

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**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.

OCD Hobbs

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

| | | | |
|---|--|---|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: INJECTION | | 5. Lease Serial No. NMNM052 | |
| 2. Name of Operator LINN OPERATING INCORPORATED E-Mail: tcallahan@linnenergy.com | | 6. If Indian, Allottee or Tribe Name | |
| 3a. Address 600 TRAVIS STREET SUITE 5100 HOUSTON, TX 77002 | | 7. If Unit or CA/Agreement, Name and/or No. 891007465B | |
| 3b. Phone No. (include area code) Ph: 281-840-4272 | | 8. Well Name and No. MRU 354 | |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T19S R34E SWNE 1980FNL 1980FEL | | 9. API Well No. 30-025-20692-00-S1 | |
| | | 10. Field and Pool, or Exploratory PEARL | |
| | | 11. County or Parish, and State LEA COUNTY, NM | |

HOBBS OCD

SEP 12 2012

RECEIVED

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 type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Workover Operations |
| | <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 recomplete 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 recompletion 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.)

CLEAN OUT WELL. CEMENT 4" FJL IN PLACE FROM TOP PERF TO SURFACE, ACIDIZE WELL, RIH W/ PKR TO 4500' AND RTI.

Non Routine Equipment Needs:
4? 11.34#, L-80 Ultra Flush Joint ? Purchased
Lift Nubbins and Stabbing Cup ? Rental
4? Packer
New Wellhead components for 4? Liner
Casing Crew
Cementing Services

Procedure:

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****SUBJECT TO LIKE
APPROVAL BY STATE**

| | |
|--|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #143054 verified by the BLM Well Information System For LINN OPERATING INCORPORATED, sent to the Hobbs Committed to AFMSS for processing by BEVERLY WEATHERFORD on 07/18/2012 (12BMW0141SE) | |
| Name (Printed/Typed) TERRY B CALLAHAN | Title REGULATORY SPECIALIST III |
| Signature (Electronic Submission) | Date 07/17/2012 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | |
| Approved By | Title |
| 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 | Date |
| 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. | |

APPROVED

SEP 10 2012

WESLEY W. INGRAM
PETROLEUM ENGINEER**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

SEP 13 2012

Additional data for EC transaction #143054 that would not fit on the form

32. Additional remarks, continued

1. Test anchors prior to rigging up.
2. MIRU WO Rig and record casing and tubing pressure.
3. Bleed pressure off of well.
4. NU BOP.
5. Unseat packer and TOO H with tubing and packer (tubing may be already unset and packer may be already POOH).
6. RIH with workstring and bit to TD (or top of fish if present) and circulate clean. POOH LD bit.
7. RIH & set composite plug at 4552? with 10? cmt on top. TOO H with work string.
8. TIH with packer and set 10? above cement plug and pressure test plug to 500 PSI.
9. Release packer and establish circulation with work string and brine fluid to load the hole.
10. TOO H with workstring and LD packer.
11. PU and TIH with 4?, 11.34#, L-80, Ultra Flush Joint Casing and lightly tag TOC @ 4540?.
12. After tagging TOC pull up 5? to set end of casing at 4535?.
13. Establish circulation with brine fluid.
14. Rig up cement company.
15. Pump Class ?C? cement until circulation is obtained and then displace with wiper plug and brine water. Shut BH valve prior to bumping plug.
16. ND BOP.
17. Set slips for 4? casing.
18. Install bowl for 2-3/8? tubing.
19. NU BOP.
20. WOC.
21. PU bit and workstring and drill out cement and composite plug.
22. Bleed well pressure down or kill well as necessary.
23. LD bit and Stand back workstring.
24. PU and RIH with workstring and packer.
25. Perform Acid Job
26. POOH and LD workstring and packer.
27. PU 1 jts of 2-3/8? IPC tail pipe, 4? injection packer (Arrowset with on off tool), 2-3/8? IPC injection tubing, and TIH with packer landed at 4500? (unset).
28. ND BOP.
29. Circulate packer fluid.
30. Set packer at 4500?.
31. NU WH.
32. Conduct mock MIT to 500 PSI.
33. Notify foreman that the well is ready for a witnessed MIT.
34. RDMO.

Attached you will find the Wellbore Diagram, a copy of the Procedures and Liner Specs

Well Name:

Mescalero Ridge Unit #35-4 WIW

| | | |
|-------------|--------------------|-----------------|
| Footage: | Location: | |
| Section: | 1980 FNL, 1980 FEL | SEC35-119S-R34E |
| Block: | 35 | |
| Survey: | Lea | |
| Lat/Long: | Pearl Queen | |
| Field: | Elevations: | |
| GL: | 3715' | |
| KB: | 3724' | |
| KB-GL Calc: | 9' | |
| ck w/ log? | | |

