighten the alignment among the interests of board members, executives, and unitholders and demonstrate the Named Officers' and directors' confidence in the Company.

Retirement and Other Benefits

Termination Arrangements and Change in Control Provisions

We maintain employment agreements with our Named Officers to encourage their continued service during the term of the agreement. These agreements are described in more detail elsewhere in this Proxy Statement. Please read Narrative Disclosure to the 2009 Summary Compensation Table. These agreements provide for severance compensation to be paid if the officer's employment is terminated under certain conditions as outlined in the applicable agreement, such as following a change in control, termination by us without cause, termination by the Named Officer for good reason, termination by us for cause, death or Disability.

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The employment and other compensatory agreements between us and our Named Officers and the related severance provisions are designed to meet the following objectives:

Change of Control. In certain scenarios, a merger or acquisition of the company by another person may be in the best interests of our unitholders. We provide severance compensation to the Named Officers if such officer's employment is terminated following a change of control transaction to promote the ability of the officer to act in the best interests of our unitholders even though his or her employment could be terminated as a result of the transaction.

Termination without Cause. If we terminate the employment of certain executive officers without cause as defined in the applicable agreement, we are obligated to pay the officer certain compensation and other benefits as described in greater detail in **Potential Payments Upon Termination or Change of Control** below. We believe these payments are appropriate because the terminated officer is generally bound by confidentiality obligations for five years, and nonsolicitation and non-compete provisions for one year after termination. Both parties have mutually agreed to severance terms that would be in place prior to any termination event. This provides us with more flexibility to make a change in senior management if such a change is in the best interests of the company and its unitholders.

Perquisites

We believe in a simple, straight-forward compensation program and as such, Named Officers are not provided unique perquisites or other personal benefits. The Committee periodically reviews our charitable contributions, the use of aircraft, vehicles and potential perquisites that could result in personal benefits to our Named Officers. Other than our Executive Chairman, Named Officers and employees are discouraged from personal use of company-leased aircraft; however, rather than provide incremental compensation through perquisites, all of our employees, including our Named Officers, reimburse the Company for all incremental costs for any personal use of company-leased aircraft. Consistent with the Committee's strategy, no perquisites or other personal benefits exceeded \$10,000 for any of our Named Officers in 2009.

Retirement Savings Plan

All employees, including our Named Officers, may participate in our Retirement Savings Plan, or 401(k) Plan. We provide this plan to help our employees save for retirement in a tax-efficient manner. Employees, including Named Officers, can contribute the maximum amount allowed by law. We currently make a matching contribution equal to 100% of the first 6% of eligible compensation contributed by the employee on a before-tax basis. As contributions are made throughout the year, plan participants become fully vested in the amounts contributed.

Nondiscriminatory Health and Welfare Benefits

All eligible employees, including our Named Officers, may participate in our health and welfare benefit programs, including medical, dental and vision care coverage, disability insurance and life insurance.

Tax and Accounting Implications

Code Section 162(m). Section 162(m) of the Code generally disallows a tax deduction to public companies for compensation over \$1 million paid to the principal executive officer, the principal financial officer and the three additional most highly compensated executive officers of a company (other than the principal executive officer or the principal financial officer), as reported in that company's most recent proxy statement. Qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. As part of its role, the Committee reviews and considers the deductibility of executive compensation; however, due to our status as a publicly traded partnership for tax purposes rather than a publicly held corporation, we believe that the provisions of Section 162(m) are inapplicable to us.

Code Section 280G and Code Section 4999. We consider the impact of Sections 280G and 4999 of the Code in determining our post-termination compensation, and provide reimbursement for any excise tax, interest and penalties incurred if payments or benefits received due to a change of control would be subject to an excise tax under Section 4999 of the Code.

Code Section 409A. Section 409A of the Code provides that deferrals of compensation under a nonqualified deferred compensation plan or arrangement are to be included in an individual's current gross income to the extent that

such

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deferrals are not subject to a substantial risk of forfeiture and have not previously been included in the individual's gross income, unless certain requirements are met. We structure our executive officer employment agreements, change of control plan and incentive plans, each to the extent they are subject to Section 409A, to be in compliance with Section 409A.

Accounting for Unit-Based Compensation. The Company recognizes expense for unit-based compensation over the requisite service period, in an amount equal to the fair value of unit-based payments granted.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted By:

Compensation Committee

Jeffrey C. Swoveland, Chair

George A. Alcorn

Terrence S. Jacobs

Joseph P. McCoy

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate this Proxy Statement or future filings with the SEC, in whole or in part, the preceding report shall not be deemed to be soliciting material or to be filed with the SEC or incorporated by reference into any filing except to the extent the foregoing report is specifically incorporated by reference therein.

Table of Contents**2009 SUMMARY COMPENSATION TABLE**

The following table sets forth certain information with respect to the compensation paid for the fiscal year ended December 31, 2009 to our Chief Executive Officer, our Chief Financial Officer, our three other most highly compensated executive officers (the Named Officers).

		(g) Non-Equity						
(a)		(c)	(d)	(e)	(f)	Incentive	(h)	
Name and Principal Position	(b) Year	Salary (\$) ⁽¹⁾	Bonus (\$) ⁽²⁾	Awards Unit (\$) ⁽³⁾	Awards (\$) ⁽³⁾	Compensation (\$) ⁽⁴⁾	Compensation (\$) ⁽⁵⁾	Total (\$)
Michael C. Linn								
Executive Chairman	2009	630,000		4,436,732		1,185,000	9,800	6,261,532
of the Board of	2008	530,000	500,000	1,531,602	333,400	825,000	9,200	3,729,202
Directors	2007	350,000		4,837,500		440,000	9,000	5,636,500
Mark E. Ellis								
President and	2009	415,000		1,796,927	74,671	775,000	9,800	3,071,398
Chief Executive	2008	400,000		1,148,702	250,000	500,000	9,200	2,307,902
Officer	2007	250,000		2,361,000	129,500	250,000	9,000	2,999,500
Kolja Rockov								
Executive Vice								
President and	2009	300,000		1,172,963	48,744	385,000	9,800	1,916,507
Chief Financial	2008	285,000		765,801	166,700	300,000	9,200	1,526,701
Officer	2007	275,000		4,515,000		235,000	19,000 ⁽⁶⁾	5,044,000
Charlene A. Ripley								
Senior Vice								
President,	2009	275,000		768,710	31,941	255,000	9,800	1,340,451
General Counsel and	2008	255,000		1,149,110	133,000	205,000	9,200	1,751,310
Corporate Secretary	2007	143,974	109,800			130,000	7,733	391,507
Arden L. Walker, Jr.								
Senior Vice President								
and	2009	260,000		763,686	31,735	270,000	9,800	1,335,221
Chief Operating	2008	240,000		1,506,304	138,200	195,000	9,200	2,088,704
Officer	2007	159,183	268,000			130,000	101,832	659,015

(1) Ms. Ripley joined our company in March 2007; Mr. Walker joined our company in February 2007.

(2) Mr. Linn's amount for 2008 reflects a special

bonus of
\$500,000 not
based on
previously
established and
communicated
performance
targets.

