

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**OIL AND GAS CONSERVATION**

ARTESIA DISTRICT

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

JUL 25 2014

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an  
abandoned well. Use form 3160-3 (APD) for such proposals.*

RECEIVED

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

5. Lease Serial No.  
NMNM98122

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
8920002760

8. Well Name and No.  
SKELLY UNIT 67

9. API Well No.  
30-015-05339-00-S1

10. Field and Pool, or Exploratory  
GRAYBURG

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

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

2. Name of Operator  
LINN OPERATING INCORPORATED E-Mail: tcallahan@linnenergy.com

Contact: TERRY B CALLAHAN  
Ph: 281-840-4272

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

3b. Phone No. (include area code)  
Ph: 281-840-4272

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 21 T17S R31E NWSE 1650FSL 1980FEL

**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 checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<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 recompleat 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 recompleat 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.)

THE SKELLY UNIT #67 FAILED THE 5-YEAR STD ANNUAL PRESSURE TEST ON 4/14/2014 AND A NOTICE OF VIOLATION WAS RECEIVED. FLUID LEAKED AROUND WELLHEAD WHEN PRESSURE WAS APPLIED TO THE ANNULUS, DUG DOWN TO 5' AND DISCOVERED SHALLOW HOLES IN THE SURFACE CASING.

**PROPOSED CASING REPAIR PROCEDURE:**

1. DIG DOWN AROUND SURFACE CASING TO ISOLATE LEAKS.
2. CUT AND BACK OFF BELOW LEAKS.
3. REPLACE BAD CASING.

Accepted for record

10/22/14 AFMOCD

NOT TO P&A Submitted and Approved 7-16-14

ACCEPTED FOR RECORD

JUL 16 2014

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #250131 verified by the BLM Well Information System  
For LINN OPERATING INCORPORATED, sent to the Carlsbad  
Committed to AFMSS for processing by CATHY QUEEN on 06/19/2014 (14CQ0490SE)

Name (Printed/Typed) TERRY B CALLAHAN

Title REG COMPLIANCE SPECIALIST III

Signature (Electronic Submission)

Date 06/19/2014

**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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

Additional data for EC transaction #250131 that would not fit on the form

32. Additional remarks, continued

ATTACHED: CURRENT WELLBORE DIAGRAM  
COPY OF LETTER OF VIOLATION

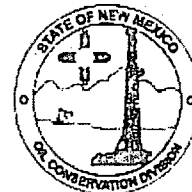
State of New Mexico  
Energy, Minerals and Natural Resources Department

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  
C-4-17S-31E**

Active Injection - (All Types)

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  
D-15-17S-31E**

Active Injection - (All Types)

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: Gauge 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: Gauge 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.

