

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

John H. Bemis  
Cabinet Secretary

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Deputy Cabinet Secretary

Jami Bailey, Division Director  
Oil Conservation Division



**\*Response Required – Deadline Enclosed\***

*Underground Injection Control Program  
"Protecting Our Underground Sources of Drinking Water"*

11-May-12

LINN OPERATING, INC  
600 TRAVIS SUITE 5100  
HOUSTON TX 77002

**LETTER OF VIOLATION and SHUT-IN DIRECTIVE  
Failed Mechanical Integrity Test**

Dear Operator:

The following test(s) were performed on the listed dates on the following well(s) shown below in the test detail section.

The test(s) indicates that the well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. To comply with guidelines established by the U.S. Environmental Protection Agency, the well(s) must be shut-in immediately until it is successfully repaired. The test detail section which follows indicates preliminary findings and/or probable causes of the failure. This determination is based on a test of your well or facility by an inspector employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the nature of the well failure.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so the test may be witnessed by a field representative.

***MECHANICAL INTEGRITY TEST DETAIL SECTION***

**H E WEST B No.021**

**30-015-05127-00-00**

Active Injection - (All Types)

M-10-17S-31E

Test Date: 5/10/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 10/31/2012

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: There was a blow of fluid from the casing valve. After the pressure blew down, there was a small but steady stream of fluid from the valve. Possible casing leak.

**SKELLY UNIT No.069**

**30-015-05337-00-00**

Active Injection - (All Types)

L-21-17S-31E

Test Date: 4/26/2012

Permitted Injection PSI:

Actual PSI: 1250

Test Reason: 5-year Test

Test Result: F

Repair Due: 10/31/2012

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: Well will not hold pressure. Built up to 200 psi, then sudden drop. Pumped 26 bbls and would not build back up. Casing went on vacuum.

**SKELLY UNIT No.065**

**30-015-05342-00-00**

Active Injection - (All Types)

G-21-17S-31E

|                                                                                                    |                 |                          |             |
|----------------------------------------------------------------------------------------------------|-----------------|--------------------------|-------------|
| Test Date:                                                                                         | 4/26/2012       | Permitted Injection PSI: | Actual PSI: |
| Test Reason:                                                                                       | Annual IMIT     | Test Result:             | Repair Due: |
| Test Type:                                                                                         | Bradenhead Test | FAIL TYPE:               | FAIL CAUSE: |
| Comments on MIT: Well not Tested Tubing guage same as casing guage. Probably tubing leak. Shut-in. |                 |                          |             |

**SKELLY UNIT No.072**

**30-015-05372-00-00**

Active Injection - (All Types)

K-23-17S-31E

|                                                                        |                         |                          |             |
|------------------------------------------------------------------------|-------------------------|--------------------------|-------------|
| Test Date:                                                             | 4/26/2012               | Permitted Injection PSI: | Actual PSI: |
| Test Reason:                                                           | 5-year Test             | Test Result:             | Repair Due: |
| Test Type:                                                             | Std. Annulus Pres. Test | FAIL TYPE:               | FAIL CAUSE: |
| Comments on MIT: Fluid started coming out of ground outside of casing. |                         |                          |             |

**LEA D No.002**

**30-015-05412-00-00**

Expired TA Injection - (All Types)

A-26-17S-31E

|                                                                                                                     |                         |                          |             |
|---------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|-------------|
| Test Date:                                                                                                          | 4/26/2012               | Permitted Injection PSI: | Actual PSI: |
| Test Reason:                                                                                                        | Post Workover Test      | Test Result:             | Repair Due: |
| Test Type:                                                                                                          | Std. Annulus Pres. Test | FAIL TYPE:               | FAIL CAUSE: |
| Comments on MIT: Well not tested. Not repaired from previous failure on 5/3/2011. C103 NOI to work on recvd 5/2/12. |                         |                          |             |

**SKELLY UNIT No.084**

**30-015-05423-00-00**

Expired TA Injection - (All Types)