Mr. Walker's
amount for 2007
includes a)
\$185,000 in
recruiting and
relocation
bonuses paid to
him upon his
joining our
company in
2007 and b)
\$83,000, which
represents the
cash value of
distributions on
restricted units
that were
awarded under
his employment
agreement but
not formally
approved until
January 2008
(see note
(3) below).

Ms. Ripley's
amount for 2007
includes a)
\$60,000 in
recruiting
bonuses paid to
her upon her
joining our
company in
2007 and b)
\$49,800, which
represents the
cash value of
distributions on
restricted units
that were
awarded under
her employment

agreement but
not formally
approved until
January 2008
(see note
(3) below).

- (3) The amounts in columns (e) and (f) reflect the aggregate grant date fair value of awards granted under our Amended and Restated Long Term Incentive Plan, as amended (LTIP), computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 5 to our audited financial statements for the fiscal year ended December 31, 2009, included in our Annual Report on Form 10-K for the year ended December 31, 2009. In connection with entry into their employment agreements, Mr. Walker was granted 50,000 restricted units and 50,000 options and

Ms. Ripley was granted 30,000 restricted units and 30,000 options. Because the employment agreements were not formally approved by the Compensation Committee until January 2008, the awards are not considered granted until that date for purposes of FASB ASC 718; thus the aggregate grant date fair value is not included in the summary compensation table for 2007.

- (4) The amounts in column (g) reflect the cash awards approved by the Compensation Committee under our EICP for performance in 2007, 2008 and 2009. The 2007 amounts were not actually paid until March 2008, the 2008 amounts were not actually paid until February 2009 and the 2009 amounts were

not actually paid
until
February 2010.

- (5) The amount shown in column (h) reflects matching contributions allocated by us to each of our Named Officers pursuant to the Retirement Savings Plan (which is more fully described on page 19 of this Proxy Statement under the heading Retirement and Other Benefits); the 2007 amount shown for Mr. Walker includes reimbursements for relocation costs in connection with his recruitment to our company.

Distributions paid during 2009 on issued, but unvested restricted units issued pursuant to our LTIP are not shown in column (h) because the fair value shown in column (e) reflects the value of these distributions. Distributions are

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paid to our
Named Officers
at the same rate
as all
unitholders,
currently \$2.52
per unit on an
annualized
basis. Details on
the distributions
paid in 2007,
2008 and 2009,
with the value
reflected in
column (e), are
shown below.

	2009	2008	2007
Named Officer	(\$)	(\$)	(\$)
Michael C. Linn	940,880	337,428	327,000
Mark E. Ellis	453,333	358,072	218,000
Kolja Rockov	359,874	277,913	554,712
Charlene A. Ripley	189,995	84,483	
Arden L. Walker, Jr.	193,992	107,498	

- (6) We generally do not provide perquisites and other personal benefits exceeding a value of \$10,000 to any Named Officer. In 2007, we made a charitable contribution of \$10,000 benefitting the local private school that Mr. Rockov's children attend, which we deemed an indirect perquisite to Mr. Rockov.

Narrative Disclosure to the 2009 Summary Compensation Table

Michael C. Linn, Executive Chairman of the Board of Directors.

We entered into a Third Amended and Restated Employment Agreement with Mr. Linn, effective December 17, 2008, that provides for an annual base salary of \$530,000, subject to annual review and upward adjustment by the Compensation Committee. Mr. Linn is entitled to receive incentive compensation payable at the discretion of the Compensation Committee. The Compensation Committee may set, in advance, an annual target bonus. Mr. Linn is eligible for awards under the LTIP at the discretion of the Compensation Committee. Under the LTIP and the related grant agreements, Mr. Linn receives distributions payable on all vested and unvested restricted units at the same rate as that paid to all unitholders, currently \$2.52 per unit on an annualized basis.

Mr. Linn's agreement contains certain confidentiality and non-compete obligations that restrict his ability to compete with our business for up to one year following his termination, unless the termination occurs within the change of control period (as defined in the agreement) or is a termination without cause or by Mr. Linn for good reason.

Effective January 1, 2010, Mr. Linn's employment agreement was amended to change the description of duties to reflect his new position as Executive Chairman. There were no other changes to the terms of his agreement as described above.

Mark E. Ellis, President and Chief Executive Officer.

We entered into a First Amended and Restated Employment Agreement with Mr. Ellis, effective December 17, 2008, that provides for an annual base salary of \$400,000, subject to annual review and upward adjustment by the Compensation Committee. Mr. Ellis was entitled to receive a guaranteed bonus of not less than 100% of his base salary for the year ended December 31, 2008. Effective January 1, 2010, Mr. Ellis's employment agreement was amended to 1) change the description of duties to reflect his new position as President and Chief Executive Officer and 2) provide for an annual base salary not less than \$600,000, subject to annual review and upward adjustment by the Compensation Committee. There were no other changes to the terms of his agreement. The remaining terms governing Mr. Ellis's compensation under the agreement are the same as Mr. Linn's employment agreement.

In accordance with his prior employment agreement, Mr. Ellis also received in December 2007, 100,000 restricted units and an option to purchase 50,000 units at an exercise price of \$23.61, each of which vests in three equal annual installments. The restricted units and the unit option awards are subject to all provisions of our LTIP and the related grant agreements, and as such will vest in full upon a change of control or a termination without cause, with good reason or upon Mr. Ellis' death or Disability. See Potential Payments Upon Termination or Change of Control below. Under the LTIP and the related grant agreements, Mr. Ellis receives distributions payable on all vested and unvested restricted units at the same rate as that paid to all unitholders, currently \$2.52 per unit on an annualized basis.

Mr. Ellis's agreement contains confidentiality and non-compete provisions substantially similar to Mr. Linn's employment agreement except that the provisions apply also in the case of a termination without cause or by Mr. Ellis for good reason.

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Kolja Rockov, Executive Vice President and Chief Financial Officer.

We entered into a Third Amended and Restated Employment Agreement with Mr. Rockov, effective December 17, 2008, that provides for an annual base salary of not less than \$285,000, subject to annual review and upward adjustment by the Compensation Committee. The remaining terms governing Mr. Rockov's compensation under the agreement are the same as Mr. Linn's employment agreement. Mr. Rockov's agreement contains the same confidentiality and non-compete provisions as Mr. Ellis's employment agreement.

Charlene A. Ripley, Senior Vice President, General Counsel and Corporate Secretary.

We entered into a First Amended and Restated Employment Agreement with Ms. Ripley, effective December 17, 2008, that provides for an annual base salary of \$255,000, subject to annual review and upward adjustment by the Compensation Committee. The remaining terms governing Ms. Ripley's compensation under the agreement are the same as Mr. Linn's employment agreement. Ms. Ripley's agreement does not contain confidentiality and non-compete provisions.

