

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Response Required – Deadline Enclosed

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

Mailed 4/26/10
DJS

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

Active Injection - (All Types)

30-015-05056-00-00
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

Active Injection - (All Types)

30-015-05060-00-00
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

Active Injection - (All Types)

30-015-05065-00-00
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.



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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:
Test Reason:	5-year Test	Test Result: F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure
Comments on MIT:	Well will not hold pressure	Actual PSI: 1850
		Repair Due: 7/17/2010
		FAIL CAUSE:

J L KEEL A No.004

	Active Injection - (All Types)	30-015-05092-00-00
		K-7-17S-31E
Test Date:	4/8/2010	Permitted Injection PSI:
Test Reason:	5-year Test	Test Result: F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure
Comments on MIT:	Well will not hold pressure. When we started to pressure up on casing, water came out of intermediate.	Actual PSI:
		Repair Due: 7/12/2010
		FAIL CAUSE:

J L KEEL A No.010

	Active Injection - (All Types)	30-015-05098-00-00
		I-7-17S-31E
Test Date:	4/16/2010	Permitted Injection PSI:
Test Reason:	5-year Test	Test Result: F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure
Comments on MIT:	Fluid started coming out of casing after pressure blew down. Pressure also on intermediate string.	Actual PSI:
		Repair Due: 7/20/2010
		FAIL CAUSE:

J L KEEL A No.012

	Active Injection - (All Types)	30-015-05100-00-00
		A-7-17S-31E
Test Date:	4/16/2010	Permitted Injection PSI:
Test Reason:	5-year Test	Test Result: F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure
Comments on MIT:	Well will not hold pressure. Dropped 80 psi in 30 minutes.	Actual PSI:
		Repair Due: 7/20/2010
		FAIL CAUSE:

H E WEST B No.012

	Active Injection - (All Types)	30-015-05118-00-00
		G-9-17S-31E
Test Date:	4/15/2010	Permitted Injection PSI:
Test Reason:	5-year Test	Test Result: F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure
Comments on MIT:	Well will not hold pressure. Well had immediate bleed off.	Actual PSI:
		Repair Due: 7/19/2010
		FAIL CAUSE:

TURNER A No.015

	Active Injection - (All Types)	30-015-05240-00-00
		F-19-17S-31E
Test Date:	4/7/2010	Permitted Injection PSI:
Test Reason:	5-year Test	Test Result: F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure
Comments on MIT:	Leak from intermediate string as soon as we started to pressure up.	Actual PSI:
		Repair Due: 7/11/2010
		FAIL CAUSE:

FREN OIL COMPANY No.007

	Active Injection - (All Types)	30-015-05255-00-00
		N-19-17S-31E
Test Date:	4/6/2010	Permitted Injection PSI:
Test Reason:	5-year Test	Test Result: F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure
Comments on MIT:	Well will not hold pressure	Actual PSI:
		Repair Due: 7/10/2010
		FAIL CAUSE:

TURNER B No.051

	Active Injection - (All Types)	30-015-05298-00-00
		I-20-17S-31E
Test Date:	4/21/2010	Permitted Injection PSI:
Test Reason:	5-year Test	Test Result: F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure
Comments on MIT:	Just as well was pressured up, fluid started coming outside of casing.	Actual PSI:
		Repair Due: 7/25/2010
		FAIL CAUSE:

TURNER B No.056

	Active Injection - (All Types)	30-015-05473-00-00
		J-30-17S-31E
Test Date:	4/6/2010	Permitted Injection PSI:
Test Reason:	5-year Test	Test Result: F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure
Comments on MIT:	Well will not hold pressure	Actual PSI:
		Repair Due: 7/10/2010
		FAIL CAUSE:

TURNER A No.035

30-015-20097-00-00
H-19-17S-31E

Active Injection - (All Types)

Test Date: 4/7/2010
Test Reason: 5-year Test
Test Type: Std. Annulus Pres. Test
Comments on MIT: Well will not hold pressure

Permitted Injection PSI:
Test Result: F
FAIL TYPE: Other Internal Failure

Actual PSI:
Repair Due: 7/11/2010
FAIL CAUSE:

J L KEEL B No.032

30-015-24694-00-00
B-6-17S-31E

Active Injection - (All Types)

Test Date: 4/13/2010
Test Reason: 5-year Test
Test Type: Std. Annulus Pres. Test
Comments on MIT: Continuous flow of fluid from the casing.

Permitted Injection PSI:
Test Result: F
FAIL TYPE: Operational Violation

Actual PSI: 1780
Repair Due: 7/17/2010
FAIL CAUSE:

J L KEEL B No.034

30-015-25447-00-00
H-6-17S-31E

Active Injection - (All Types)

Test Date: 4/13/2010
Test Reason: 5-year Test
Test Type: Std. Annulus Pres. Test
Comments on MIT: Well will not hold pressure

Permitted Injection PSI:
Test Result: F
FAIL TYPE: Other Internal Failure

Actual PSI: 1900
Repair Due: 7/17/2010
FAIL CAUSE:

J L KEEL B No.038

30-015-25919-00-00
I-6-17S-31E

Active Injection - (All Types)

Test Date: 4/13/2010
Test Reason: 5-year Test
Test Type: Std. Annulus Pres. Test
Comments on MIT: Well will not hold pressure

Permitted Injection PSI:
Test Result: F
FAIL TYPE: Other Internal Failure

Actual PSI: 1840
Repair Due: 7/17/2010
FAIL CAUSE:

J L KEEL B No.037

30-015-25934-00-00
E-5-17S-31E

Active Injection - (All Types)

Test Date: 4/13/2010
Test Reason: 5-year Test
Test Type: Std. Annulus Pres. Test
Comments on MIT: Well will not hold pressure

Permitted Injection PSI:
Test Result: F
FAIL TYPE: Other Internal Failure

Actual PSI: 1900
Repair Due: 7/17/2010
FAIL CAUSE:

J L KEEL B No.077

30-015-28279-00-00
H-8-17S-31E

Active Injection - (All Types)

Test Date: 4/21/2010
Test Reason: Annual IMIT
Test Type: Bradenhead Test
Comments on MIT: Blow of fluid from casing

Permitted Injection PSI:
Test Result: F
FAIL TYPE: Other Internal Failure

Actual PSI: 1650
Repair Due: 7/25/2010
FAIL CAUSE:

TURNER A No.058

30-015-29001-00-00
O-18-17S-31E

Active Injection - (All Types)

Test Date: 4/7/2010
Test Reason: 5-year Test
Test Type: Std. Annulus Pres. Test
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.

Permitted Injection PSI:
Test Result: F
FAIL TYPE: Other Internal Failure

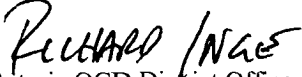
Actual PSI:
Repair Due: 7/11/2010
FAIL CAUSE:

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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,


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.