

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM71030A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

8. Well Name and No.
SKELLY UNIT 069

9. API Well No.
30-015-05337

10. Field and Pool, or Exploratory
GRAYBURG JACKSON;SR-Q-G-S

11. County or Parish, and State
EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplate	<input checked="" type="checkbox"/> Other Workover Operations
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

PROPOSED WORKOVER OPERATIONS PROCEDURES:
REQUESTED BY PAUL SWARTZ TO BE SUBMITTED.
PLEASE SEE ATTACHMENTS FOR FULL PROCEDURE AND WELLBORE SCHEMATIC.

Accepted for record
NMOCD
2/28/2013

RECEIVED
FEB 28 2013
NMOCD ARTESIA

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

**SUBJECT TO LIKE
APPROVAL BY STATE**

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #167235 verified by the BLM Well Information System
For LINN OPERATING INC, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH MCKINNEY on 12/20/2012 ()

Name (Printed/Typed) NANCY FITZWATER Title SUPERVISOR

Signature (Electronic Submission) Date 12/19/2012

APPROVED
FEB 27 2013
Ed Fernandez
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By Ed Fernandez PETROLEUM ENGINEER Title

Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

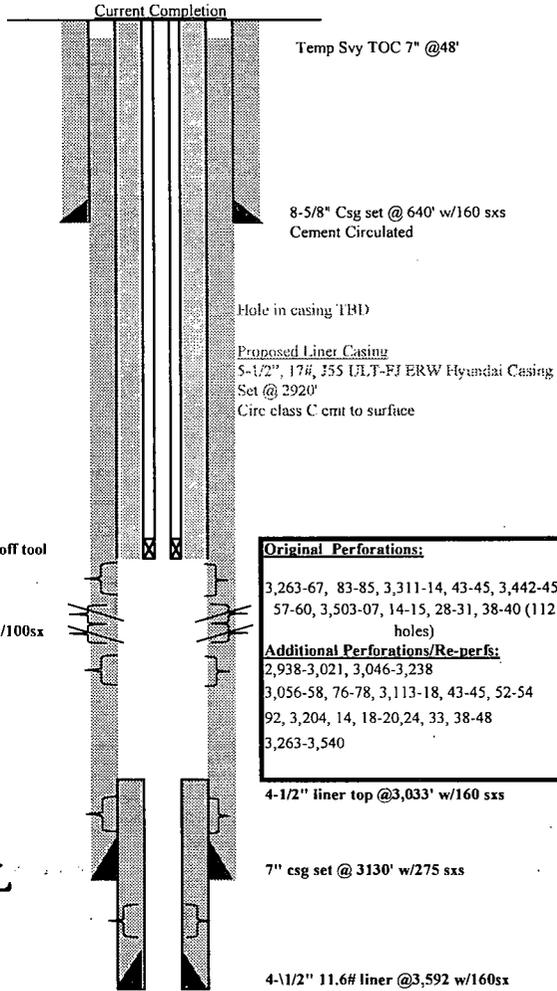
**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Current Wellbore Diagram

Lease & Well No.	Skelly Unit #69
Field Name	Grayburg Jackson
Location	Section 21, T17S R31E
K.B. Elevation	3,772'
D.F. Elevation	
Ground Level	

County & State	Eddy County, New Mexico
API No.	30-015-05337
Created By	Brandi Williams

Surface Casing					
Size (OD)	8 5/8"	Weight	23.0#	Depth	640'
Grade	J-55 R-2	Sx. Cmt.	160 sx	TOC @	Surface
Intermediate Casing					
Size (OD)	n/a	Weight		Depth	
Grade		Sx. Cmt.		TOC @	
Production Casing					
Size (OD)	7"	Weight	20.0#	Depth	3,130'
Grade	J-55	Sx. Cmt.	275 sx	TOC @	
Size (OD) Liner	4 1/2"	Weight	11.6#	Depth	3,030'
Grade		Sx. Cmt.	160 sx	TOC @	



Tubing Detail
2-3/8" IPC tbg to 2850'

Set 2-3/8" - 5-1/2" Arrowset inj pkr @2,850 w on/off tool

Perfs 2,938-3,145 Sqz'd w/100sx
as of 6/20/03

Original Perforations:
3,263-67, 83-85, 3,311-14, 43-45, 3,442-45, 57-60, 3,503-07, 14-15, 28-31, 38-40 (112 holes)
Additional Perforations/Re-perfs:
2,938-3,021, 3,046-3,238
3,056-58, 76-78, 3,113-18, 43-45, 52-54
92, 3,204, 14, 18-20, 24, 33, 38-48
3,263-3,540

4-1/2" liner top @3,033' w/160 sxs

7" csg set @ 3130' w/275 sxs

4-1/2" 11.6# liner @3,592 w/160sx

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Plug Back Depth	3,589'
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Skelly 69

EDDY COUNTY, NM

30-015-05337

10/09/2012

Project Scope: *Procedure 1* - POH w/ Tbg and Pkr, locate and repair problem and RTI.

