

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-01504 ✓
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other INJECTION HOBBS OCD		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator LINN OPERATING, INC. ✓		6. State Oil & Gas Lease No.
3. Address of Operator 600 TRAVIS, SUITE 5100, HOUSTON, TEXAS 77002		7. Lease Name or Unit Agreement Name CAPROCK MALJAMAR UNIT ✓
4. Well Location Unit Letter <u>A</u> : <u>660</u> feet from the <u>N</u> line and <u>660</u> feet from the <u>E</u> line Section <u>20</u> Township <u>17S</u> Range <u>33E</u> <u>NESW</u> <u>LEA</u> County ✓		8. Well Number <u>044</u> ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4166'GL		9. OGRID Number <u>269324</u>
		10. Pool name or Wildcat MALJAMAR; GRAYBURG-SAN ANDRES

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐
CLOSED-LOOP SYSTEM ☐
OTHER: ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☒ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Please see attached MIT Repair Procedure, passed MIT Chart and Well Bore Diagram for this failed MIT.
Please resolve the enclosed Letter of Violation at your earliest convenience.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Laura A. Moreno TITLE REG COMPLIANCE ADVISOR DATE 6-22-15

Type or print name LAURA A. MORENO E-mail address: lmoreno@linnenergy.com PHONE: 713-904-6657