In addition, under her prior employment agreement, Ms. Ripley received a one-time bonus of \$120,000, one half payable within 30 days of the effective date of her agreement (March 2007) and the other one half payable on the first anniversary of the effective date of her prior agreement, which amount is included in Ms. Ripley's EICP award for 2007. In addition, Ms. Ripley received, upon the effective date of her prior agreement, a grant of an aggregate 30,000 restricted units, an option to purchase 30,000 units at an exercise price of \$35.00 per unit. The restricted unit award and the unit option award each vest in three equal installments beginning in April 2008. The restricted unit and the unit option awards are subject to all provisions of our LTIP and the related grant agreements, and as such will vest in full upon a change of control or a termination without cause, with good reason or upon Ms. Ripley's death or Disability. See Potential Payments Upon Termination or Change of Control below. Under the LTIP and the related grant agreements, Ms. Ripley receives distributions payable on all vested and unvested restricted units at the same rate as that paid to all unitholders, currently \$2.52 per unit on an annualized basis.

Arden L. Walker, Jr., Senior Vice President and Chief Operating Officer.

We entered into a First Amended and Restated Employment Agreement with Mr. Walker, effective December 17, 2008, that provides for an annual base salary of \$240,000, subject to annual review and upward adjustment by the Compensation Committee. The remaining terms governing Mr. Walker's compensation under the agreement are the same as Mr. Linn's employment agreement. Mr. Walker's employment agreement contains the same confidentiality and non-compete provisions as Mr. Ellis's employment agreement.

In addition, under his prior employment agreement, Mr. Walker received a one-time bonus of \$175,000 payable within 30 days of the effective date of the agreement (February 2007), plus reimbursement of certain relocation expenses. Mr. Walker also received, upon the effective date of his prior agreement, a grant of an aggregate 50,000 restricted units, an option to purchase 50,000 units at an exercise price of \$33.00 per unit. The restricted unit award and the unit option award vests in three equal installments over three years. The restricted unit and the unit option awards are subject to all provisions of our LTIP and the related grant agreements, and as such will vest in full upon a change of control or a termination without cause, with good reason or upon Mr. Walker's death or Disability. See

Potential Payments Upon Termination or Change of Control below. Under the LTIP and the related grant agreements, Mr. Walker receives distributions payable on all vested and unvested restricted units at the same rate as that paid to all unitholders, currently \$2.52 per unit on an annualized basis.

Table of Contents**2009 GRANTS OF PLAN BASED AWARDS**

(a) Name	(b) Grant Date ⁽¹⁾	(c) Estimated Future Payouts	(d) All Other Unit	(e) All Other Option Awards;	(f) Exercise or Base Price of Option Awards (\$/sh)	(g) Grant Date Fair Value of Unit and Option Awards (\$) ⁽³⁾
		Under Non- Equity Incentive Plan Awards (\$) (Target) ⁽²⁾	Awards; Number of Units (#)	Number of Securities Underlying Options (#)		
Michael C. Linn	2/04/2009	787,500	278,165			4,436,732
Mark E. Ellis	2/04/2009	415,000	112,660			1,796,927
				135,765	15.95	74,671
Kolja Rockov	2/04/2009	255,000	73,540			1,172,963
				88,625	15.95	48,744
Charlene A. Ripley	2/04/2009	178,750	48,195			768,710
				58,075	15.95	31,941
Arden L. Walker, Jr.	2/04/2009	169,000	47,880			763,686
				57,700	15.95	31,735

(1) In each case, the grant date is the same as the date of committee approval. In addition, the Compensation Committee approved the following restricted unit grants to our Named Officers on January 27, 2010:

Name	Restricted Unit Award	Value at Grant Date
Michael C. Linn	109,091	\$2,782,911
Mark E. Ellis	116,364	\$2,968,446
Kolja Rockov	43,637	\$1,113,180
Charlene A. Ripley	29,091	\$ 742,111
Arden L. Walker, Jr.	30,910	\$ 788,514

- (2) In February 2009, the Compensation Committee set EICP targets for 2009 as a percentage of base salary. There is no threshold or maximum payout; the Compensation Committee has discretion to adjust the actual award above or below the target. The amount shown represents the payout at target; the actual awards for 2009 (awarded on January 27, 2010) are shown in column (g) of the Summary Compensation Table.
- (3) The amounts shown in column (g) represent the grant date fair value for each award under FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 5 to our audited financial statements for

the fiscal year
ended
December 31,
2009, included
in our Annual
Report on Form
10-K for the
year ended
December 31,
2009.

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Name	Option Awards				Unit Awards	
	Units Underlying Unexercised	Units Underlying	Option Exercise Price (\$)	Option Expiration Date ⁽¹⁾	Number of Units That Have not Vested (\$)	Market Value of Unvested Units (\$) ⁽²⁾
	Options	Options				
	Exercisable (#)	Unexercisable (#)				
Michael C. Linn (a) (3)	111,250	-	21.00	1/19/2016		
Michael C. Linn (a) (3)	125,000	-	27.94	12/6/2016		
Michael C. Linn (4)					50,000	1,394,000
Michael C. Linn (a) (5)	55,567	111,133	21.70	1/29/2018		
Michael C. Linn (6)					45,200	1,260,176
Michael C. Linn (7)					278,165	7,755,240
Mark E. Ellis (3)	50,000	-	32.18	12/18/2016		
Mark E. Ellis (8)	33,333	16,667	23.61	12/18/2017		
Mark E. Ellis (9)					33,334	929,352
Mark E. Ellis (5)	41,667	83,333	21.70	1/29/2018		
Mark E. Ellis (6)					33,900	945,132
Mark E. Ellis (10)	-	135,765	15.95	2/4/2019		
Mark E. Ellis (7)					112,660	3,140,961
Kolja Rockov (3)	111,250	-	21.00	1/19/2016		
Kolja Rockov (3)	85,000	-	27.94	12/6/2016		
Kolja Rockov (4)					46,667	1,301,076
Kolja Rockov (5)	27,784	55,566	21.70	1/29/2018		
Kolja Rockov (6)					22,600	630,088
Kolja Rockov (10)	-	88,625	15.95	2/4/2019		
Kolja Rockov (7)					73,540	2,050,295

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Name	Units Underlying		Option Awards		Unit Awards	
	Unexercised Options	Number of Securities Underlying Options	Option Exercise Price (\$)	Option Expiration Date ⁽¹⁾	Number of Units That Have not Vested (#)	Market Value of Unvested Units (\$) ⁽²⁾
Charlene Ripley (11)	20,000	10,000	35.00	4/11/2017		
Charlene Ripley (12)					10,000	278,800
Charlene Ripley (5)	18,067	36,133	21.70	1/29/2018		
Charlene Ripley (6)					14,700	409,836
Charlene Ripley (10)		58,075	15.95	2/4/2019		
Charlene Ripley (7)					48,195	1,343,677
Arden Walker (13)	33,333	16,667	33.00	2/5/2017		
Arden Walker (14)					16,667	464,676
Arden Walker (5)	15,284	30,566	21.70	1/29/2018		
Arden Walker (6)					12,434	346,660
Arden Walker (10)		57,700	15.95	2/4/2019		
Arden Walker (7)					47,880	1,334,894
(a) Mr. Linn, pursuant to his divorce settlement agreement, has agreed to transfer to his former wife: 1) 55,625 of his originally granted 111,250 options at an exercise price of \$21.00, 2) 62,250 of his originally granted 125,000 options at an exercise price of \$27.94 and (3) 93,352 of his						

originally
granted 166,700
options at an
exercise price of
\$21.70.

