State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

David Martin Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary David Catanach, Director Oil Conservation Division



Response Required - Deadline Enclosed

Underground Injection Control Program "Proteeting Our Underground Sources of Drinking Water"

26-Apr-16

LINN OPERATING, INC.

600 TRAVIS STREET SUITE 4900 HOUSTON TX 77002-7002

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, <u>the well(s) must be shut-in immediately</u> 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.026 30-015-05060-00-00 Active Injection - (All Types) I-3-17S-31E **Test Date:** 4/12/2016 **Permitted Injection PSI:** Actual PSI: 160 Test Reason: 5-year Test Test Result: Repair Due: 7/16/2016 F Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE: Comments on MIT: Well will not hold pressure. 4 attempts to pressure up. No.007 J L KEEL B 30-015-05108-00-00 Active Injection - (All Types) C-8-17S-31E **Permitted Injection PSI: Test Date:** 4/11/2016 Actual PSI: 1380 Test Reason: 5-year Test Test Result: Repair Due: 7/15/2016 FAIL TYPE: Other Internal Failure Test Type: Std. Annulus Pres. Test FAIL CAUSE: Comments on MIT: Well will not hold pressure. After dumping in 20 bbls, well went on vacuum.

J L KEEL B	No.012 4/11/2016	Active Injection - (All Types) Permitted Injection PSI:	Actual PSI:	30-015-05111-00-0 A-8-17S-31E
Test Reason:	5-year Test	Test Result: F	Repair Due:	7/15/2016
Test Type: Comments or	Std. Annulus Pres. Test MIT: Well will not hold pre	FAIL TYPE: Other Internal Failure essure.	FAIL CAUSE:	
SKELLY UN	IT No.063			30-015-05317-00-00
		Active Injection - (All Types)		E-21-17S-31E
Test Date:	4/12/2016	Permitted Injection PSI:	Actual PSI:	1340
Test Reason:		Test Result: F	Repair Due:	7/16/2016
Test Type: Comments on	Std. Annulus Pres. Test MIT: Well will not hold pre	FAIL TYPE: Other Internal Failure ssure.	FAIL CAUSE:	
SKELLY UN	IT No.075			30-015-05333-00-00
		Active Injection - (All Types)		N-21-17S-31E
Test Date:	4/25/2016	Permitted Injection PSI:	Actual PSI:	
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/29/2016
Test Type:	Bradenhead Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:	
Comments on	MIT: No guage on tubing.	Continuous flow from casing.		
KELLY UN	[T No.052			30-015-05345-00-00
		Active Injection - (All Types)		J-22-17S-31E
Test Date:	4/12/2016	Permitted Injection PSI:	Actual PSI:	1260
Test Reason:	5-year Test	Test Result: F	Repair Due:	7/16/2016
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:	
Comments on	MIT: Well would not pressu	re-up. Took 12 bbls to load.		
KELLY UNI	T No.088			30-015-05426-00-00
		Active Injection - (All Types)		A-28-17S-31E
Test Date:	4/25/2016	Permitted Injection PSI:	Actual PSI:	
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/29/2016
Test Type: Comments on	Bradenhead Test MIT: Original failure on 4/8/	FAIL TYPE: Permit Violation 2015. Not repaired from previous failure. Out	FAIL CAUSE: t of compliance ov	er 1 vear.
URNER B N	·			30-015-05435-00-00
CRUER DI	01047			
		Active Injection - (All Types)		
Test Date:	4/12/2016	Active Injection - (All Types) Permitted Injection PSI:	Actual PSI:	B-29-17S-31E
Test Date: Test Reason:	4/12/2016 5-year Test	Permitted Injection PSI:	Actual PSI: Repair Due:	B-29-178-31E 1430
Test Reason:	5-year Test	Permitted Injection PSI: Test Result: F	Repair Due:	B-29-178-31E
	5-year Test Std. Annulus Pres. Test	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure		B-29-178-31E 1430
Test Reason: Test Type: Comments on N	5-year Test Std. Annulus Pres. Test MIT: Well will not hold pres	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure	Repair Due:	B-29-178-31E 1430
Test Reason: Test Type: Comments on N	5-year Test Std. Annulus Pres. Test MIT: Well will not hold pres	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure	Repair Due:	B-29-17S-31E 1430 7/16/2016
