

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-38576
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other Injection <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator DCP Midstream LP		6. State Oil & Gas Lease No. V07530-0001
3. Address of Operator 370 17 th Street, Suite 2500, Denver, CO 80202		7. Lease Name or Unit Agreement Name Linam AGI
4. Well Location Unit Letter K: 1980 feet from the South line and 1980 feet from the west line Section 30 Township 18S Range 37E NMPM County Lea		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3736 GR		9. OGRID Number 36785
		10. Pool name or Wildcat AGI - Wolfcamp

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMON CEMENT JOBS <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>		
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

Per Underground Injection Control Program Manual
11.6 C Packer shall be set within or less than 100
feet of the uppermost injection perfs or open hole.

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Purpose of this workover is to describe the proposed procedure for the repair of the Linam AGI#1 to address tubing leak and compromised casing. Please see attached detailed description and revised well bore diagram.

1. Run in hole with new Inconel packer and set packer at 8604' within caprock section
2. Run in hole with a new string of tubing and SSSV.
3. Clean out annulus, treat and load annulus with inhibited diesel packer fluid
4. Install new injection tree.
5. Remove blanking plugs
6. Notify OCD of MIT test. Pressure test casing/tubing annulus to 500 psi. Chart for 30 minutes.
7. Bleed pressure 200# SICP at end of job.
8. File a C-103 subsequent report with the MIT.

Condition of Approval: notify
OCD Hobbs office 24 hours
prior of running MIT Test & Chart

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

The Oil Conservation Division


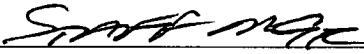
MUST BE NOTIFIED 24 Hours

SIGNATURE  TITLE Consultant to DCP Midstream

DATE 05/02/2012

Type or print name Alberto A. Gutierrez, RG E-mail address: aag@geolex.com PHONE: 505-842-8000

For State Use Only

APPROVED BY:  TITLE  DATE 5-2-2012

Conditions of Approval (if any):

MAY 02 2012

DCP LINAM AGI #1 WELLBORE SCHEMATIC

Location: 1980' FSL, 1980' FWL
STR 30-T18S-R37E
County, St.: LEA, NEW MEXICO

SURFACE CASING:
 13 3/8", 48.00#/ft, H40, STC at 530'

INTERMEDIATE CASING:
 9 5/8", 40.00#/ft, J55, LTC at 4212'

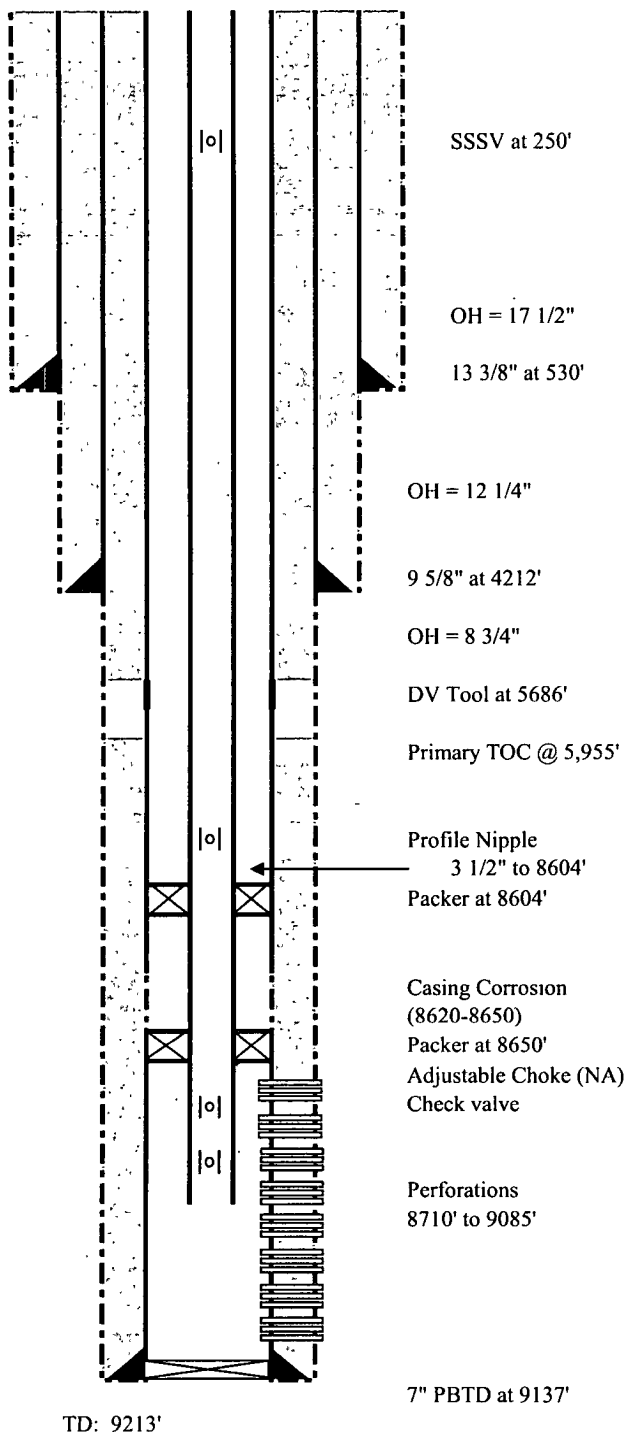
PRODUCTION CASING:
 7", 26.00#/ft, L80, STC at 9200'
 PBTD = 9137'