- (1) Options expire
ten years from
date of grant.
- (2) Based on the
closing sales
price of our
common units
on
December 31,
2009 of \$27.88.
- (3) These unit
options are fully
vested as of the
date of this
Proxy
Statement.
- (4) These restricted
unit awards vest
in three equal
installments on
January 19,
2008, 2009 and
2010.
- (5) These unit
options vest in
three equal
installments on
January 19,
2009, 2010 and
2011.
- (6) These restricted
unit awards vest
in three equal
installments on
January 19,
2009, 2010 and
2011.
- (7) These restricted
unit awards vest

in three equal
installments on
January 19,
2010, 2011,
2012.

- (8) These unit
options vest in
three equal
installments on
December 18,
2008, 2009 and
2010.
- (9) These restricted
unit awards vest
in three equal
installments on
January 1, 2008,
2009 and 2010.
- (10) These unit
options vest in
three equal
installments on
January 19,
2010, 2011,
2012.
- (11) These unit
options vest in
three equal
installments on
April 11, 2008,
2009 and 2010.
- (12) These restricted
unit awards vest
in three equal
installments on
April 11, 2008,
2009 and 2010.

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- (13) These unit options vest in three equal installments on February 5, 2008, 2009 and 2010.
- (14) These restricted unit awards vest in three equal installments on February 5, 2008, 2009 and 2010.

2009 OPTION EXERCISES AND UNITS VESTED

None of our Named Officers exercised any options during 2009.

(a) Name	Option Awards		Unit Awards	
	(b) Number of Units Acquired on Exercise (#)	(c) Value Realized on Exercise (\$)	(d) Number of Units Acquired on Vesting (#)	(e) Value Realized on Vesting (\$) ⁽¹⁾
Michael C. Linn ⁽²⁾			72,600	1,160,148
Mark E. Ellis			100,283	1,518,356
Kolja Rockov ⁽³⁾			57,966	926,297
Charlene A. Ripley			17,350	269,953
Arden L. Walker, Jr.			22,882	367,321

- (1) The value realized represents the total fair market value of the shares on the vesting date reported as earned compensation during 2009.
- (2) Mr. Linn vested and retired 20,541 units to satisfy statutory

federal payroll
tax withholding
requirements.

- (3) Mr. Rockov
vested and
retired 15,705
units to satisfy
statutory federal
payroll tax
withholding
requirements.

PENSION BENEFITS

We do not provide pension benefits for our Named Officers or other employees. Retirement benefits are provided through the Retirement Savings Plan, as discussed previously.

NON-QUALIFIED DEFERRED COMPENSATION

We do not have a non-qualified deferred compensation plan and as such, no compensation has been deferred by our Named Officers or our other employees. The Retirement Savings Plan is a 401(k) deferred compensation arrangement and a qualified plan under section 401(a) of the Internal Revenue Code (Code).

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

Payments Made Upon Termination For Any Reason

Under each of our Named Officer's employment agreement, regardless of the manner in which his or her employment terminates, the executive will be entitled to receive amounts earned (but unpaid) during his term of employment. Such amounts include:

earned, but unpaid base salary;

unused vacation pay;

amounts contributed and vested through our Retirement Savings Plan; and

any other amounts that may be reimbursable by us to the Named Officer under his or her employment agreement.

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Payments Made Upon Termination Without Cause or for Good Reason

In addition to the payments described above, in the event of termination by us other than for Cause or termination by the executive for Good Reason except in the event of a change of control, each Named Officer's employment agreement provides for severance payments equal to two times the Named Officer's highest base salary in effect at any time during the 36 months prior to the date of the termination. Each Named Officer will also receive his earned, but unpaid EICP awards determined as follows:

(i) If the Named Officer was employed for the entire previous year but was terminated prior to the Compensation Committee finally determining his or her EICP award for the preceding year, then the Named Officer will be deemed to have been awarded 100% of his target EICP award for that year; or

(ii) If the Named Officer was employed for the entire previous year and the Compensation Committee had already finally determined the EICP award for the preceding year by the date of termination, but it had not yet been paid, then the Named Officer will receive the actual amount of the EICP award; *plus* in either case an amount representing a pro-rata, deemed (assuming an award at 100% of his or her target) EICP award for the fiscal year in which the termination date occurs. We will also pay our portion of COBRA continuation coverage, as well as pay certain costs of continuing medical coverage after the expiration of the maximum required period under COBRA. The footnotes to the table below describes each Named Officer's specific severance payments.

In addition, in the event of termination by us other than for Cause or termination by the Named Officer for Good Reason, all outstanding restricted unit and unit option awards will vest in full.

We will have Cause to terminate the Named Officer's employment by reason of any of the following: a) his or her conviction of, or plea of *nolo contendere* to, any felony or to any crime or offense causing substantial harm to us (whether or not for personal gain) or involving acts of theft, fraud, embezzlement, moral turpitude or similar conduct; b) his or her repeated intoxication by alcohol or drugs during the performance of his or her duties; c) his or her willful and intentional misuse of any of our funds; d) embezzlement by him or her; e) his or her willful and material misrepresentations or concealments on any written reports submitted to us; f) his or her willful and intentional material breach of his or her employment agreement; g) his or her willful and material failure to follow or comply with the reasonable and lawful written directives of the board of directors; or h) conduct constituting a material breach of our then current (A) Code of Business Conduct and Ethics, and any other written policy referenced therein, or (B) the Code of Ethics for Chief Executive Officer and Senior Financial Officers, if applicable, provided that in each case the Named Officer knew or should have known such conduct to be a breach.

Good Reason will mean any of the following to which the Named Officer will not consent in writing: (i) a reduction in his or her then current base salary; (ii) failure by us to pay in full on a current basis (A) any of the compensation or benefits described in the Named Officer's employment agreement that are due and owing, or (B) any amounts that are due and owing to the Named Officer under any long-term or short-term or other incentive compensation plans, agreements or awards; (iii) material breach of any provision of the Named Officer's employment agreement by us; (iv) any material reduction in the Named Officer's title, authority or responsibilities; or (v) a relocation of the Named Officer's primary place of employment to a location more than fifty (50) miles from our then current location in Houston, Texas.

If the Named Officer is terminated for Cause or voluntarily terminates his or her employment without Good Reason, the Named Officer will receive only the amounts identified under Payments Made Upon Termination For Any Reason.

Payments Made Upon Death or Disability

In the event of the death or Disability of a Named Officer, he or she will receive amounts earned (but unpaid) during his term of employment as described above. In addition, upon the death or Disability of a Named Officer, all outstanding restricted units and unit option awards will vest in full.

Disability means the earlier of (a) written determination by a physician selected by us and reasonably agreed to by the Named Officer that the Named Officer has been unable to perform substantially his or her usual and customary duties for a period of at least one hundred twenty (120) consecutive days or a non-consecutive period of one hundred eighty (180) days

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during any twelve-month period as a result of incapacity due to mental or physical illness or disease; and (b) Disability as such term is defined in our applicable long-term disability insurance plan.

