Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

OCD Hobbs

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. HOBBS OCD

SUBMIT IN TRIPLICATE - Other instructions on reverse side. NOV 06 2012

RECEIVED

5. Lease Serial No.
NMNM05519

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
891007465B NM 70989C

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

8. Well Name and No.
MRU 263

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

9. API Well No.
30-025-21857-00-S1

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

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

10. Field and Pool, or Exploratory
PEARL

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 26 T19S R34E SWSE 330FSL 1980FEL
32.615048 N Lat, 103.524271 W Lon

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

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Workover Operations
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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.)

SUBJECT TO LIKE APPROVAL BY STATE

1. Test anchors prior to RU.
2. MIRU WO rig & record csg & tbg pressure.
3. Bleed pressure off well.
4. NUBOP
5. Unseat pkr & TOOH w/ tbg & pkr.
6. RIH w/ workstring & bit to TD & circ clean. POOH LD bit.
7. PU & TIH w/ 4" D&L csg pkr (for cement job), 4" cementing pump out sleeve, 4" crossover, 4", 11.6#, L-80, Ultra Flush Joint Casing to 4605'.
8. Establish circulation wtih brine fluid to load the hole.
9. Set pkr at 4605'.
10. Drop ball to open port and establish circ w/ brine fluid.
11. RU cement company.

MIT witness

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. Thereby certify that the foregoing is true and correct.

Electronic Submission #149960 verified by the BLM Well Information System
For LINN OPERATING INCORPORATED, sent to the Hobbs
Committed to AFMSS for processing by WESLEY INGRAM on 09/19/2012 (12WWI0050SE)

Name *(Printed/Typed)* TERRY B CALLAHAN — Title REGULATORY SPECIALIST III

Signature (Electronic Submission) — Date 09/13/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
NOV 3 2012
WESLEY W. INGRAM
PETROLEUM ENGINEER

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 ****

NOV 07 2012

Additional data for EC transaction #149960 that would not fit on the form

32. Additional remarks, continued

12. Pump Class "C" cement until circ is obtained and then displace with wiper plug and brine water. Shut BH valve prior to bumping plug.
13. NDBOP
14. Set slips for 4" csg.
15. Install bowl for 2-3/8" tbg.
16. NUBOP
17. WOC
18. Bleed well pressure down or kill well as necessary.
19. PU & RIH w/ 2-3/8" workstring and pkr to 4580'.
20. Perform Acid job.
21. POOH & LD workstring & pkr.
22. PU 1 jt of 2-3/8" IPC tail pipe, 4" injection pkr (Arrowset with on/off tool), 2-3/8" IPC injection tbg, and TIH w/ pkr landed at 4580' (unset).
23. NDBOP
24. Circ pkr fluid.
25. Set pkr @ 4580'.
26. NUWH
27. Conduct mock MIT to 500 psi.
28. Notify foreman that the well is ready for a witnessed MIT.
29. RDMO

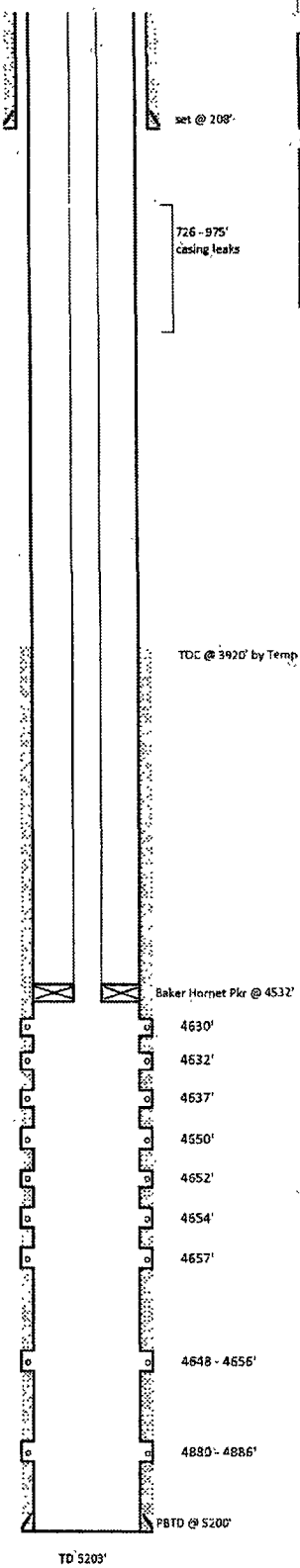
Well Name: **Mescalero Ridge Unit #26-3 WIW**