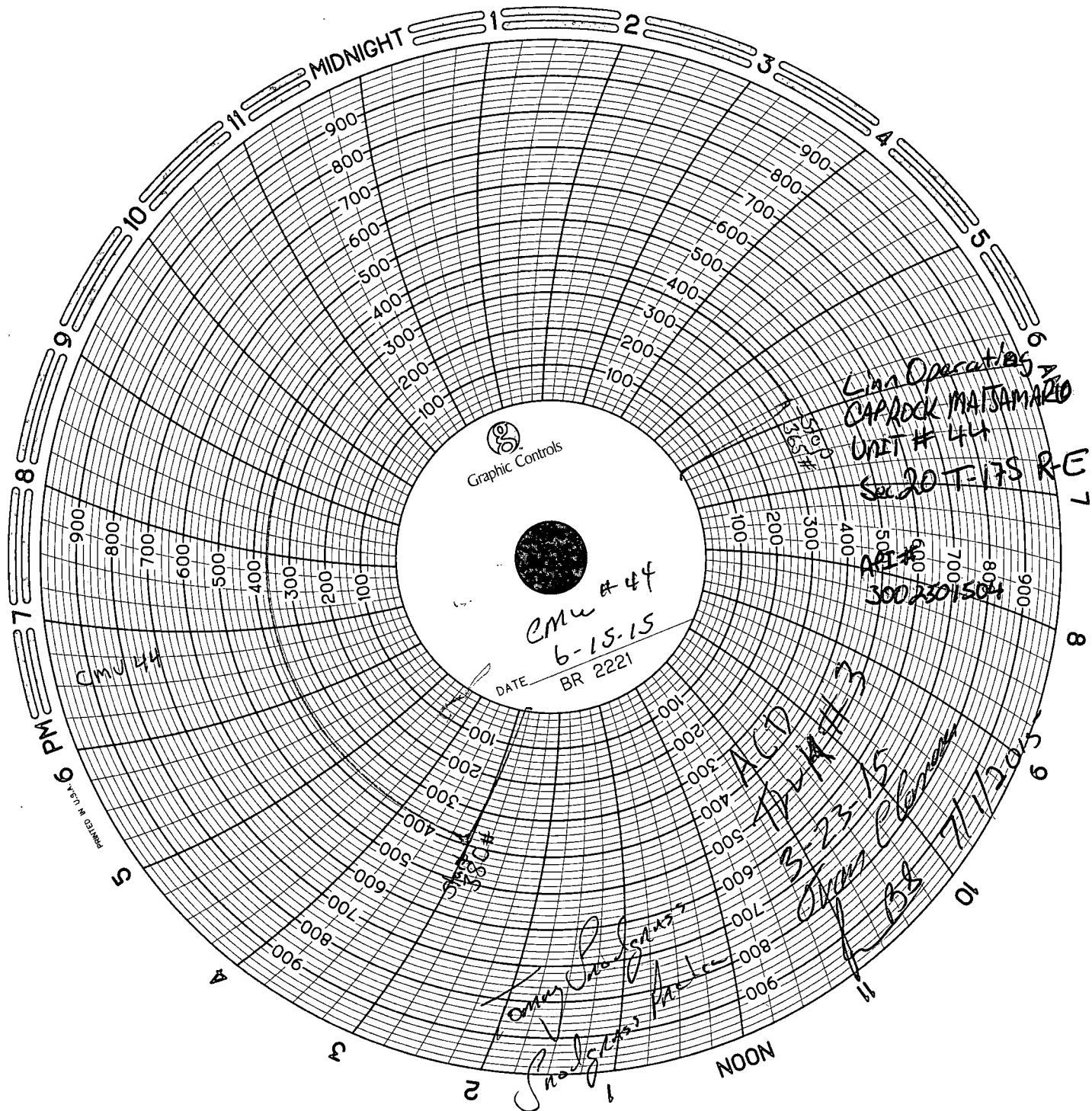
For State Use Only

APPROVED BY: Bill Serrano TITLE Staff Manager DATE 7/1/2015
Conditions of Approval (if any):

JUL 23 2015

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CMU #044
API (30-025-01504)
FAILED MIT REPAIR PROCEDURE

6/3/15: MIRU service rig. TOH w/injection tubing and packer. Flow back.

6/4/15: RU wireline. RIH w/gauge ring, tagged @ 4228'. Run casing inspection log- looked good. TOH and RD wireline. RIH w/workstring, RBP and packer. Set RBP @ 4142'.

6/5/15: RU pump truck. Start testing casing. Isolated hole in casing between 973' and 1038'

6/9/15: MIRU cement crew. Cement squeezed hole w/150 sx Class C Neat w/2% calcium chloride w/35 bbl slurry. Displaced w/5 bbl fresh water. SI well w/2600# on tubing. RDMO cement crew.

6/10/15: RU reverse unit. TOH w/workstring and packer. RIH w/bit and collars. Tagged up @ 750'. Drilled from 750' to 902'.

6/11/15: Continue drilling cement. Fell out @ 1012'. Ran down to 1064'. Circulate clean. Run mock MIT @ 420# for 30 minutes, held. TOH w/workstring, bit and collars. RU TIH w/retrieving head. Latch onto and TOH w/ RBP.

6/12/15: RIH w/bit and collars. Tagged up @ 4228'. Clean out to 4475'. TOH w/bit and collars. RIH w/injection tubing and packer. Set packer @ 4131.63'.

6/15/15: MIRU acid crew. Pumped 10 bbl packer fluid. Run MIT @ 380#, lost 20# in 35 minutes-good test. Received verbal approval from Maxey Brown to run MIT. Dropped 6 acid sticks and pumped 15 bbl flush @ 2 bpm and 2300#. RDMO acid crew and service rig.