Log Line Requirements:

| Date | History |
|-----------|--|
| 3/15/1964 | Drilled to TD of 5203'. Ran 5-1/2" 15.5# J-55 gals to 5200' & cmt'd w/350 sxs TOC 3800' (temp survey) Perf'd 4579-80', 4582-83', 4587-88', 4590', 4616-20', 4717-19', 4842-47', 5087-93', 5184-90' w/1SPF (35 Holes) Treated 4579-90' w/250 gals acid & frac'd w/10000# SD in 13230 gals lease oil. Treated 4616-20' w/250 gals acid & frac'd w/11000# SD in 13600 gals lease oil. Treated 4717-47' w/250 gals acid & frac'd w/7000# SD in 13734 gals lease oil. Treated 5087-93' w/250 gals acid & frac'd w/10500# SD in 14028 gals lease oil. Treated 5184-90' w/250 gals acid & frac'd w/10500# SD in 14028 gals lease oil. |
| 5-8/1974 | Workovers Converted to water injection without additional perfs. BTM Pkr @ 4630' Top @ 4560' |
| 2/1979 | Clean out to 5184' Perf @ 4582', 4608', 4890', 94', 4902', 10', 50', 68', & 5003' w/1SPF acidified perfs 4562'-5190' w/fat block, scale inhibitor, & 5000 gals 15% NE - DI. Set top Pkr @ 4500' BTM @ 4550'. Filled top/csg annulus w/corrosion inhibitor. Return to In |
| 8/1981 | Cleaned out to 5203' (TD). Found hole in csg @ 908'. Set'd hole @ 908' w/200 sxs + adds. @ 1400# for 1/2 hr. Treated perfs 4717'-5190' w/500 gals DS-30. Treated perfs 4562'-4620' w/1500 gals DS30. Set top Pkr 4484' BTM @ 4623'. |

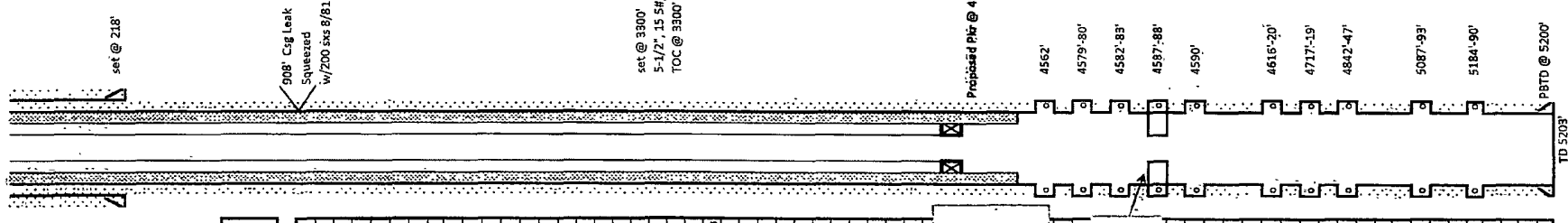
| | |
|--------|---|
| 3/1990 | Replaced Pkr. Baker Loc-set Pkr & on/off tool w/1 781 profile nipple @ 4450.59'. Displaced annulus w/120 bbls Pkr fluid. 2K KCL FW tested to 620# |
|--------|---|

| | |
|--------------|--|
| 3/28-29/1990 | Fish @ 4678.65 (55.65' below where bottom Pkr was set in 1981). Part of old Pkr. |
|--------------|--|

Proposed Liner Casing
4" 11.34# L80 Flush
Joint Set @ 4535' Cmt
Circ to surface Class C
Cement

Fish @ 4678' (OLD PKR)
Well file noted that fish should
have been removed 8/81.

Proposed
Wellbore Diagram



| | |
|-------------|--------------------------------|
| Well Name: | Mescalero Ridge Unit #35-4 WIW |
| API No: | 30-025-20692 |
| Spud Date: | 2/21/1964 |
| WBO Update: | 5/8/2012 D. Kennard |

| | |
|---------------|------------------------------|
| Hole Size: | 10 3/4" |
| Surf Csg: | 8 5/8", 23# H-40 Surface csg |
| Cement Blend: | Cmt w/100 sxs 23# H-40 |
| Returns: | |
| TOC: | Circ to Surface |

| | |
|---------------|-----------|
| Hole Size: | Int. Csg: |
| Cement Blend: | |
| Returns: | |
| TOC: | |

Details of Performances

| | |
|-------|--|
| Queen | 4562', 4608', 4890', 94', 4902', 10', 50', 68', 5003' (2/79) 9 Holes |
| | 4579'-80' 2 Holes |
| | 4582'-83' 2 Holes |
| | 4587'-88' 2 Holes |
| | 4590' |
| | 4616'-20' 5 Holes |
| | 4717'-19' 3 Holes |
| | 4842'-47' 6 Holes |
| | 5087'-93' 7 Holes |
| | 5184'-5190' 7 Holes |

set @ 3300'
5-1/2", 15.5# J-55 Production Casing w/350 sxs from 5200' to
TOC @ 3300' by Temp Survey

| Joins | Description |
|-------|-------------------------------------|
| 145 | 2-3/8" J-55 EUE Bid IPC-Tg Proposed |

| Rods | Description |
|------|----------------------------|
| | Rod Detail (top to bottom) |