Payments Made Upon a Termination Following a Change of Control

Our LTIP and the employment agreements with each Named Officer provide certain benefits if his or her employment is terminated by us without Cause (as defined above) or by the Named Officer for Good Reason (as defined above) during the period beginning six (6) months prior to a Change of Control and ending two (2) years following the Change of Control.

In addition to the earned benefits and amounts listed under the heading Payments Made Upon Termination For Any Reason, the Named Officer will receive:

a lump sum severance payment that ranges from two to three times the sum of the Named Officer's base salary at the highest rate in effect at any time during the thirty-six (36) month period immediately preceding the termination date, *plus* the highest EICP award that the Employee was paid in the thirty-six (36) months immediately preceding the Change of Control;

COBRA continuation coverage as described above upon a termination without Cause or for Good Reason;

his or her earned, but unpaid EICP award determined as described above upon a termination without Cause or for Good Reason;

an amount equal to the excise tax charged to the Named Officer as a result of the receipt of any change of control payments; and

all restricted unit and unit options awards held by the Named Officer will automatically vest and become exercisable.

With respect to the definition of Change of Control, each of the Named Officers' employment agreements are the same. Change of Control means the first to occur of:

1. The acquisition by any individual, entity or group (within the meaning of Section 13(d) (3) or 14(d) (2) of the Exchange Act) (a Person) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of either (A) the then-outstanding equity interests of Linn Energy (the Outstanding Linn Energy Equity) or (B) the combined voting power of the then-outstanding voting securities of Linn Energy entitled to vote generally in the election of directors (the Outstanding Linn Energy Voting Securities); provided, however, that, for purposes of this Section 1, the following acquisitions will not constitute a Change of Control: (1) any acquisition directly from Linn Energy, (2) any acquisition by Linn Energy, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Linn Energy or any affiliated company, or (4) any acquisition by any corporation or other entity pursuant to a transaction that complies with Section (3)(A), Section (3)(B) or Section (3)(C) below;
2. Any time at which individuals who, as of the date hereof, constitute the Board (the Incumbent Board) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Linn Energy's Unitholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board;
3. Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving Linn Energy or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of Linn Energy, or the acquisition of assets or equity interests of another entity by Linn Energy or any

of its subsidiaries (each, a Business Combination), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Linn Energy Equity and the Outstanding Linn Energy Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then-outstanding equity interests and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of

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directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation or other entity that, as a result of such transaction, owns Linn Energy or all or substantially all of Linn Energy's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Linn Energy Equity and the Outstanding Linn Energy Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Linn Energy or such corporation or other entity resulting from such Business Combination) beneficially owns, directly or indirectly, thirty-five percent (35%) or more of, respectively, the then-outstanding equity interests of the corporation or other entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation or other entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation or equivalent body of any other entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

4. Consummation of a complete liquidation or dissolution of Linn Energy.

Excise Taxes

If any benefits payable or otherwise provided under each Named Officer's employment agreement would be subject to the excise tax imposed by Section 4999 of the Code (Excise Tax), then we will provide for the payment of, or otherwise reimburse the executive for, an amount up to such Excise Tax and any related taxes, fees or penalties thereon.

Non-Competition Provisions

The non-competition provisions of the employment agreements of each of the Named Officers are described above in the section of the Proxy Statement titled "Narrative Disclosure to the 2009 Summary Compensation Table."

Table of Contents**Quantification of Payments on Termination**

The chart below reflects the amount of compensation to each of our Named Officers in the event of termination of such officer's employment pursuant to his or her employment agreement and our LTIP. The amount of compensation payable to each Named Officer upon voluntary termination with "Good Reason", involuntary termination other than for "Cause", termination following a "Change of Control" and the occurrence of the "Disability" or death of the executive is shown below. The amounts shown are calculated assuming that such termination was effective as of December 31, 2009, and thus include amounts earned through such time (other than amounts payable pursuant to our Retirement Savings Plan) and are estimates of the amounts which would be paid to the executives upon their termination. The actual amounts to be paid out can only be determined at the time of the Named Officer's actual separation from us.

Name and Reason for Termination	Severance		Health Benefits (\$)	Early Vesting of Equity Awards (\$)	Estimated Tax Gross Up (\$)	Total (\$)
	Pay (\$)	Bonus(\$) ⁽⁴⁾		(a)	(5)	
Michael C. Linn ⁽¹⁾						
Without cause or by employee for good reason	1,260,000	787,500	22,034	11,518,220		13,587,754
Change of Control	4,365,000	787,500	33,051	11,518,220		16,703,771
Disability or Death		787,500		11,518,220		12,305,720
Mark E. Ellis ⁽¹⁾						
Without cause or by employee for good reason	830,000	415,000	32,098	5,415,279		6,692,377
Change of Control	2,745,000	415,000	48,147	5,415,279		8,623,426
Disability or Death		415,000		5,415,279		5,830,279
Kolja Rockov ⁽²⁾						
Without cause or by employee for good reason	600,000	255,000	20,370	4,918,564		5,793,934
Change of Control	1,500,000	255,000	25,463	4,918,564		6,699,027
Disability or Death		255,000		4,918,564		5,173,564
Charlene A. Ripley ⁽³⁾						
Without cause or by employee for good reason	550,000	178,750	25,185	2,143,967		2,897,902
Change of Control	960,000	178,750	25,185	2,143,967		3,307,902
Disability or Death		178,750		2,143,967		2,322,717
Arden L. Walker, Jr. ⁽³⁾						
Without cause or by employee for good reason	520,000	169,000	25,187	2,240,685		2,954,872
Change of Control	910,000	169,000	25,187	2,240,685		3,344,872
Disability or Death		169,000		2,240,685		2,409,685

(a) Closing price of units on December 31,

2009 was \$27.88. All awards under the LTIP fully vest upon termination without cause, good reason, disability or a change of control (as each is defined in the respective employment agreements).

- (1) If Mr. Linn s or Mr. Ellis s employment is terminated without cause or by employee for good reason, each of their employment agreements provides that, in addition to the amounts earned but unpaid, (1) he will receive a lump sum severance payment of two times his base salary at the highest rate in effect at any time during the thirty-six (36) month period immediately preceding the termination (Severance Pay), (2) we will pay our portion of COBRA continuation

coverage, as well as pay certain costs of continuing medical coverage for Mr. Linn and Mr. Ellis for up to six months after the expiration of the maximum required period under COBRA; and 3) all of Mr. Linn's and Mr. Ellis's granted but unvested awards under the LTIP shall immediately vest.

If Mr. Linn or Mr. Ellis is terminated without cause or by employee for good reason during the period beginning six (6) months prior to a Change of Control and ending two (2) years following a Change of Control (COC Period), each is entitled to the same severance benefits described above, except that 1) the Severance Pay will be three times the sum of

a) his highest base salary in effect at any time during the 36 month period immediately preceding termination (Highest Base Salary) and b) his highest annual EICP award in the 36 months prior to the change of control (Highest EICP Award) and 2) the period for continued coverage of medical benefits will be up to eighteen months after the expiration of the maximum required by COBRA. Mr. Linn and Mr. Ellis also will receive a gross

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up of any Excise
Tax (Excise Tax
Gross Up) and
of any
Section 409A
penalties and
interest.

