

NM OIL CONSERVATION

ARTESIA DISTRICT

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103

Revised July 18, 2013

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
District II - (575) 748-1283
District III - (505) 334-6178
District IV - (505) 476-3460

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

WELL API NO. 30-015-05360
5. Indicate Type of Lease STATE [] FEE []
6. State Oil & Gas Lease No. NMNM71030A
7. Lease Name or Unit Agreement Name Skelly Unit
8. Well Number 40
9. OGRID Number 269324
10. Pool name or Wildcat Grayburg Jackson;SR-Q-SA

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.)
1. Type of Well: Oil Well [] Gas Well [] Other Injection []
2. Name of Operator Linn Operating, LLC
3. Address of Operator 500 Travis St., Suite 1400, Houston, Texas 77002
4. Well Location Unit Letter D : 660 feet from the North line and 660 feet from the West line
Section 23 Township 17S Range 31E NMPM Eddy County
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK [x] 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.

Linn is respectfully submitting a Notice of Intent to complete remedial work to identify a hole in tubing or leaking packer.

On August 14, 2017 Linn received approval from Santa Fe (email attached) to use a single packer in the wellbore with the following conditions:

- 1. A well integrity log would be run on the well and filed with the Artesia Division;
2. The packer is to be set below the upper contact of the Seven Rivers formation with the Yates formation;
3. The injection pressure would be reduced to the pressure approved for the Seven Rivers formation (as determined by SRTs conducted previously in the Seven Rivers interval);
4. Linn would be required to monitor the bradenhead pressures for the 7" intermediate casing & provide a summary of these observations in a C103 on a quarterly cycle.

(continued on next page)

Spud Date:

[Empty box for Spud Date]

Rig Release Date:

[Empty box for Rig Release Date]

Accepted for record
NMOCD RE
9/28/17

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

SIGNATURE [Signature] TITLE Regulatory Manager DATE 09/13/2017

Type or print name Debra Gordon E-mail address: dgordon@linenergy.com PHONE: 281.840.4010

For State Use Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any):

C103 Notice of Intent-09/13/2017

Skelly Unit #40

API#: 30-015-05360

Page Two

Continued description:

If Linn proposes to continue with the use of a single packer, Santa Fe will contact the District with recommendations for monitoring. Additionally, if the well fails an MIT or if pressure starts to appear in the bradenhead monitoring, the continued use of the well as an injector will not be allowed without remedial action to resolve the current casing issues.

The proposed Operational summary and current and proposed wellbore diagrams are included in this submittal.

Linn can have a workover rig on location as early as Monday, 9/18/2017 if we receive approval.



SKELLY UNIT 40
Eddy County, New Mexico

8/22/17

Procedure to return well to injection

Project Description

The Skelly 40 failed its MIT test and required corrective action by 7/25/17. The dual packer and tubing were removed from the well on 6/29/17. It is proposed to run a casing caliper log, commingle injection zones and run back with a single string and packer. The packer will be set below 2,136', the top of the Seven Rivers formation.

Procedure

1. MIRU wireline unit, pressure test lubricator
2. RIH w/ caliper logging tools to PBTD, POOH
3. RDMO WLU
4. MIRU WOR, Hold PJSM
5. ND tree, NU BOP
6. RIH w/ tbg as follows:

2-3/8" IPC tbg
8-5/8" x 2-3/8" On/Off Tool
2-3/8" x 1.875" ID "X" Profile Stinger
8-5/8" x 2-3/8" AS1-X Pkr @ +/- 2,214'
6' x 2-3/8" Pup Joint
2-3/8" WLRG

7. Set pkr, pressure test backside to 300 psi for 5 min to perform MIT test
8. Release pkr, circ pkr fluid, reset pkr
9. Pressure test backside, ND BOP, NU tree, RDMO WOR