Proposed Pkr @ 4500'
Pump/line Units

| | |
|--------------------|-------------------|
| Hole Size: | 7 7/8" |
| Prod Csg: | 5 1/2" 15.5# J-55 |
| Capacity (bbl/rq): | |
| Cement Blend: | Cmt w/350 sxs |
| Returns: | |
| Hole Size: | |
| Prod Csg: | |
| Capacity (bbl/rq): | |
| Proflish: | |
| Lead Cement Blend: | |
| Tail Cement Blend: | |

MRU 35-4

EDDY COUNTY, NM

30-025-20692

07/16/2012

Project Scope: Install 4" Flush Joint Liner from top perforation to surface

Non Routine Equipment Needs:

4", 11.34#, L-80 Ultra Flush Joint – Purchased
Lift Nubbins and Stabbing Cup – Rental
4" Packer
New Wellhead components for 4" Liner
Casing Crew
Cementing Services

Procedure:

1. Test anchors prior to rigging up.
2. MIRU WO Rig and record casing and tubing pressure.
3. Bleed pressure off of well.
4. NU BOP.
5. Unseat packer and TOOH with tubing and packer (tubing may be already unset and packer may be already POOH).
6. RIH with workstring and bit to TD (or top of fish if present) and circulate clean. POOH LD bit.
7. RIH & set composite plug at 4552' with 10' cmt on top. TOOH with work string.
8. TIH with packer and set 10' above cement plug and pressure test plug to 500 PSI.
9. Release packer and establish circulation with work string and brine fluid to load the hole.
10. TOOH with workstring and LD packer.
11. PU and TIH with 4", 11.34#, L-80, Ultra Flush Joint Casing and lightly tag TOC @ 4540'.
12. After tagging TOC pull up 5' to set end of casing at 4535'.
13. Establish circulation with brine fluid.
14. Rig up cement company.
15. Pump Class "C" cement until circulation is obtained and then displace with wiper plug and brine water. Shut BH valve prior to bumping plug.
16. ND BOP

Contact Information:

Jennifer Charbonneau – Asset Engineer
Cell – 281-785-4090
Office – 281-840-4050

Bob Akin - Foreman
Cell - 575-390-8007

17. Set slips for 4" casing.
18. Install bowl for 2-3/8" tubing.
19. NU BOP.
20. WOC.
21. PU bit and workstring and drill out cement and composite plug.
22. Bleed well pressure down or kill well as necessary.
23. LD bit and Stand back workstring.
24. PU and RIH with workstring and packer.
25. Perform Acid Job
26. POOH and LD workstring and packer.
27. PU 1 jts of 2-3/8" IPC tail pipe, 4" injection packer (Arrowset with on off tool), 2-3/8" IPC injection tubing, and TIH with packer landed at 4500' (unset).
28. ND BOP.
29. Circulate packer fluid.
30. Set packer at 4500'.
31. NU WH.
32. Conduct mock MIT to 500 PSI.
33. Notify foreman that the well is ready for a witnessed MIT.
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Conditions of Approval

Linn Operating Incorporated

Mescalero Ridge Unit 354

API 30-025-20692

September 10, 2012

Subject to like approval by State.

1. Surface disturbance beyond the existing pad shall have prior approval.
2. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
3. Functional H₂S monitoring equipment shall be on location.
4. A minimum 2000 (2M) BOPE to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 (attachment 1, 2M diagrams of choke manifold equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
5. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
6. Provide BLM with an electronic copy (Adobe Acrobat Document) of a cement bond log for the 4" liner from 4500' or below to top of cement.
7. Class "C" for cementing liner to be mixed 14.8 ppg, 1.32 ft³/sx, 6.3 gal/sx water.
8. Prior to drilling out the 4" liner shoe (operator step 21), perform a BLM PET witnessed (charted) casing integrity test of 1500 psig. Pressure leakoff shall be addressed before continuing with workover. Include a copy of the chart in the subsequent sundry for this workover.
9. Workover approval is good for 90 days (completion to be within 90 days of approval). A detailed justification is necessary for an extension of that date.
10. Submit subsequent sundry of work completed. This item shall be reported in the next unit plan of development.

PRS/WWI 091012

Well with a Packer – Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 3) Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) At least 24 hours before the test, contact: Andy Cortez acortez@blm.gov, (phone 575-393-3612 or 575-631-5801). If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact notification method, time, & date in your subsequent report.
- 5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
 - a) Approved injection pressure compliance is required.
 - b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
 - c) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 10) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of the annular fluid level at any time.

- 11) A “Best Management Practice” is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 12) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 13) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 14) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify the BLM’s authorized officer (“Paul R. Swartz” <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 15) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in-line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.

Access information for use of Form 3160-5 “Sundry Notices and Reports on Wells”

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.