TUBING:
 Subsurface Safety Valve at 250 ft
 3 1/2", 9.2#/ft, L80, Hunting SLF at 8604'

PACKER:
 Permanent Production Packer (2)
 Adjustable Choke
 Check valve

PERFORATIONS:

Primary Target	Secondary Target
Lower Bone Springs	Brushy Canyon
8710' - 8730'	5000' to 5300'
8755' - 8765'	(Not perforated)
8780' - 8795'	
8780' - 8890'	
8925' - 8930'	
8945' - 8975'	
8985' - 9000'	
9045' - 9085'	



TD: 9213'

During a planned plant turn around at the Linam plant in Hobbs New Mexico the waste stream disposal well was pulled due to a known hole in tubing. When the equipment was pulled severe corrosion was observed on the tubing immediately above the packer. The initial investigation revealed primarily corrosion on the outside diameter of the tubing and consisted of CO₂, H₂S and possible MIC corrosion. Sections of the corroded tubing have been collected to be submitted to 3rd party metallurgical labs for further investigation.

During the previous installation the annulus of the well above the packer was circulated to surface with diesel fuel and did not contain additional corrosion inhibition chemicals. Some residual water was likely present above the packer which led to the corrosive environment. This area appears to also have been affected by some internal corrosion in the same two tubing joints above the packer. A wall thickness survey of the entire tubing string revealed that there is no effective wall thickness reduction in the tubing except in the immediate area where the holes have developed in the lowermost two joints of tubing. A microvertilog was done inside the casing after removing the tubing string to evaluate the condition of the casing and only a portion of the lowermost joint has been affected. The reduction in wall thickness in this area indicates that it is prudent to run an additional packer in the well immediately above the affected area of the casing, string into the lower packer and provide enhanced protection of the well in addition to the proposed revisions in the packer fluid. The relative timing of inside and outside corrosion at this level are the continuing focus of a forensic investigation and root cause analysis. However we have been working with Champion Technologies to develop a treatment and packer fluid strategy that addresses the multiple potential mechanisms of this failure that will minimize the potential for future corrosion.

Proposed Workover and Well Repair Procedure

DCP has developed a targeted systematic approach to mitigate potential corrosion issues in the annulus in the future. This approach consists of a two pronged approach to repair the damage encountered in the well. The strategy and plan are as follows:

1. Make a mechanical repair of the well that replaces all tubulars in the well with the exception of the SSSV which is fully functional and whose integrity has not been affected and adds a new Inconel corrosion-resistant packer above the existing packer identical to the current undamaged packer in undamaged casing which will string directly into the packer below providing a double packer system protecting the well in the anticipated eventual failure of the affected casing (see attached well bore diagram).
2. Develop a well annulus treatment and packer fluid introduction method and composition that addresses the potential multiple causes of the observed damage to the well tubulars over the entire string but especially in the areas where problems have been encountered in the well. (see attached MSDS for treatments and additives)

The initial step of the well bore and annular fluid preparation strategy includes a remedial biocide treatment to accomplish a kill of bacteria that are potentially currently in the well bore. The biocide treatment will consist of 55 gallons of Bactron K-139 in a 50 bbl pill. The calculated concentration of the biocide pill is ~2.6%. At this high concentration the biocide pill can be diluted back with water that is the wellbore and still maintain sufficient concentration to achieve a complete kill.

The second step of the strategy consists of a 200 gallon methanol pad treated 1 gallon of Cortron RU-160 oxygen inhibitor to aid in removing water from the annulus, separate the water

and diesel to prevent water hold up, diesel/water emulsification and prevent oxygen induced corrosion.

The final step in the process is to circulate diesel to the surface with 360 bbls diesel treated with 275 gallons of Cortron R-2525. Cortron R-2525 is an oil soluble, highly water dispersal corrosion inhibitor that was found to partially partition to the water phase with the prescribed application.

All of the products and carrier fluids recommended have been tested in the lab for compatibility and have been found to be compatible (see attached MSDS).

Procedure for treatment and packer fluid preparation

- 1) Mix 55 gallons of Bactron K-139 in 50 bbls of 10 # Brine
- 2) Pump biocide pill down the tubing
- 3) Mix 1 gallon of Cortron RU-160 in 200 gallons of methanol
- 4) Pump methanol / Cortron RU-160 down mixture the tubing
- 5) Pump 360 bbls of diesel down the tubing treated on the fly with 275 gallons of Cortron R-2525
- 6) Set tubing in packer and close casing valves