Test Reason: Test Type: Comments on N	5-year Test Std. Annulus Pres. Test MIT: Well will not hold pres	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure sure.	Repair Due:	B-29-17S-31E 1430 7/16/2016 30-015-05452-00-00
Test Reason: Test Type: Comments on S URNER B No	5-year Test Std. Annulus Pres. Test MIT: Well will not hold pres 0.068	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure sure. Active Injection - (All Types)	Repair Due: FAIL CAUSE: 	B-29-17S-31E 1430 7/16/2016 30-015-05452-00-00
Test Reason: Test Type: Comments on T URNER B No Test Date:	5-year Test Std. Annulus Pres. Test MIT: Well will not hold press p.068 4/13/2016 Annual IMIT Bradenhead Test	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure Sure. Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation	Repair Due: FAIL CAUSE: Actual PSI:	B-29-17S-31E 1430 7/16/2016 30-015-05452-00-00 P-29-17S-31E
Test Reason: Test Type: Comments on N URNER B No Test Date: Test Reason:	5-year Test Std. Annulus Pres. Test MIT: Well will not hold press p.068 4/13/2016 Annual IMIT Bradenhead Test MIT: Repaired? Surface is ce	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure Sure. Active Injection - (All Types) Permitted Injection PSI: Test Result: F	Repair Due: FAIL CAUSE: Actual PSI: Repair Due: FAIL CAUSE:	B-29-17S-31E 1430 7/16/2016 30-015-05452-00-00 P-29-17S-31E 7/17/2016
Test Reason: Test Type: Comments on N URNER B No Test Date: Test Reason: Test Reason: Test Type: Comments on N	5-year Test Std. Annulus Pres. Test MIT: Well will not hold press p.068 4/13/2016 Annual IMIT Bradenhead Test MIT: Repaired? Surface is ce Original failure on 5/5/2	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure Sure. Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation mented. No paperwork on repair. 2015. Not repaired from previous failure. Out	Repair Due: FAIL CAUSE: Actual PSI: Repair Due: FAIL CAUSE:	B-29-17S-31E 1430 7/16/2016 30-015-05452-00-00 P-29-17S-31E 7/17/2016
Test Reason: Test Type: Comments on N URNER B No Test Date: Test Reason: Test Reason: Test Type: Comments on N	5-year Test Std. Annulus Pres. Test MIT: Well will not hold press p.068 4/13/2016 Annual IMIT Bradenhead Test MIT: Repaired? Surface is ce Original failure on 5/5/2	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure sure. Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation mented. No paperwork on repair. 2015. Not repaired from previous failure. Out Active Injection - (All Types)	Repair Due: FAIL CAUSE: Actual PSI: Repair Due: FAIL CAUSE:	B-29-17S-31E 1430 7/16/2016 30-015-05452-00-00 P-29-17S-31E 7/17/2016 er l year.
Test Reason: Test Type: Comments on S URNER B No Test Date: Test Reason: Test Type: Comments on N URNER B No Test Date;	5-year Test Std. Annulus Pres. Test MIT: Well will not hold press p.068 4/13/2016 Annual IMIT Bradenhead Test MIT: Repaired? Surface is ce Original failure on 5/5/2	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure Sure. Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation mented. No paperwork on repair. 2015. Not repaired from previous failure. Out	Repair Due: FAIL CAUSE: Actual PSI: Repair Due: FAIL CAUSE:	B-29-17S-31E 1430 7/16/2016 30-015-05452-00-00 P-29-17S-31E 7/17/2016 er l year. 30-015-05472-00-00
Test Reason: Test Type: Comments on N URNER B No Test Date: Test Reason: Test Type: Comments on N URNER B No	5-year Test Std. Annulus Pres. Test MIT: Well will not hold press 0.068 4/13/2016 Annual IMIT Bradenhead Test MIT: Repaired? Surface is ce Original failure on 5/5/2 0.053	Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure sure. Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation mented. No paperwork on repair. 2015. Not repaired from previous failure. Out Active Injection - (All Types)	Repair Due: FAIL CAUSE: Actual PSI: Repair Due: FAIL CAUSE: of compliance ove	B-29-17S-31E 1430 7/16/2016 30-015-05452-00-00 P-29-17S-31E 7/17/2016 er l year. 30-015-05472-00-00