- (2) In the event of
termination
without cause or
by employee for
good reason,
Mr. Rockov's
employment
agreement
provides for
severance
benefits
substantially
similar to
Mr. Linn and
Mr. Ellis. If
Mr. Rockov is
terminated
without cause or
by employee for
good reason
during the COC
Period, his
benefits are
substantially
similar to
Mr. Linn's and
Mr. Ellis's
except that 1)
his Severance
Pay is 2.5 times
the sum of his
Highest Base
Salary and
Highest EICP
Award and 2)
the period for
continued
coverage of
medical benefits
will be up to
twelve months

after the
expiration of the
maximum
required period
under COBRA.
Mr. Rockov's
employment
agreement
includes the
Excise Tax
Gross Up but no
gross up for
penalties or
interest under
Section 409A.

- (3) In the event of
termination
without cause or
by employee for
good reason,
Mr. Walker's
and Ms. Ripley's
employment
agreement
provides for
severance
benefits
substantially
similar to Mr.
Linn and
Mr. Ellis. If
Mr. Walker or
Ms. Ripley is
terminated
without cause or
by employee for
good reason
during the COC
Period, each
will be entitled
to substantially
the same
benefits as
Mr. Linn and
Mr. Ellis, except
1) Severance
Pay shall be two
times the sum of
his or her
Highest Base

Salary and Highest EICP Award, and 2) the period for continued coverage of medical benefits will remain up to six months after the expiration of the maximum required period under COBRA. Mr. Walker's and Ms. Ripley's employment agreements include the Excise Tax Gross Up but no gross up for penalties or interest under Section 409A.

- (4) The amounts listed under Bonus represent each Named Officer's target EICP award for 2009. As described above under Payments Made Upon Termination Without Cause or for Good Reason, if the Named Officer was employed for the entire previous year but was terminated prior to the Compensation Committee finally determining his

or her EICP award for the preceding year (in the hypothetical case presented in the table above, on December 31, 2009), he or she would have received his or her target EICP award. The Compensation Committee determined actual EICP awards for 2009 performance on January 27, 2010; the actual awards for each Named Officer are identified in column (g) of the Summary Compensation Table, but are not reflected in the table above.

- (5) Using a hypothetical termination date of December 31, 2009, we determined that none of our Named Officers would have excess parachute payments as defined in Section 280G of the Code; thus none would be entitled to a tax gross up.

DIRECTOR COMPENSATION

We use a combination of cash and unit-based incentive compensation to attract and retain qualified candidates to serve on our Board. In setting director compensation, we consider the significant amount of time that directors expend in fulfilling their duties to us as well as the skill level required by us of members of our Board.

Annual Retainer and Fees. In 2009, each independent director (as determined by our Board pursuant to applicable NASDAQ listing standards) received the following cash compensation for serving on our Board:

An annual cash retainer of \$40,000, paid in four installments quarterly;

A per meeting fee of \$1,500, payable quarterly;

A per committee meeting fee of \$1,000, payable quarterly; and

Committee chair fees (each payable quarterly) of:

\$15,000 for our Audit Committee chair;

\$5,000 for our Nominating and Governance Committee chair; and

\$7,500 for our Compensation Committee chair.

Restricted Unit Grant. In February 2009, the Compensation Committee approved an annual grant of 8,000 restricted units to each of the Company's independent directors. Restricted units are granted under the Company's LTIP and vest over three years. The restricted units have the same terms and conditions as grants made to our Named Officers.

Table of Contents**2009 Director Summary Compensation Table**

The table below summarizes the compensation we paid to our independent Directors for the fiscal year ended December 31, 2009.

(a) Name ⁽¹⁾	(b) Fees Earned or Paid in Cash (\$)	(c) Unit Awards (\$) ^{(2) (3)}	(d) Option Awards (\$) ⁽²⁾	(e) All Other Compensation (\$) ⁽⁴⁾	(f) Total (\$)
George A. Alcorn	78,500	127,600		45,224	251,324
Terrence S. Jacobs	78,692	127,600		45,224	251,516
Joseph P. McCoy	83,308	127,600		37,664	248,572
Jeffrey C. Swoveland	79,500	127,600		45,224	252,324

(1) Michael C. Linn, our Executive Chairman, and Mark E. Ellis, our President and Chief Executive Officer (appointed to our Board in January 2010) are not included in this table as each is our employee and thus receives no additional compensation for his service as director. Mr. Linn's and Mr. Ellis's compensation is shown in the Summary Compensation Table above.

(2) Reflects the aggregate grant date fair value of 2009 awards computed in accordance with

FASB ASC
Topic 718. The
following
represents
outstanding unit
grant awards as
of December 31,
2009:

	Phantom	Value at				Restricted	Value at
	Unit	Grant Date	Vested	Vested	Strike	Unit	Grant Date
Director	Awards		Phantom	Unit		Awards	
	(#)	(\$)	Units (#)	(#)	Price (\$)	(#)	(\$)
George A. Alcorn	9,946	277,918	9,946	10,000	20.18	8,000	127,600
Terrence S. Jacobs	9,946	277,918	9,946	10,000	20.18	8,000	127,600
Joseph P. McCoy	6,946	196,798	6,946			8,000	127,600
Jeffrey C. Swoveland	9,946	277,918	9,946	10,000	20.18	8,000	127,600

- (3) In addition, the Committee approved the following restricted unit grants to our Directors on January 27, 2010:

	Restricted	Value at
Director	Unit	Grant Date
	Awards	
	(#)	(\$)
George A. Alcorn	4,182	106,683
Terrence S. Jacobs	4,182	106,683
Joseph P. McCoy	4,182	106,683
Jeffrey C. Swoveland	4,182	106,683

- (4) Reflects the dollar amount of distributions paid in 2009 on the phantom and restricted units reported in (2) above.

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The following table sets forth as of February 14, 2010, the number of units beneficially owned by: (i) each person who is known to us to beneficially own more than 5% of a class of units; (ii) the current directors and nominees of our Board; (iii) each Named Officer; and (iv) all current directors and executive officers as a group. We obtained certain information in the table from filings made with the SEC. Unless otherwise noted, each beneficial owner has sole voting power and sole investment power.

Name of Beneficial Owner⁽¹⁾	Units Beneficially Owned	Percentage of Units Beneficially Owned
Michael C. Linn ⁽²⁾⁽³⁾	1,338,365	1.03%
Mark E. Ellis ⁽²⁾⁽³⁾	560,953	*
Kolja Rockov ⁽²⁾⁽³⁾⁽⁴⁾	296,604	*
Charlene A. Ripley ^{(2) (3)}	122,848	*
Arden L. Walker, Jr. ⁽²⁾⁽³⁾	154,823	*
George A. Alcorn ⁽²⁾⁽³⁾	14,182	*
Terrence S. Jacobs ⁽²⁾⁽³⁾⁽⁵⁾	157,182	*
Joseph P. McCoy ⁽²⁾⁽³⁾	21,182	*
Jeffrey C. Swoveland ⁽²⁾⁽³⁾	12,182	*
All executive officers and directors as a group (10 persons) ⁽⁶⁾	2,779,202	2.13%

* Less than 1% of class based on 130,554,909 units outstanding as of the Record Date.

