New Mexico Energy, Minerals and Natural Resources Department

Response Required – Deadline Enclosed
Underground Injection Control Program
Protecting Our Underground Sources of Drinking Water

Mailed 4/26/10 DS

22-Apr-10

LINN OPERATING, INC.
600 TRAVIS SUITE 5100
HOUSTON TX 77002

LOV NO. 02-09-148

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.016 — **30-015-05056-00-00**
Active Injection - (All Types) — M-3-17S-31E

Test Date:	4/15/2010	**Permitted Injection PSI:**		**Actual PSI:**	1850
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/19/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure. Casing had 500 psi on back side. Once this was bleed off, well took over 5 bbls to start to pressure up. Once pressured up to 400 psi, it dropped 60 psi in less than 1 minute.

H E WEST B No.026 — **30-015-05060-00-00**
Active Injection - (All Types) — I-3-17S-31E

Test Date:	4/15/2010	**Permitted Injection PSI:**		**Actual PSI:**	
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/19/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure

H E WEST A No.006 — **30-015-05065-00-00**
Active Injection - (All Types) — H-4-17S-31E

Test Date:	4/14/2010	**Permitted Injection PSI:**		**Actual PSI:**	2000
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/18/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Water came outside of casing when pressuring up.

J L KEEL B No.022 30-015-05082-00-00

Active Injection - (All Types) L-5-17S-31E

Test Date:	4/13/2010	**Permitted Injection PSI:**		**Actual PSI:**	1850
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/17/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure

J L KEEL A No.004 **30-015-05092-00-00**

Active Injection - (All Types) K-7-17S-31E

Test Date:	4/8/2010	**Permitted Injection PSI:**		**Actual PSI:**	
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/12/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure. When we started to pressure up on casing, water came out of intermediate.

J L KEEL A No.010 **30-015-05098-00-00**

Active Injection - (All Types) I-7-17S-31E

Test Date:	4/16/2010	**Permitted Injection PSI:**		**Actual PSI:**	
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/20/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Fluid started coming out of casing after pressure blew down. Pressure also on intermediate string.

J L KEEL A No.012 **30-015-05100-00-00**

Active Injection - (All Types) A-7-17S-31E

Test Date:	4/16/2010	**Permitted Injection PSI:**		**Actual PSI:**	1830
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/20/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure. Dropped 80 psi in 30 minutes.

H E WEST B No.012 **30-015-05118-00-00**

Active Injection - (All Types) G-9-17S-31E

Test Date:	4/15/2010	**Permitted Injection PSI:**		**Actual PSI:**	1860
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/19/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure. Well had immediate bleed off.

TURNER A No.015 **30-015-05240-00-00**

Active Injection - (All Types) F-19-17S-31E

Test Date:	4/7/2010	**Permitted Injection PSI:**		**Actual PSI:**	1650
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/11/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Leak from intermediate string as soon as we started to pressure up.

FREN OIL COMPANY No.007 **30-015-05255-00-00**

Active Injection - (All Types) N-19-17S-31E

Test Date:	4/6/2010	**Permitted Injection PSI:**		**Actual PSI:**	
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/10/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure

TURNER B No.051 **30-015-05298-00-00**

Active Injection - (All Types) I-20-17S-31E

Test Date:	4/21/2010	**Permitted Injection PSI:**		**Actual PSI:**	1790
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/25/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Just as well was pressured up, fluid started coming outside of casing.

TURNER B No.056 **30-015-05473-00-00**

Active Injection - (All Types) J-30-17S-31E

Test Date:	4/6/2010	**Permitted Injection PSI:**		**Actual PSI:**	1700
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/10/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure

TURNER A No.035 — **30-015-20097-00-00**

Active Injection - (All Types) — H-19-17S-31E

Test Date:	4/7/2010	**Permitted Injection PSI:**		**Actual PSI:**	
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/11/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure

J L KEEL B No.032 — **30-015-24694-00-00**

Active Injection - (All Types) — B-6-17S-31E

Test Date:	4/13/2010	**Permitted Injection PSI:**		**Actual PSI:**	1780
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/17/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Operational Violation	**FAIL CAUSE:**	

Comments on MIT: Continuous flow of fluid from the casing.

J L KEEL B No.034 — **30-015-25447-00-00**

Active Injection - (All Types) — H-6-17S-31E

Test Date:	4/13/2010	**Permitted Injection PSI:**		**Actual PSI:**	1900
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/17/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure

J L KEEL B No.038 — **30-015-25919-00-00**

Active Injection - (All Types) — I-6-17S-31E

Test Date:	4/13/2010	**Permitted Injection PSI:**		**Actual PSI:**	1840
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/17/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure

J L KEEL B No.037 — **30-015-25934-00-00**

Active Injection - (All Types) — E-5-17S-31E

Test Date:	4/13/2010	**Permitted Injection PSI:**		**Actual PSI:**	1900
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/17/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Well will not hold pressure

J L KEEL B No.077 — **30-015-28279-00-00**

Active Injection - (All Types) — H-8-17S-31E

Test Date:	4/21/2010	**Permitted Injection PSI:**		**Actual PSI:**	1650
Test Reason:	Annual IMIT	**Test Result:**	F	**Repair Due:**	7/25/2010
Test Type:	Bradenhead Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: Blow of fluid from casing

TURNER A No.058 — **30-015-29001-00-00**

Active Injection - (All Types) — O-18-17S-31E

Test Date:	4/7/2010	**Permitted Injection PSI:**		**Actual PSI:**	
Test Reason:	5-year Test	**Test Result:**	F	**Repair Due:**	7/11/2010
Test Type:	Std. Annulus Pres. Test	**FAIL TYPE:**	Other Internal Failure	**FAIL CAUSE:**	

Comments on MIT: 300 PSI on casing when hooked on. Bleed down to 60 psi and no further. Closed valve and pressure started building back up on casing.

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

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.