A-27-17S-31E

|                                                                                                                                            |                         |                          |             |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|-------------|
| Test Date:                                                                                                                                 | 4/26/2012               | Permitted Injection PSI: | Actual PSI: |
| Test Reason:                                                                                                                               | TA Status Test          | Test Result:             | Repair Due: |
| Test Type:                                                                                                                                 | Std. Annulus Pres. Test | FAIL TYPE:               | FAIL CAUSE: |
| Comments on MIT: Well is in Expired TA status. MIT passed. Submit paperwork for new TA status, return to injection or submit plans to P&A. |                         |                          |             |

**TURNER B No.054**

**30-015-05443-00-00**

Active Injection - (All Types)

F-29-17S-31E

|                                                                                     |                         |                          |             |
|-------------------------------------------------------------------------------------|-------------------------|--------------------------|-------------|
| Test Date:                                                                          | 4/24/2012               | Permitted Injection PSI: | Actual PSI: |
| Test Reason:                                                                        | 5-year Test             | Test Result:             | Repair Due: |
| Test Type:                                                                          | Std. Annulus Pres. Test | FAIL TYPE:               | FAIL CAUSE: |
| Comments on MIT: Well will not hold pressure. Lost 80 psi in 4 minutes Tried twice. |                         |                          |             |

**H E WEST B No.022Y**

**30-015-05950-00-00**

Active Injection - (All Types)

O-9-17S-31E

|                                                                                                                                                                                    |                 |                          |             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------|-------------|
| Test Date:                                                                                                                                                                         | 5/10/2012       | Permitted Injection PSI: | Actual PSI: |
| Test Reason:                                                                                                                                                                       | Annual IMIT     | Test Result:             | Repair Due: |
| Test Type:                                                                                                                                                                         | Bradenhead Test | FAIL TYPE:               | FAIL CAUSE: |
| Comments on MIT: There was a blow of fluid from the casing valve. After the pressure blew down, there was a small but steady stream of fluid from the valve. Possible casing leak. |                 |                          |             |

**NORTH BENSON QUEEN UNIT No.027**

**30-015-10154-00-00**

Active Injection - (All Types)

P-29-18S-30E

|                                              |                         |                          |             |
|----------------------------------------------|-------------------------|--------------------------|-------------|
| Test Date:                                   | 4/10/2012               | Permitted Injection PSI: | Actual PSI: |
| Test Reason:                                 | 5-year Test             | Test Result:             | Repair Due: |
| Test Type:                                   | Std. Annulus Pres. Test | FAIL TYPE:               | FAIL CAUSE: |
| Comments on MIT: Well will not hold pressure |                         |                          |             |

**TURNER A No.035**

**30-015-20097-00-00**

Active Injection - (All Types)

H-19-17S-31E

|                                                                 |                 |                          |             |
|-----------------------------------------------------------------|-----------------|--------------------------|-------------|
| Test Date:                                                      | 4/30/2012       | Permitted Injection PSI: | Actual PSI: |
| Test Reason:                                                    | Annual IMIT     | Test Result:             | Repair Due: |
| Test Type:                                                      | Bradenhead Test | FAIL TYPE:               | FAIL CAUSE: |
| Comments on MIT: Not repaired from previous failure on 4/7/2010 |                 |                          |             |

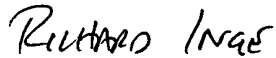
**RED LAKE UNIT No.025**

**30-015-23861-00-00**

|                         |                                                     |                                       |                                 |                    |                     |
|-------------------------|-----------------------------------------------------|---------------------------------------|---------------------------------|--------------------|---------------------|
| <b>Test Date:</b>       | 4/24/2012                                           | <b>Active Injection - (All Types)</b> | <b>Permitted Injection PSI:</b> | <b>Actual PSI:</b> | J-36-16S-28E<br>360 |
| <b>Test Reason:</b>     | 5-year Test                                         | <b>Test Result:</b>                   | F                               | <b>Repair Due:</b> | 10/31/2012          |
| <b>Test Type:</b>       | Std. Annulus Pres. Test                             | <b>FAIL TYPE:</b>                     | Other Internal Failure          | <b>FAIL CAUSE:</b> |                     |
| <b>Comments on MIT:</b> | Well will not hold pressure. Lost 60 psi in 30 min. |                                       |                                 |                    |                     |

In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



Artesia OCD District Office