(1) To our knowledge after reviewing Schedule 13G/Ds filed with the SEC, we are not aware of any holders who beneficially own more than 5% of our units.

(2) The address of each beneficial owner, unless otherwise noted, is c/o Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas

77002.

- (3) Includes unvested restricted unit awards that vest in equal installments, generally over approximately three years. Please see Outstanding Equity Awards at December 31, 2009 for vesting schedule of unvested awards.
- (4) Includes 400 units as custodian under certain Uniform Gifts to Minors Accounts (UGMA) for immediate family members as to which Mr. Rockov disclaims beneficial ownership. Includes 192,241 units Mr. Rockov has pledged to secure certain personal accounts.
- (5) Includes 2,500 units owned indirectly by Mr. Jacobs as UGMA custodian for immediate family members and 100,000 units owned indirectly by Mr. Jacobs through Penneco Exploration Co LLC, a company

of which, through a trust, Mr. Jacobs owns 50% of the voting interests.

- (6) Percentage ownership of executive officer and directors is based on total units outstanding as of the Record Date.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the ordinary course of our business, we purchase products or services from, or engage in other transactions with, various third parties. Occasionally, these transactions may involve entities that are affiliated with one or more members of our Board. When they occur, these transactions are conducted in the ordinary course and on an arms-length basis.

Review and Approval of Related Party Transactions

We review all relationships and transactions in which our company and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. We have developed and implemented processes and controls to obtain information from our directors and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether we or a related person has a direct or indirect material interest in the transaction. As required under SEC rules, transactions that are determined to be directly or indirectly material to us or a related person are disclosed in our annual proxy statement. In addition, our Audit Committee or Board (if appropriate) reviews and approves or ratifies or disapproves any related person

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transaction that is required to be disclosed. In the course of its review of a disclosable related party transaction, consideration is given to:

the nature of the related person's interest in the transaction;

the material terms of the transaction, including, without limitation, the amount and type of transaction;

the importance of the transaction to the related person;

the importance of the transaction to us;

whether the transaction would impair the judgment of a director or executive officer to act in our best interest; and

any other matters deemed appropriate.

Any director who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction; provided, however, that such director may be counted in determining the presence of a quorum at the meeting where the transaction is considered.

Related Party Transactions

We were not a participant in any related party transactions during the fiscal year ended December 31, 2009.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than 10% of our common units to file reports of ownership and changes in ownership concerning our common units with the SEC and to furnish us with copies of all Section 16(a) forms they file. Based solely upon our review of the Section 16(a) filings that have been received by us, we believe that all filings required to be made under Section 16(a) during 2009 were timely made except for one late Form 4 filing by Kolja Rockov, our Executive Vice President and Chief Financial Officer, reporting 58,742 units surrendered to satisfy tax withholding obligations upon the vesting of restricted units in January 2008. Mr. Rockov filed the Form 4 on April 8, 2009 reporting the transaction.

UNITHOLDER PROPOSALS AND DIRECTOR NOMINATIONS

Unitholders may propose matters to be presented at unitholders' meetings and may also recommend persons for nomination or nominate persons to be directors, subject to the formal procedures that have been established under our limited liability company agreement.

Proposals for 2011 Annual Meeting

Pursuant to rules promulgated by the SEC, any proposals of unitholders of our company intended to be presented at the Annual Meeting of Unitholders to be held in 2011 and included in our Proxy Statement and form of proxy relating to that meeting, must be received at our principal executive offices, 600 Travis, Suite 5100, Houston, Texas, 77002, no later than November 16, 2010. Such proposals must be in conformity with all applicable legal provisions, including Rule 14a-8 of the General Rules and Regulations under the Securities Exchange Act of 1934.

In addition to the SEC rules described in the preceding paragraph, pursuant to Section 11.13 of our limited liability company agreement, only proposals of business made in accordance with the following procedures are eligible for consideration by our unitholders at an annual meeting of unitholders. Proposals may be made only (i) by or at the direction of our Board or (ii) by any holder of units who is entitled to vote at the meeting and who complied with the following notice procedures. For proposals to be properly brought before an annual meeting by a unitholder:

(i) the unitholder must have given timely notice thereof in writing to our Corporate Secretary,

(ii) such business must be a proper matter for unitholder action under our limited liability company agreement and the Delaware Act,

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(iii) if the unitholder, or the beneficial owner on whose behalf any such proposal is made, has provided us with a solicitation notice, such unitholder or beneficial owner must have delivered a proxy statement and form of proxy to holders of at least the percentage of outstanding units required under our limited liability company agreement or Delaware law to carry any such proposal, and must have included in such materials the solicitation notice, and

(iv) if no solicitation notice relating thereto has been timely provided, the unitholder or beneficial owner proposing such business must not have solicited a number of proxies sufficient to have required the delivery of such a solicitation notice.

Our limited liability company agreement provides that to be timely, a unitholder's notice must be delivered to our Corporate Secretary at our principal executive offices not less than 90 days or more than 120 days prior to the first anniversary of the date on which we first mailed our proxy materials for the preceding year's annual meeting. **For a proposal of business to be considered at the 2011 Annual Meeting of Unitholders, a unitholder's notice should be properly submitted to our Corporate Secretary at our principal executive offices, 600 Travis, Suite 5100, Houston, Texas, 77002, no later than December 16, 2010, but not earlier than November 16, 2010.**

A unitholder's notice to our Corporate Secretary must set forth (a) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such unitholder and the beneficial owner, if any, on whose behalf the proposal is made; and (b) as to the unitholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (i) the name and address of such unitholder, as they appear on our books, and of such beneficial owner, (ii) the class and number of units which are owned beneficially and of record by such unitholder and such beneficial owner, and (iii) whether either such unitholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of at least the percentage of units required under our limited liability company agreement or Delaware law to carry the proposal.

Nominations for 2011 Annual Meeting

Pursuant to Section 11.13(b) of our limited liability company agreement, only persons who are nominated in accordance with the following procedures are eligible for election as directors. Nominations of persons for election to our Board may be made at a meeting of unitholders only (a) by or at the direction of our Board or (b) by any unitholder of our company: (i) who is entitled to vote at the meeting, (ii) who was a record holder of a sufficient number of units as of the record date for such meeting to elect one or more members to our Board assuming that such holder cast all of the votes it is entitled to cast in such election in favor of a single candidate and such candidate received no other votes from any other holder of units (or, in the case where such holder holds a sufficient number of units to elect more than one director, such holder votes its units as efficiently as possible for such candidates and such candidates receive no further votes from holders of outstanding units) and (iii) who complies with the following notice procedures. All nominations, other than those made by or at the direction of our Board, must be made pursuant to timely notice in writing to our Corporate Secretary. With respect to director elections held at our Annual Meetings, our limited liability company agreement provides that to be timely, a unitholder's notice must be delivered to our Corporate Secretary at our principal executive offices not less than 90 days or more than 120 days prior to the first anniversary of the date on which we first mailed our proxy materials for the preceding year's annual meeting. **For a nomination of any person for election to our Board to be considered at the 2011 Annual Meeting of Unitholders, it must be properly submitted to our Corporate Secretary at our principal executive offices, 600 Travis, Suite 5100, Houston, Texas, 77002, no later than December 16, 2010, but not earlier than November 16, 2010.**

A unitholder's notice to our Corporate Secretary must set forth (a) as to each person whom the unitholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; and (b) as to the unitholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made (i) the name and address of such unitholder as they appear on our books and of such beneficial owner, (ii) the class and number of units which are owned beneficially and of record by such unitholder and such beneficial owner, and (iii) whether either such unitholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of

units to elect such nominee or nominees.

