

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS *OCD Artesia*
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.
NMNM98122

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

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

1. Type of Well
 Oil Well Gas Well Other: INJECTION

8. Well Name and No.
SKELLY UNIT 16

2. Name of Operator
LINN OPERATING INC
Contact: TERRY B CALLAHAN
E-Mail: tcallahan@linnenergy.com

9. API Well No.
30-015-05334

3a. Address
600 TRAVIS STREET, SUITE 5100
HOUSTON, TX 77002

3b. Phone No. (include area code)
Ph: 281-840-4000

10. Field and Pool, or Exploratory
GRAYBURG JACKSON;SR-1-G-S

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 21 T17S R31E Mer NMP SESW 660FSL 1980FWL
32.814637 N Lat, 103.876823 W Lon

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

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

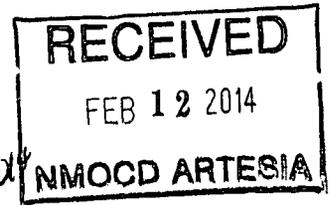
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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"/> Recomplete	<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	

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 recomplete 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 recompletion 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.)

Procedure:

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 2,120).
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. If csg tests ok. RIH with arrowset 8 5/8" injection pkr and on off tool on 2-3/8" IPC tubing. Set PKR at 2120?
9. RDMO

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



Accepted for record
NMOC D 10/12/2014

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #218530 verified by the BLM Well Information System
For LINN OPERATING INC, sent to the Carlsbad
Committed to AFMSS for processing by JOHNNY DICKERSON on 08/29/2013 ()

Name (Printed/Typed) TERRY B CALLAHAN Title REG COMPLIANCE SPECIALIST III

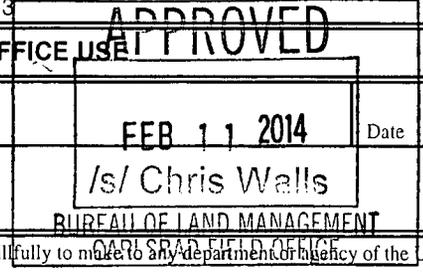
Signature (Electronic Submission) Date 08/29/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date _____

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.

Office _____



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.

Additional data for EC transaction #218530 that would not fit on the form

32. Additional remarks, continued

10. RTI

WELLBORE DIAGRAM ATTACHED

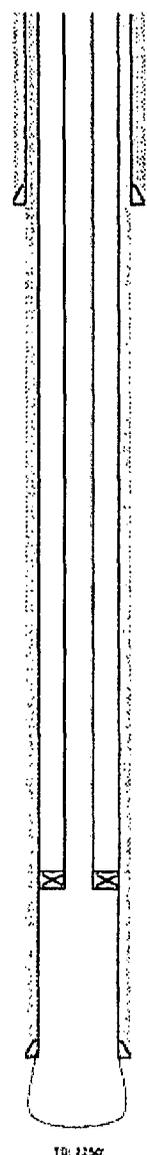
Well Name: Skelly Unit 16

Location:	
Location:	Unit N, 660' FSL B 1980' FWL
Section:	SEC 21-175-31E
Block:	
Survey:	
County:	Eddy
Lat/Long:	32.8146375329918 -103.876823119611
Field:	Free Sewer Rivers
Corrections:	
GL:	
DF:	100'
AD-GI Calc:	
ch w/leg?	

Log Date: 5/6/1947

5/6/1947	Spud 10-3/4" hole to 651'. Set 10-3/4", 400, cug w/100 at 651', 5-5/8", 328, cug set @ 2170' w/175 at 651'.
6/7/1947	Shot well w/ 100 lbs of shot from 2170' to 2175'. Running of 2" 100 lb log to 2177' w/ Red iron. Free well returned to 2170' and shot in to 2175'.
6/7/1947	Completed.
6/7/1947	Converted to water injection.
6/6/1947	Moved to workover rig 8/4/74. Packed rods and log.
6/6/1947	Treated Free open hole 2170-2250' w/ 200 gal 7-1/2% HCl acid. Flushed w/ 98 H ₂ O treated water.
6/6/1947	Set 68 lbs (2140') 2-3/8" OD Sata lead log at 2164'.
6/7/1947	Connected well to injection system and commenced injection 6/7/74 into Free Sewer Rivers open hole 2170-2257' at the rate of 350 bbls water per day w/ 3500 psi pressure.
6/9/1999	MIRU Pool Well Service, ND Wks. NU BOP's, Release Per. PCH w/ 68 psi, 2-3/8" IPC log, HD BOP's & uncrow WH. Put out pkr. Aik w/ new 8-5/8" AD-3 psi. NU BOP's. Aik w/ 2-3/8" IPC log. Test log to 4000' above the wh. NU BOP's. Checkmate pkr @ 2124' w/ 18 000# tension. NU in line. Left well in 450 BWPD @ 9am.
6/15/1998	Test on 3 BOP's for 15 min. BOP's. Set up MIT test w/ State for 6/14/99 @ 9am.
6/14/1999	Ran MIT. Witnessed by State. State returned chart.

Current Wellbore Diagram



TD: 2250'

Well Name:	Skelly Unit 16
API No.:	35-015-05334
Spud Date:	5/6/1947
WDD Update:	7/22/2013, Lana Wilbanks

Hole Size:	10-3/4"
Surf. Cas:	10-3/4", 400
Cement Blend:	100 L
Depth:	651'
TDC:	Calc at surface

Hole Size:	N/A
Int. Cas:	
Cement Blend:	
Returns:	
Depth:	

Details of Partitions

Acid or Fracture Treatment Details	
6/6/1947	2170-2250, lined w/ 500 gal 7-1/2% HCl acid. Flushed w/ 98 H ₂ O treated water.

Tubing Detail	
Joints	Description
2	2-3/8"
1	2137'
1	2124'

Rod Detail (top to bottom)	
Rods	Description

Partials Well:

Baker 8-5/8" AD-1 pkr @ 2124' to 18000# tension

Hole Size:	8-1/4"
Prod. Cas:	8-5/8", 328
Capacity (bbl/ft):	
Cement Blend:	175 L
Returns:	
TDC:	Calc at surface
Depth:	2170'

Hole Size:	N/A
Line:	
Cement Blend:	
Returns:	
Depth:	

Conditions of Approval

Linn Operating Inc.
Skelly Unit - 16
API 3001505334, T17S-R32E, Sec 21xx
February 2, 2014

1. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
2. Subject to like approval by the New Mexico Oil Conservation Division.
3. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 2100 or below to top of cement. The CBL may be attached to a pswartz@blm.gov email. The CFO BLM on call engineer may be reached at 575-706-2779.**
4. Surface disturbance beyond the existing pad shall have prior approval.
5. 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.
6. Functional H₂S monitoring equipment shall be on location.
7. 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. A ram system including a blind ram and pipe ram(s) designed to close on all of the work string(s) used is required equipment. Manual BOP closure (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
8. 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.
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.

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 minimum 200 psig differential 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 one hour full rotation 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) Make arrangements 24 hours before the test for BLM to witness. In Eddy County email Paul R. Swartz pswartz@blm.gov or phone 575-200-7902, if there is no response, 575-361-2822. If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number. Note the contact, 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.
- 10) 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.
- 11) 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.
- 12) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.

- 13) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 14) 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.
- 15) 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 installed 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 daily descriptions of any previously unreported wellbore workover(s) and reason(s) the well annular fluid was replaced.

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.