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 David Catanach, Director Oil Conservation Division



Response Required - Deadilne Enclosed

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

26-Apr-16

LINN OPERATING, INC. 600 TRAVIS STREET SUITE 4900

HOUSTON TX 77002-7002

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.026		30-015-05060-00-00	
Test Date: Test Reason: Test Type: Comments on F	4/12/2016 5-year Test Std. Annulus Pres. Test MIT: Well will not hold press	Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure sure. 4 attempts to pressure up.	Actual PSI: Repair Due; FAIL CAUSE:	I-3-17S-31E 160 7/16/2016
J L KEEL B	No.007	Active Injection - (All Types)		30-015-05108-00-00 C-8-17S-31E
Test Date:	4/11/2016	Permitted Injection PSI:	Actual PSI:	1380
Test Reason:	5-year Test	Test Result: F	Repair Due:	7/15/2016
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:	
Comments on l	MIT: Well will not hold press	sure. After dumping in 20 bbls, well went on v	vacuum.	

				30-015-05111-00-
		Active Injection - (All Types)		A-8-17S-31E
Test Date:	4/11/2016	Permitted Injection PSI:	Actual PSI:	
Test Reason:	5-year Test	Test Result: F	Repair Due:	7/15/2016
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE	
Comments on	MIT: Well will not hold pres	ssure,		
SKELLY UNI	T No.063			30-015-05317-00-
		Active Injection - (All Types)		E-21-17S-31E
Test Date:	4/12/2016	Permitted Injection PSI:	Actual PSI:	1340
Test Reason:	5-year Test	Test Result: F	Repair Due:	7/16/2016
Test Type:	Std. Annulus Pres. Test MIT: Well will not hold pres	FAIL TYPE: Other Internal Failure	FAIL CAUSE:	
SKELLY UNI	T No.075	Active Inization (All Trans)		30-015-05333-00-
		Active Injection - (All Types)	A .A 1 DOT.	N-21-17S-31E
Test Date:	4/25/2016	Permitted Injection PSI:	Actual PSI:	B 100 100 1 C
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/29/2016
Test Type: Comments on 1	Bradenhead Test MIT: No guage on tubing. C	FAIL TYPE: Other Internal Failure	FAIL CAUSE:	
SKELLY UNI	· · · · · · · · · · · · · · · · · · ·			30-015-05345-00-
SKELLI UNI.	I 110.032	Active Injection - (All Types)		J-22-17S-31E
Test Date:	4/10/0014	Permitted Injection PSI:	Actual PSI:	
Test Date: Test Reason:	4/12/2016			1260
	5-year Test	•	Repair Due:	7/16/2016
Test Type: Comments on !	Std. Annulus Pres. Test MIT: Well would not pressur	FAIL TYPE: Other Internal Failure	FAIL CAUSE:	
SKELLY UNI				20 015 05426 00
SKELLI UNI	1 110,000			30-015-05426-00 - A-28-17S-31E
Test Date-	1/25/2016	Active Injection - (All Types)	Actual PSI-	A-20-170-91E
Test Date: Test Person	4/25/2016	Permitted Injection PSI:	Actual PSI:	
Test Resson:	Annual IMIT	Permitted Injection PSI: Test Result: F	Repair Due:	7/29/2016
	Annual IMIT Bradenhead Test	Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation	Repair Due: FAIL CAUSE:	7/29/2016
Test Reason: Test Type: Comments on N	Annual IMIT Bradenhead Test IIT: Original failure on 4/8/2	Permitted Injection PSI: Test Result: F	Repair Due: FAIL CAUSE:	7/29/2016 ver 1 year.
Test Reason: Test Type:	Annual IMIT Bradenhead Test IIT: Original failure on 4/8/2	Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation 2015. Not repaired from previous failure. Out	Repair Due: FAIL CAUSE:	7/29/2016 ver 1 year. 30-015-05435-00-(
Test Reason: Test Type: Comments on N FURNER B No	Annual IMIT Bradenhead Test IIT: Original failure on 4/8/2 .047	Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation 2015. Not repaired from previous failure. Out Active Injection - (All Types)	Repair Due: FAIL CAUSE:	7/29/2016 /er 1 year. 30-015-05435-00- B-29-17S-31E
Test Reason: Test Type: Comments on N FURNER B No Test Date:	Annual IMIT Bradenhead Test IIT: Original failure on 4/8/2 .047 4/12/2016	Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation 2015. Not repaired from previous failure. Out Active Injection - (All Types) Permitted Injection PSI:	Repair Due: FAIL CAUSE: t of compliance ov Actual PSI:	7/29/2016 Ver 1 year. 30-015-05435-00- B-29-17S-31E 1430
Test Reason: Test Type: Comments on N FURNER B No Test Date: Test Reason:	Annual IMIT Bradenhead Test MT: Original failure on 4/8/2 .047 4/12/2016 5-year Test	Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation 2015. Not repaired from previous failure. Out Active Injection - (All Types) Permitted Injection PSI: Test Result: F	Repair Due: FAIL CAUSE: t of compliance ov Actual PSI: Repair Due;	7/29/2016 /er 1 year. 30-015-05435-00- B-29-17S-31E