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Recommendation of Director Candidates to the Nominating and Governance Committee

A unitholder or a group of unitholders may recommend potential candidates for consideration by the Nominating and Governance Committee by sending a written request to our Corporate Secretary not earlier than the 120th calendar day and not later than the 90th calendar day before the first anniversary of the mailing of the proxy materials in connection with the preceding year's annual meeting. Such written request must be sent to our principal executive offices, 600 Travis, Suite 5100, Houston, Texas 77002, Attn: Corporate Secretary. The written request must include the candidate's name, contact information, biographical information and qualifications. The request must also include the potential candidate's written consent to being named in the proxy statement as a nominee and to serving as a director if nominated and elected. Additional information may be requested from time to time by the committee from the nominee or the unitholder or group of unitholders.

SOLICITATION AND MAILING OF PROXIES

The expense of preparing, printing and mailing this Proxy Statement and the proxies solicited hereby will be borne by us. In addition to the use of the mail, proxies may be solicited by our representatives in person or by telephone, electronic mail or facsimile transmission. These representatives will not be additionally compensated for such solicitation, but may be reimbursed for out-of-pocket expenses incurred. If undertaken, we expect the expenses of such solicitation by our representatives to be nominal. We will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of our units as of the Record Date and will provide reimbursement for the cost of forwarding the proxy materials in accordance with customary practice.

If a unitholder wishes to give such holder's proxy to someone other than the names appearing in the proxy card, the names appearing in the proxy card must be crossed out and the name of another individual or individuals (not more than three) inserted. The signed card must be presented at the Annual Meeting by the individual or individuals representing such unitholder.

As a matter of policy, proxies, ballots, and voting tabulations that identify individual unitholders are kept private by us. Such documents are available for examination only by the inspectors of election and certain personnel associated with processing proxy cards and tabulating the vote. The vote of any unitholder is not disclosed except as necessary to meet legal requirements.

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We file annual, quarterly and current reports and proxy statements with the SEC. Our SEC filings are available to the public over the internet at the SEC's website at www.sec.gov. You may also read and copy any document that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. You can call the SEC at 1-800-SEC-0330 for further information on the public reference room and its copy charges. We maintain a website at www.linnenergy.com, where we post our SEC filings.

You may request copies of our filings, including any documents incorporated by reference in this Proxy Statement as described below, without charge, by calling our Investor Relations representative at (281) 840-4110 or write to Investor Relations, 600 Travis, Suite 5100 Houston, Texas 77002.

If you would like to request documents from us, please do so at least five business days before the date of the Annual Meeting in order to receive timely delivery of the documents before the Annual Meeting. If you request any incorporated documents from us, we will mail them to you by first class mail or other equally prompt means within one business day of receipt of your request, provided that we will not mail any exhibits to the information that is incorporated by reference unless such exhibits are specifically incorporated by reference into the information that this Proxy Statement incorporates.

You should rely only on the information contained or incorporated by reference in this Proxy Statement to vote your units at the Annual Meeting. We have not authorized anyone to provide you with information that is different from what is contained or incorporated by reference in this Proxy Statement.

The information contained in this document or any document incorporated by reference herein speaks only as of the date indicated on the cover of this document or the document incorporated by reference unless the information specifically indicates that another date applies.

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OTHER MATTERS FOR 2010 ANNUAL MEETING

As of the date of this Proxy Statement, our Board knows of no matters to be acted upon at the Annual Meeting other than the proposals included in the accompanying notice and described in this Proxy Statement. If any other matter requiring a vote of unitholders arises, including a question of adjourning the Annual Meeting, the persons named as proxies in the accompanying proxy card will have the discretion to vote thereon according to their best judgment of what they consider to be in the best interests of our company. The accompanying proxy card confers discretionary authority to take action with respect to any additional matters that may come before the Annual Meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

Charlene A. Ripley
*Senior Vice President, General Counsel and
Corporate Secretary*
Houston, Texas
March 16, 2010

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***LINN ENERGY, LLC: JPMorgan Chase
Tower
600 TRAVIS, SUITE 500
HOUSTON, TX 77002***

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to

Vote Processing, c/o Broadridge, 51 Mercedes Way,
Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE
OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

**The Board of
Directors
recommends that
you
vote FOR the
following:**

For Withhold For ALL
All All Except

To withhold authority to vote for any individual
nominee(s), mark For All Except and write the
number(s) of the nominee(s) on the line below.

☐ ☐ ☐

1 Election of
Directors
Nominees

01 Michael E. Linn 02 Mark E. Ellis 03 George A. Alcorn 04 Terrence S. Jacobs
05 Jeffrey C. Swoveland
06 Joseph P. McCoy

For Against Abstain

**The Board of Directors recommends you vote FOR the following
proposal(s):**

2. Ratification of Appointment of KPMG LLP as Independent Auditors
for the fiscal year ending December 31, 2010.

☐ ☐ ☐

NOTE: In their discreption, upon such other matters that may properly
come before the meeting or any adjournment or adjournments thereof.

For address change/comments, mark here. ☐
(see reverse for instructions) **Yes No**

Please indicate if you plan to attend this meeting ☐ ☐

Please sign exactly as your name(s) appear(s) hereon. When signing as
attorney, executor, administrator, or other fiduciary, please give full title
as such. Joint owners should each sign personally. All holders must sign.
If a corporation or partnership, please sign in full corporate or partnership

name, by authorized officer.

Signature [PLEASE SIGN WITHIN Date
BOX]

Signature (Joint Date
Owners)

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Annual Report, Notice & Proxy Statement is/are available at www.proxyvote.com.

**LINN ENERGY, LLC
PROXY FOR ANNUAL MEETING OF UNITHOLDERS
April 27, 2010**

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned hereby appoints Michael C. Linn, Mark E. Ellis and Charlene A. Ripley, and each of them, as proxies, each with the power to appoint his or her substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the units of LINN ENERGY, LLC that the unitholder is entitled to vote at the Annual Meeting of Unitholders to be held on April 27, 2010, and at any adjournment or postponement thereof.

Whether or not you expect to attend the annual meeting, please vote the units. As explained on the other side of this proxy, you may vote by Internet or by telephone, or you may execute and return this proxy, which may be revoked at any time prior to its use.

This proxy, when properly executed, will be voted in the manner directed by the undersigned unitholder. **IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL OF THE DIRECTORS NAMED ON THE OTHER SIDE OF THIS PROXY (PROPOSAL 1) AND FOR RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS (PROPOSAL 2).**

Address change / comments:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side