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

Response Required - Deadline Enclosed

Underground Injection Control Program
"Protecting Our Underground Sources of Drinking Water"

25-Apr-14

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

H E WEST B No.003 — **30-015-05068-00-00**

Active Injection - (All Types) — C-4-17S-31E

Test Date:	4/23/2014	**Permitted Injection PSI:**		**Actual PSI:**	
Test Reason:	Annual IMIT	**Test Result:**	F	**Repair Due:**	7/27/2014
Test Type:	Bradenhead Test	**FAIL TYPE:**	Operational Violation	**FAIL CAUSE:**	

Comments on MIT: Well has not been used since 2/1/1992. Well must be plugged or repaired and returned to injection.

SKELLY UNIT No.018 — **30-015-05154-00-00**

Active Injection - (All Types) — D-15-17S-31E

Test Date:	4/15/2014	**Permitted Injection PSI:**		**Actual PSI:**	800
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/19/2014
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure. Pressured up and had immediate drop off.

SKELLY UNIT No.067 **30-015-05339-00-00**

Active Injection - (All Types) J-21-17S-31E

Test Date:	4/14/2014	**Permitted Injection PSI:**		**Actual PSI:**	1310
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/18/2014
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Fluid started coming out from around wellhead just as it started to pressure up.

SKELLY UNIT No.056 **30-015-05350-00-00**

Active Injection - (All Types) N-22-17S-31E

Test Date:	4/14/2014	**Permitted Injection PSI:**		**Actual PSI:**	1270
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/18/2014
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure. Pressured up twice. Pressure immediately dropped off.

SKELLY UNIT No.081 **30-015-05371-00-00**

Active Injection - (All Types) P-23-17S-31E

Test Date:	4/24/2014	**Permitted Injection PSI:**		**Actual PSI:**	
Test Reason:	Annual IMIT	**Test Result:**	F	**Repair Due:**	7/28/2014
Test Type:	Bradenhead Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Guage on casing showed 500psi. Tried to blow down and did not appear to slow down. Brought in a vac truck. After blowing down several minutes, casing psi was still 500psi.

SKELLY UNIT No.086 **30-015-05421-00-00**

Active Injection - (All Types) C-27-17S-31E

Test Date:	4/24/2014	**Permitted Injection PSI:**		**Actual PSI:**	
Test Reason:	Annual IMIT	**Test Result:**	F	**Repair Due:**	7/28/2014
Test Type:	Bradenhead Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Guage showed 900psi on casing string. Opened up valve and saw a strong blow of oil. Did not blow down any further so we would not cause a clean up.

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,

Richard Inge

Artesia 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.