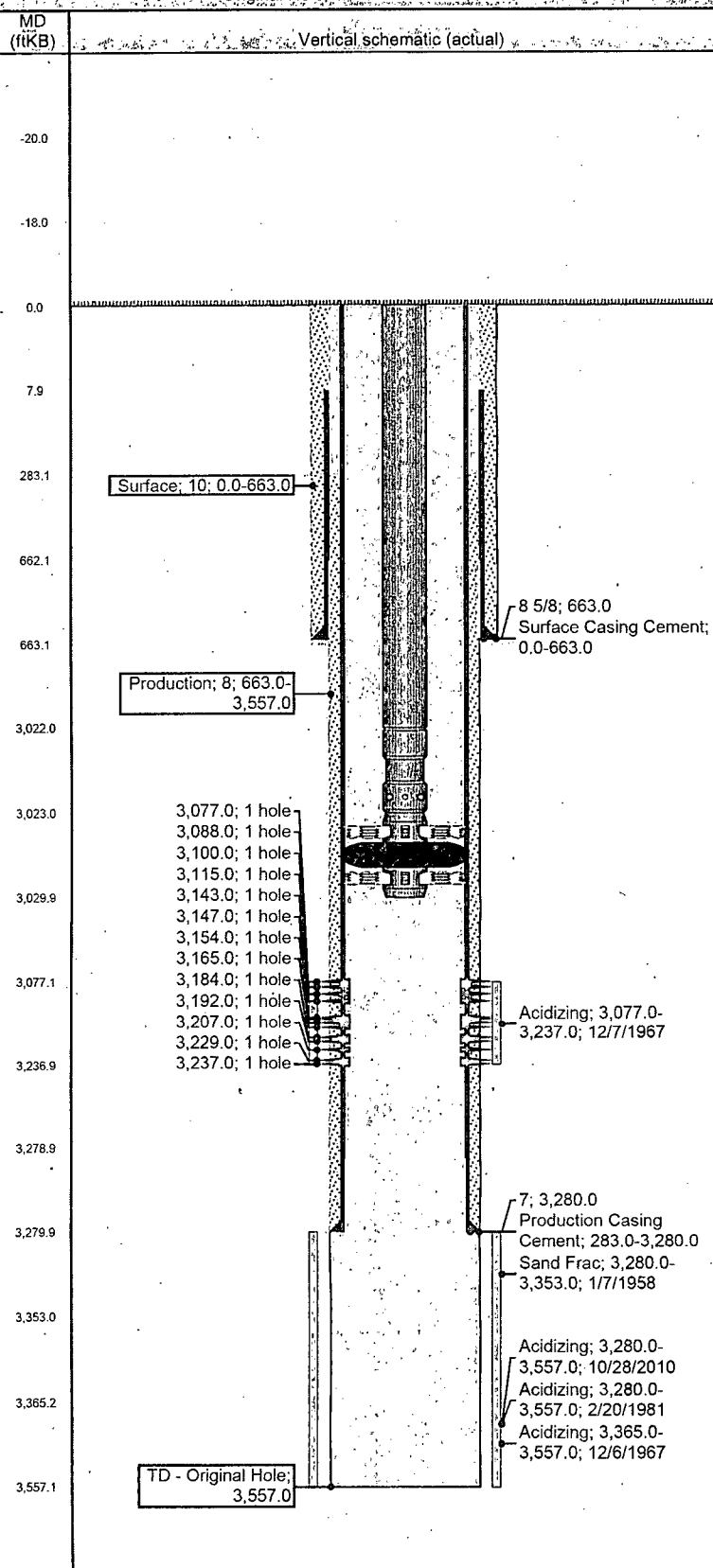


# Current Well Schematic (NM)

Well Name: SKELLY UNIT 067

API/UWI	Field Name	County	State/Prov	Section	Township	Range	Survey	Block
3001505339	PB-SKELLY	Eddy	NM	21	017-S	031-E		
Ground Elevation (ft)	Orig KB Elev (ft)	KB-Grd (ft)	Initial Spud Date	Rig Release Date	TD Date	Latitude (°)	Longitude (°)	Operated?
3,771.00	3,771.00	0.00	12/4/1957					Yes

Original Hole, 6/18/2014 9:24:24 AM



## Location & Lat/Long

NS Dist (ft)	NS Flag	EW Dist (ft)	EW Flag	Latitude (°)	Longitude (°)
1,650.0	FSL	1,980.0	FEL	32° 49' 2.506" N	103° 52' 21.305" W

## Wellbore Sections

Section Description	Size (in)	Actual Btm Depth (ftKB)	Start Date
Surface	10	663.0	12/4/1957
Production	8	3,557.0	12/8/1957

## General Notes

Date	Comment
	Formerly known as "Dow B #27" by Skelly Oil Co.
Date	Comment
12/1/1967	Deepened well f/ 3355' to 3557'
Date	Comment
8/5/1968	Convert to Water Injection Well
Date	Comment
3/9/1972	Treated for scale, Treated down 7" csg w/ 20 gals Enjay #7674 Bactericide & 20 gals Enjay #7720 corrosion inhibitor mixed w/ 1--bbls fresh water.
Date	Comment
3/2/1981	AFE proposal from 9/4/1980 states an attempt to run inj survey on this well resulted in tools going through a tight spot in the tubing. It is believed that the csg is collapsed into the tbg. Subsequent rpt for collapsed csg dated 2/17/81 - 2/24/81 states CO scale to 3557', acd'z'd OH and perfs, ran new tension pkr and tbg.

## Casing Strings

Casing Description	OD (in)	Set Depth (ftKB)	Run Date
Surface	8 5/8	663.0	12/7/1957
Production	7	3,280.0	1/2/1958

## Cement Stages

Description	Top (ftKB)	Btm (ftKB)	Comment
Surface Casing Cement	0.0	663.0	150 sxs cmt
Cmt circulated to surface			
Production Casing Cement	283.0	3,280.0	325sxs cmt
Comment			
150sxs 50% Pozmix w/ 4% gel + 175 sxs reg cmt w/ 4% CaCl. Temp Survey shows TOC @ 283'			

## Tubing Strings

Tubing Description			Run Date	Set Depth (ftKB)		
Tubing			2/5/2004	3,030.0		
Item Des	Len (ft)	Jts	OD (in)	ID (in)	Grade	WT (lb/ft)
Tubing	3,040.00	95	2 3/8	2.041	J-55	4.00
Seating Nipple	1.10		2 3/8			
AD-1 Packer	7.00		2 3/8			

## Stim/Treat Stages

Type of Frac	Date	Top (ftKB)	Btm (ftKB)
Sand Frac	1/7/1958	3,280.0	3,353.0
Comment			
Frac OH w/ 29,946 gals oil & 58,000# sand.			
Type of Frac	Date	Top (ftKB)	Btm (ftKB)
Acidizing	12/6/1967	3,365.0	3,557.0
Comment			
Treat OH w/ 2000 gals 15% reg acid.			
Type of Frac	Date	Top (ftKB)	Btm (ftKB)
Acidizing	12/7/1967	3,077.0	3,237.0
Comment			
Acidz w/ 1000 gals 15% reg acid & 52 ball sealers.			
Type of Frac	Date	Top (ftKB)	Btm (ftKB)
Acidizing	2/20/1981	3,280.0	3,557.0
Comment			
Acidz OH w/ 3000 gals 15% NeFe			
Type of Frac	Date	Top (ftKB)	Btm (ftKB)
Acidizing	10/28/2010	3,280.0	3,557.0
Comment			
Acidz w/ 1000 gals 15% anti-sludge w/ H2S scavenger & 2% mutual solvent.			

## Perforations

Date	Top (ftKB)	Btm (ftKB)	Com
12/1/1967	3,077.0	3,077.0	1 hole