Procedure 2 - Install 5-1/2" LTC casing from top perforation to surface, if needed.

Procedure 1:

1. Test anchors prior to rigging up.
2. MIRU WO rig and record casing and tubing pressure.
3. Bleed pressure off of well.
4. NU BOP.
5. Unseat packer and POOH w/ tubing and packer.
6. RIH w/ workstring, packer and retrievable bridge plug (Set BP at 2,920).
7. Test against BP to 500psi. Test backside (tbg/csg annulus) to 500psi. Contact Engr with results and discuss plan if pressure didn't hold.
8. RDMO.

Non Routine Equipment Needs:

5-1/2", 17#, J55 ULT-FJ ERW Hyundai
5-1/2" wiper plug, ball, 5-1/2" crossover, 5-1/2" cementing pump out sleeve, 7" D&L casing packer (for cement job)
Lift Nubbins and Stabbing Cup – Rental
5-1/2" Packer
New Wellhead components for 5-1/2" Liner
Casing Crew
Cementing Services

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Procedure 2:

1. MIRU WO Rig and record casing and tubing pressure.
2. Bleed pressure off of well.
3. NU BOP.

Contact Information:

Briklynd – Asset Engineer
Cell – 832-723-4867
Office – 281-840-4275

Joe Hernandez - Foreman
Cell – 575-942-9492

4. Unseat packer and TOOH with tubing and packer.
5. RIH with workstring and bit to TD and circulate 4-1/2" liner clean. POOH LD bit.
PU and TIH with 7" D&L casing packer (for cement job), 5-1/2" cementing pump out sleeve, 5-1/2" crossover, 5-1/2", 17#, J55 ULT-FJ ERW Casing to 2920'.
6. Establish circulation with brine fluid to load the hole.
7. Set packer at 2920'.
8. Drop ball to open port and establish circulation with brine fluid.
9. Rig up cement company.
10. Pump Class "C" cement until circulation is obtained and then displace with wiper plug and brine water. Shut BH valve prior to bumping plug. (Capacity is 140sxs of Class C neat at 1.33 cuft/sxs yield)
Have 200sx on location
11. ND BOP
12. Set slips for 5-1/2" casing.
13. Install 5-1/2" wellhead for 2-3/8" tubing.
14. NU BOP.
15. WOC.
16. Bleed well pressure down or kill well as necessary.
17. PU and RIH with 2 3/8" workstring and packer to 2900'.
18. Perform Acid Job
19. POOH and LD workstring and packer.
20. PU 2 jts of 2-3/8" IPC tail pipe, 5-1/2" injection packer (Arrowset with on off tool), 2-3/8" IPC injection tubing, and TIH with packer landed at 2850' (unset).
21. ND BOP.
22. Circulate packer fluid.
23. Set packer at 2850'.
24. NU WH.
25. Conduct mock MIT to 500 PSI.
26. Notify foreman that the well is ready for a witnessed MIT.
27. RDMO.

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Briklynd – Asset Engineer
Cell – 832-723-4867
Office – 281-840-4275

Contact Information:

Joe Hernandez - Foreman
Cell – 575-942-9492

Conditions of Approval

Linn Operating, Inc.
Skelly Unit - 69
API 3001505337, T17S-R31E, Sec 21

February 27, 2013

1. Due to being within the Lesser Prairie Chicken habitat, this workover activity will be restricted to the hours of 9:00am through 3:00am for the period of March 1 through June 15. Exceptions to these restrictions may be granted by BLM's Johnny Chopp <jchopp@blm.gov> 575.234.2227 or Bob Ballard <bballard@blm.gov> 575.234.5973.
2. Subject to like approval by the New Mexico Oil Conservation Division.
3. Surface disturbance beyond the existing pad shall have prior approval.
4. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
5. Functional H₂S monitoring equipment shall be on location.
6. A minimum 2000 (2M) BOPE to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 (attachment 1, 2M diagrams of choke manifold equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
7. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
8. **Should the proposed cement fallback or not circulate, provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record of the 5 1/2" liner from 2900 or below to top of cement. The CBL may be attached to a pswartz@blm.gov email.**
9. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.
10. File intermediate **subsequent sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete workover subsequent sundry.
11. Submit the BLM Form 3160-4 **Recompletion Report** within 30 days of the date all BLM approved procedures are complete.

EGF/PWS 022713

Well with a Packer - Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 3) Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) **At least 24 hours before the test: In Eddy County email Paul R. Swartz pswartz@blm.gov phone 575-200-7902, if there is no response 575-361-2822. If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact notification method, time, & date in your subsequent report.**
- 5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
 - a) Approved injection pressure compliance is required.
 - b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
 - c) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 1) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of a full annular fluid level at any time.

- 2) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 3) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 4) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 5) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 6) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in-line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.

EGF/PWS 022713

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.