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Test Reason: Test Type: Comments on N FURNER B No Test Date: Test Reason: Test Reason: Test Type: Comments on N FURNER B No	Annual IMIT Bradenhead Test AIT: Original failure on 4/8/2 .047 4/12/2016 5-year Test Std. Annulus Pres. Test AIT: Well will not hold press .068	Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation 2015. Not repaired from previous failure. Out Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure sure. Active Injection - (All Types)	Repair Due: FAIL CAUSE: t of compliance ov Actual PSI: Repair Due: FAIL CAUSE:	7/29/2016 ver 1 year. 30-015-05435-00-0 B-29-17S-31E 1430 7/16/2016 30-015-05452-00-0
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Test Reason: Test Type: Comments on N FURNER B No Test Date: Test Reason: Test Type: Comments on N FURNER B No Test Date: Test Reason: Test Type: Comments on M	Annual IMIT Bradenhead Test MT: Original failure on 4/8/2 .047 4/12/2016 5-year Test Std. Annulus Pres. Test MT: Well will not hold press .068 4/13/2016 Annual IMIT Bradenhead Test MT: Repaired? Surface is cer Original failure on 5/5/2 .053	Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation 2015. Not repaired from previous failure. Out Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Other Internal Failure sure. Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation mented. No paperwork on repair. 015. Not repaired from previous failure. Out Active Injection - (All Types)	Repair Due: FAIL CAUSE: t of compliance ov Actual PSI: Repair Due: FAIL CAUSE: Actual PSI: Repair Due: FAIL CAUSE: of compliance ov	7/29/2016 /er 1 year. 30-015-05435-00-0 B-29-17S-31E 1430 7/16/2016 30-015-05452-00-0 P-29-17S-31E 7/17/2016 er 1 year.
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NORTH BEN	ISON QUEEN UNIT No.025			30-015-10127-00-00				
		Active Injection - (All Types)		N-28-18S-30E				
Test Date:	4/13/2016	Permitted Injection PSI:	Actual PSI:					
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/17/2016				
Test Type:	Bradenhead Test	FAIL TYPE: Permit Violation	FAIL CAUSE	:				
Comments on MIT: Original failure on 2/17/2015. Not repaired from previous failure. Out of compliance over 1 year.								
SKELLY UN	IT No.107			30-015-20410-00-00				
		Active Injection - (All Types)		E-27-17S-31E				
Test Date:	4/25/2016	Permitted Injection PSI:	Actual PSI:					
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/29/2016				
Test Type:	Bradenhead Test	FAIL TYPE: Permit Violation	FAIL CAUSE:	!				
Comments on	MIT: Original failure on 4/8/2	015. Not repaired from previous failure. Out	of compliance of	over 1 year.				
RED LAKE U	JNIT No.016			30-015-23122-00-00				
		Active Injection - (All Types)		O-25-16S-28E				
Test Date:	4/13/2016	Permitted Injection PSI:	Actual PSI:					
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/17/2016				
Test Type:	Bradenhead Test	FAIL TYPE: Permit Violation	FAIL CAUSE:					
Comments on	MIT: Original failure on 2/17/	2015. Not repaired from previous failure. Ou	t of compliance	over 1 year.				
RED LAKE U	NIT No.012			30-015-24016-00-00				
		Active Injection - (All Types)		I-25-16S-28E				
Test Date:	4/13/2016	Permitted Injection PSI:	Actual PSI:					
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/17/2016				
Test Type:	Bradenhead Test	FAIL TYPE: Permit Violation	FAIL CAUSE:					
Comments on	MIT: Original failure on 2/17/	2015. Not repaired from previous failure. Ou	t of compliance	over 1 year.				
J L KEEL B N	lo.034		<u> </u>	30-015-25447-00-00				
		Active Injection - (All Types)		H-6-17S-31E				
Test Date:	4/11/2016	Permitted Injection PSI:	Actual PSI:	1250				
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/15/2016				
Test Type:	Bradenhead Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:					
Comments on	MIT: Took a while to load, but	would not hold pressure.						
J L KEEL B N	0.037	· · · · · · · · · · · · · · · · · · ·		30-015-25934-00-00				
		Active Injection - (All Types)		E-5-17S-31E				
Test Date:	4/11/2016	Permitted Injection PSI:	Actual PSI:	1450				
Test Reason:	5-year Test	Test Result: F	Repair Due:	7/15/2016				
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:					
Comments on I	MIT: Well is leaking from cap.	Need to replace gasket and re-test						
TURNER A N	0.057			30-015-29000-00-00				
		Active Injection - (All Types)		C-19-17S-31E				
Test Date:	4/14/2016	Permitted Injection PSI:	Actual PSI:					
Test Reason:	Annual IMIT	Test Result: F	Repair Due:	7/18/2016				
Test Type:	Bradenhead Test	FAIL TYPE: Permit Violation	FAIL CAUSE:					
Comments on N	MIT: Original failure on 3/25/2 WFX946 implementation	015. Not repaired from previous failure. Out	of compliance o	ver 1 year. Part of				

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,

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.