1

ł

NORTH BEN	SON QUEEN UNIT No.025			30-015-10127-00-00			
Test Deter	1100016	Active Injection - (All Types)		N-28-18S-30E			
Test Date: Test Reason:	4/13/2016	Permitted Injection PSI: Test Result: F	Actual PSI:	5/15/001/			
Test Reason: Test Type:	Annual IMIT	1	Repair Due:	7/17/2016-			
Comments on	Bradenhead Test MIT: Original failure on 2/17/	FAIL TYPE: Permit Violation 2015. Not repaired from previous failure. O	FAIL CAUSE				
				-			
SKELLY UNI	1 NO.107			30-015-20410-00-00			
Test Date:	4/25/2016	Active Injection - (All Types)	Actual PSI:	E-27-17S-31E			
Test Reason:	4/25/2016 Annual IMIT	Permitted Injection PSI: Test Result: F		7/20/2016			
Test Type:	Bradenhead Test	Test Result: F FAIL TYPE: Permit Violation	Repair Due: FAIL CAUSE	7/29/2016			
		015. Not repaired from previous failure. Out		-			
•							
RED LAKE U	N11 N0.010	A stime Telestic - (All Teles)		30-015-23122-00-00			
Test Date:	4/12/2016	Active Injection - (All Types) Permitted Injection PSI:	Actual PSI:	O-25-16S-28E			
Test Date: Test Reason:	4/13/2016 Annual IMIT			7/17/0017			
		•	Repair Due:	7/17/2016			
Test Type: Comments on 1	Bradenhead Test MIT: Original failure on 2/17/2	FAIL TYPE: Permit Violation 2015. Not repaired from previous failure. Ou	FAIL CAUSE:				
	•	toris. Not repared from previous failure. Of		•			
RED LAKE U	NIT No.012	Active Injection - (All Types)		30-015-24016-00-00 I-25-16S-28E			
Test Date:	4/13/2016	Permitted Injection PSI:	Actual PSI:				
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/17/2016			
Test Type:	Bradenhead Test	FAIL TYPE: Permit Violation	FAIL CAUSE:				
Comments on l	MIT: Original failure on 2/17/2	015. Not repaired from previous failure. Ou	t of compliance	over 1 year.			
J L KEEL B N	0.034			30-015-25447-00-00			
		Active Injection - (All Types)		H-6-17S-31E			
Test Date:	4/11/2016	Permitted Injection PSI:	Actual PSI:	1250			
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/15/2016			
Test Type:	Bradenhead Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:				
Comments on N	MIT: Took a while to load, but	would not hold pressure.					
J L KEEL B N	0.037			30-015-25934-00-00			
		Active Injection - (All Types)		E-5-17S-31E			
Test Date:	4/11/2016	Permitted Injection PSI:	Actual PSI:	1450			
Test Reason:	5-year Test	Test Result: F	Repair Due:	7/15/2016			
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:				
Comments on N	1IT: Well is leaking from cap.	Need to replace gasket and re-test.					
TURNER A No		30-015-29000-00-00					
		Active Injection - (All Types)		C-19-17S-31E			
Test Date:	4/14/2016	Permitted Injection PSI:	Actual PSI:				
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/18/2016			
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:							
Comments on N	IIT: Original failure on 3/25/20 WFX946 implementation.	115. Not repaired from previous failure. Out	of compliance o	over 1 year. Part of			

.

.

.

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.

Sincerely,

Artesia OCD District Office

Note: Pressure Tests are performed prior to initial injection, after repairs and otherwise, every 5 years; Bradenhead Tests are performed annually. Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. "Failure Type" and "Failure Cause" and any Comments are not to be interpreted as a diagnosis of the condition of the wellbore. Additional testing should be conducted by the operator to accurately determine the nature of the actual failure. * Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.