

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

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order IPI-470
September 24, 2014

Linn Operating, Inc.
600 Travis, Suite 5100
Houston, Texas 77002
Attn: Ms. Laura Moreno

RE: Injection Pressure Increase

Injection Authority: Division Order No. 10094 and Administrative Order WFX-661;
Caprock Maljamar Unit Waterflood Project
Pool: Maljamar; Grayburg-San Andres (Pool Code: 43329)
Caprock Maljamar Unit No. 62 API 30-025-00667
Unit letter J, Sec 24, T17S, R32E, NMPM, Lea County, New Mexico

Dear Ms. Moreno:

Reference is made to your request on behalf of Linn Operating, Incorporated (OGRID 269324) received by the Division on August 5, 2014, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water injection for enhanced oil recovery in the Grayburg and San Andres formations by Administrative Order WFX-661 approved September 6, 1994. That order allowed injection through perforations from 4138 feet to 4218 feet at a maximum surface injection pressure of 828 psi.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed for improving the effectiveness of the waterflood operation. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step-rate test for this well conducted on April 14, 2014, through 2 3/8-inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

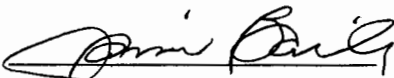
Caprock Maljamar Unit Well No. 62 API 30-025-00667 3018 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require

resubmission of additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Hobbs District Office
Administrative Order WFX-661
Well file 30-025-00667