Current Tbg Detail

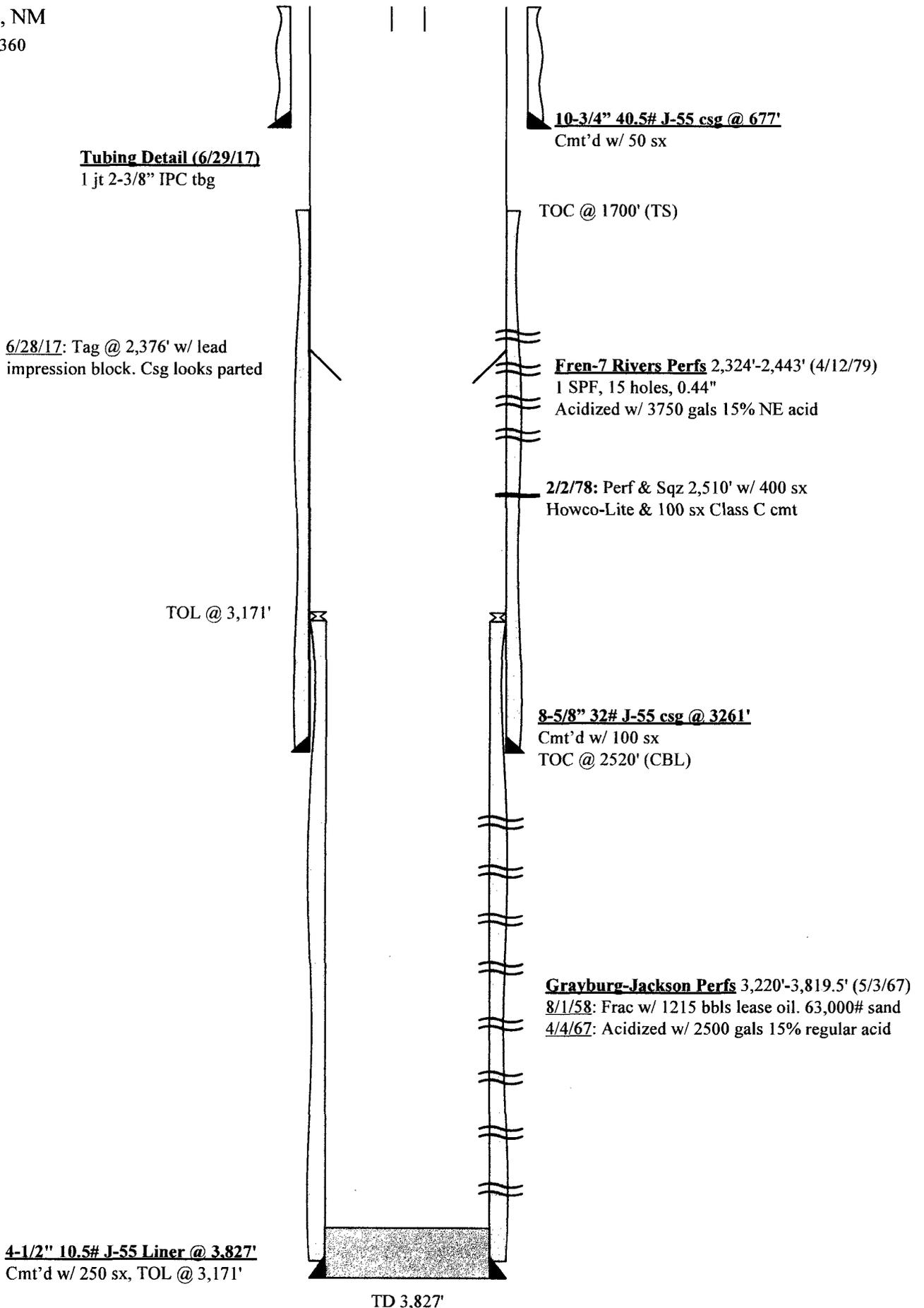
1 jt 2-3/8" IPC tbg

Skelly Unit 40

Eddy County, NM

API: 30-015-05360

CURRENT



Skelly Unit 40

Eddy County, NM

API: 30-015-05360

PROPOSED

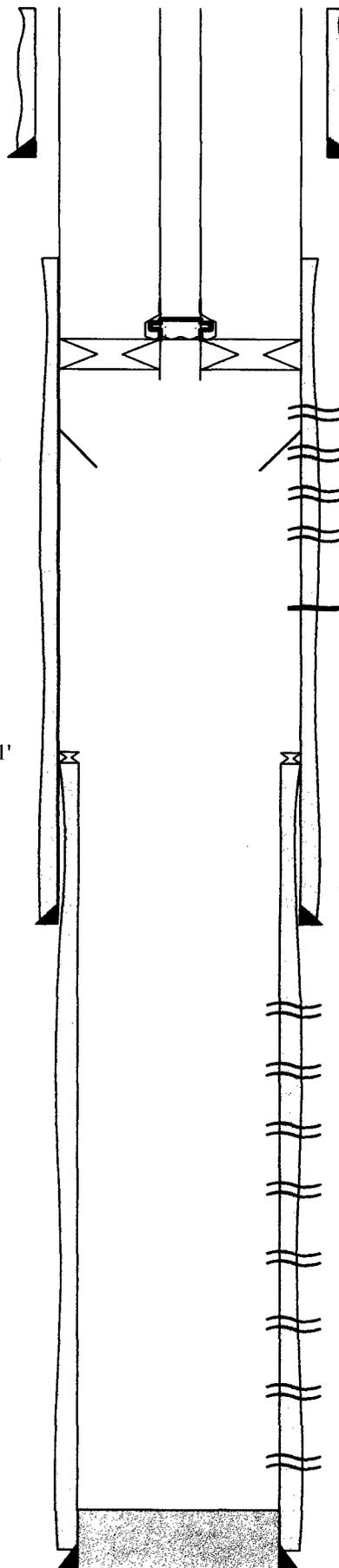
Tubing Detail (Proposed)

73 jts 2-3/8" IPC tbg
7" x 2-3/8" On/Off Tool
2-3/8" x 1.875" ID "X" Profile Stinger
7" x 2-3/8" AS1-X Pkr @ +/- 2,214'
6' x 2-3/8" Pup Joint
2-3/8" WLRG

6/28/17: Tag @ 2,376' w/ lead
impression block. Csg looks parted

TOL @ 3,171'

4-1/2" 10.5# J-55 Liner @ 3,827'
Cmt'd w/ 250 sx, TOL @ 3,171'



10-3/4" 40.5# J-55 csg @ 677'
Cmt'd w/ 50 sx

TOC @ 1700' (TS)

Fren-7 Rivers Perfs 2,324'-2,443' (4/12/79)
1 SPF, 15 holes, 0.44"
Acidized w/ 3750 gals 15% NE acid

2/2/78: Perf & Sqz 2,510' w/ 400 sx
Howco-Lite & 100 sx Class C cmt

8-5/8" 32# J-55 csg @ 3261'
Cmt'd w/ 100 sx
TOC @ 2520' (CBL)

Grayburg-Jackson Perfs 3,220'-3,819.5' (5/3/67)
8/1/58: Frac w/ 1215 bbls lease oil. 63,000# sand
4/4/67: Acidized w/ 2500 gals 15% regular acid

TD 3,827'

Updated 7/27/17

SANTA FE APPROVAL TO USE A SINGLE PACKER IN THE SKELLY UNIT #40 WELL

From: Goetze, Phillip, EMNRD [mailto:Phillip.Goetze@state.nm.us]
Sent: Monday, August 14, 2017 9:52 AM
To: Gordon, Debra <DGordon@linenergy.com>
Cc: Inge, Richard, EMNRD <richard.inge@state.nm.us>; Sanchez, Daniel J., EMNRD <daniel.sanchez@state.nm.us>; Podany, Raymond, EMNRD <Raymond.Podany@state.nm.us>; McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: RE: Linn's Skelly Unit #40 Injection Well _ Eddy County

Debi:

After reviewing the records for this well and discussing the proposed completion with the Director, the Division would approve the use of the single packer in the Skelly Unit No. 40 with the following conditions:

1. A well integrity log would be run on the well and filed with the Division;
2. The packer is to be below the upper contact of the Seven Rivers formation with the Yates formation;
3. The injection pressure would be reduced to the pressure approved for the Seven Rivers formation (as determined by SRTs conducted previously in the Seven Rivers interval); and
4. Linn would be required to monitor the bradenhead pressures for the 7-inch intermediate casing and provide a summary of these observations in a C-103 on a quarterly cycle.

If Linn proposes to continue with the use of the single packer, Santa Fe will contact the District with their recommendation for monitoring. Additionally, if the well fails an MIT or if pressure starts to appear in the bradenhead monitoring, the continued use of the well as an injector will not be allowed without remedial action to resolve the current casing issues.

Please contact me concerning this matter at your convenience. PRG

Phillip Goetze, PG
Engineering Bureau, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive, Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us

