

State of New Mexico
Energy, Minerals and Natural Resources Department

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Governor

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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: Other Internal Failure	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: Other External Failure	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: Other Internal Failure	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: Permit Violation	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: Other Internal Failure	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: 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.			

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: Other Internal Failure	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: Operational Violation	FAIL CAUSE:
Comments on MIT: Not repaired from previous failure on 4/7/2010.			

RED LAKE UNIT No.025

30-015-23861-00-00

Active Injection - (All Types)

J-36-16S-28E

Test Date: 4/24/2012

Permitted Injection PSI:

Actual PSI: 360

Test Reason: 5-year Test

Test Result: F

Repair Due: 10/31/2012

Test Type: Std. Annulus Pres. Test

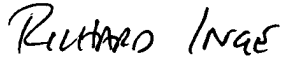
FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: Well will not hold pressure. 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