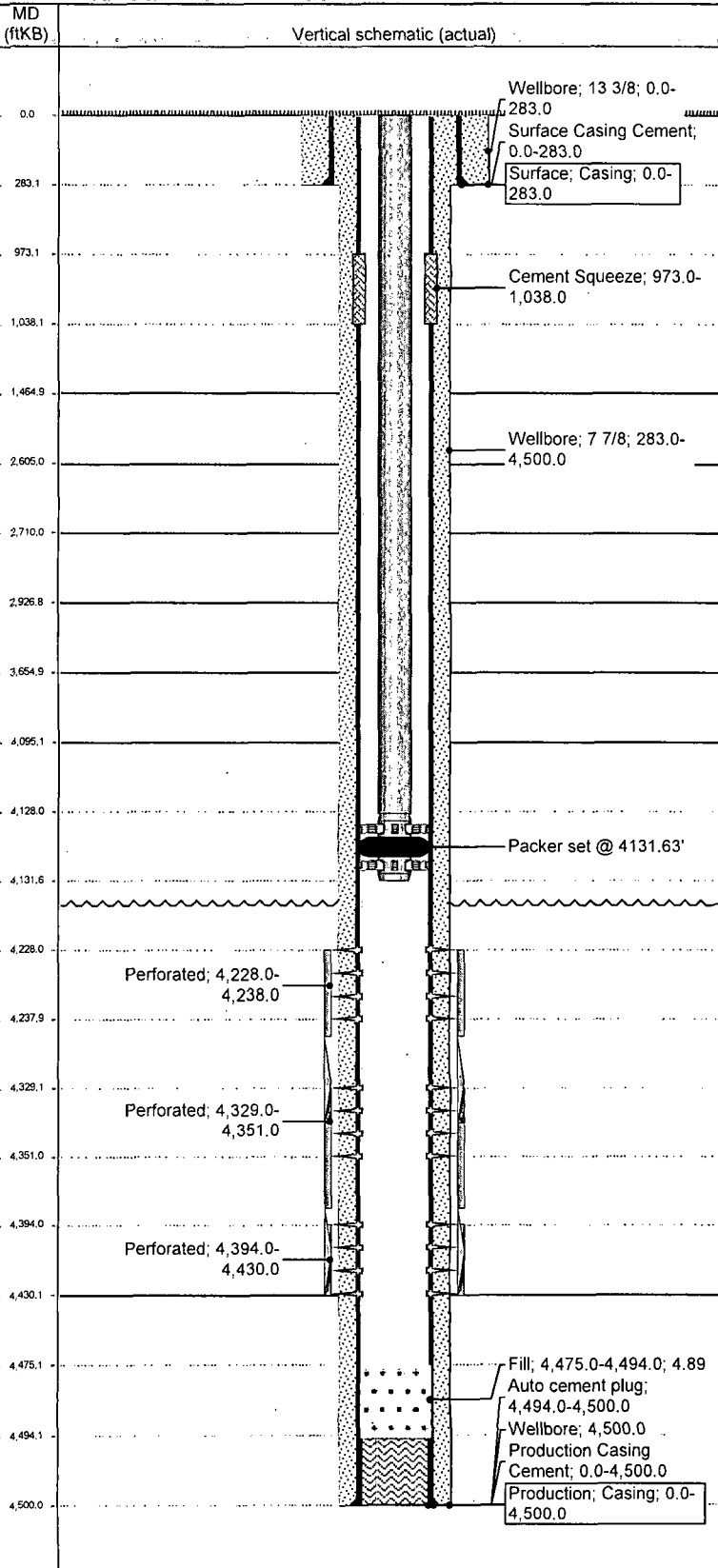
NM Regulatory Schematic

Well Name: CAPROCK MALJAMAR UNIT 044

API/UWI 3002501504	Field Name PBNM - PB - CAPROCK MALJAMAR	County Lea	State/Prov NM	Section 20	Township 017-S	Range 033-E	Survey	Block
Ground Elevation (ft) 4,166.00	Orig KB Elev (ft) 4,166.00	KB-Grd (ft) 0.00	Initial Spud Date 1/1/1956	Rig Release Date 2/24/1956	TD Date 2/17/1956	Latitude (°) 32° 49' 31.872" N	Longitude (°) 103° 40' 43.899" W	Operated? Yes

Original Hole, 6/21/2015 10:38:42 AM

Original Hole Data



Wellbores

North-South Distance (ft)	660.0	NS Flag	FNL	East-West Distance (ft)	660.0	EW Flag	FEL
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Casing Strings

Csg Des	Set Depth	OD Nom	ID Nom	Wt/Len (lb)	String Grade	Run Date
Surface	283.0	9 5/8	8.835	40.00	J-55	1/1/1956
Csg Des	Set Depth	OD Nom	ID Nom	Wt/Len (lb)	String Grade	Run Date
Production	4,500.0	5 1/2	4.892	17.00	J-55	2/17/1956

Cement Stages

Description	Top (ftKB)	Btm (ftKB)	Eval Method	Comment
Surface Casing Cement	0.0	283.0	Returns to Surface	200 sx cmt. Circulated to surface.
Production Casing Cement	0.0	4,500.0	Returns to Surface	2,500 sx cmt. Circulated to surface.
Cement Squeeze	973.0	1,038.0	Tagged	Squeezed leak in production casing w/150 sx class C neat + 2% CaCl2 cmt. Drilled out 750'-1012'

Tubing Strings

Tubing Description	Set Depth	Run Date	Pull Date
Tubing - Injection	4,131.6	6/15/2015	

Other In Hole

Des	Top (ftKB)	Btm (ftKB)	Run Date	Com
Fill	4,475.0	4,494.0	6/12/2015	CO fill to 4475'

Formations

Formation	Final Top	Final Btm	Comment
SALT	1,465.0	2,605.0	
YATES	2,710.0	2,927.0	
7 RIVERS	2,927.0	3,655.0	
QUEEN	3,655.0	4,095.0	
GRAYBURG	4,095.0	4,430.0	ACTIVE: INJECTION INTERVAL
SAN ANDRES	4,430.0		

General Notes

Date	Type 1	Type 2	Comment
4/3/1995	OCD ORDER	R-10094	WISER OIL CO.
Date	Type 1	Type 2	Comment
3/5/2001	OCD ORDER	IPI	MASIP 2965 psig

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
"Protecting Our Underground Sources of Drinking Water"

19-Feb-15

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

CAPROCK MALJAMAR UNIT No.044

30-025-01504-00-00

Active Injection - (All Types)

A-20-17S-33E

Test Date: 1/28/2015

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/25/2015

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: Operator reported well failed MIT test. OPERATOR IN VIOLATION OF NMOCDD RULE 19.15.26.11.

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,



Hobbs 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.

Re test 6.15.15
BS