	Location:
Footage:	330 FSL & 1980 FEL
Section:	26
Block:	T19S R34E
Survey:	
County:	Lea
Lat/Long:	
Field:	Pearl Queen
	Elevations:
GL:	3713
KB:	3742
KB-GL Calc:	29
dr w/log?	

Logging Requirements:

Date	History
10/1/1966	Frac with 750 gals acid & 20,000 gals lease oil & 20,000 lbs sand

Current
Wellbore Diagram



Well Name:	Mescalero Ridge Unit #263 WIW
API No:	30-025-21857
Spud Date:	9/16/1966
WBD Update:	9/10/11 M. Lake

Hole Size:	12 1/4"
Surf Csg:	8 5/8", 24# H-40 Surface csg
Cement Blend:	200 sx reg.+ 2% CaCl
Returns:	
TOC:	Circ to Surface

Hole Size:	
Int Csg:	
Cement Blend:	
Returns:	
TOC:	

Details of Perforations

Queen — Perf 1-0.50" jet @
4630, 4632, 4637, 4650,4652,4654 & 4657

4648-4656' @ 3 spf
4880-4886 @ 3 spf

Tubing Detail	
Joints	**Description**
140	2-3/8" J-55 IPC 4.7#

Rod Detail (top to bottom)	
Rods	**Description**

Pumping Unit

Hole Size:	7 7/8
Prod Csg:	5 1/2" 15.5# J-55 set @ 5145'
Capacity (bbl/ft):	
Cement Blend:	350 sx neat Incor cement
Returns:	
Hole Size:	
Prod Csg:	
Capacity (bbl/ft):	
Preflush:	
Lead Cement Blend:	
Tail Cement Blend	

Well Name: **Mescalero Ridge Unit #26-3 WIW**

Location:	
Footage:	330 FSL & 1980 FEL
Section:	26
Block:	T19S R34E
Survey:	
County:	Lea
Lat/Long:	
Field:	Pearl Queen
Elevations:	
GL:	3713'
KB:	3742'
KB-GL Calc:	29'
ck w/log?	

Logging Requirements:

Date:	History:
10/1/1966	Frac with 750 gals acid & 20,000 gals lease oil & 20,000 lbs sand

Proposed Wellbore Diagram

Well Name:	Mescalero Ridge Unit #263 WIW
API No:	30-025-21857
Spud Date:	9/16/1966
WBD Update:	9/10/11 M. Lake

Hole Size: 12 1/4"
Surf Csg: 8 5/8", 24# H-40 Surface csg
Cement Blend: 200 sx reg + 2% CaCl
Returns:
TOC: Circ to Surface

set @ 208'

726 - 975' casing leaks

Hole Size:
Int Csg:
Cement Blend:
Returns:
TOC:

Details of Perforations

Queen — Perf 1-0.50" jet @
4630, 4632, 4637, 4650, 4652, 4654 & 4657'

4648-4656' @ 3 spf
4880-4886' @ 3 spf

TOC @ 3920' by Temp Survey

Tubing Detail	
Joints	Description
140	2-3/8" J-55 IPC 4.7#

Rod Detail (top to bottom)	
Rods	Description

Proposed Liner Casing
4", 11.6#, L-80 Flush Joint, Set @ 4605', Cmt Circ to surface Class C Cement

Proposed Pkr @ 4580'

Pumping Unit:

4630'
4632'
4637'
4650'
4652'
4654'
4657'
4648 - 4656'
4880 - 4886'

Hole Size: 7 7/8"
Prod Csg: 5 1/2" 15.5# J-55 set @ 5145'
Capacity (bbl/ft):
Cement Blend: 350 sx neat incor cement
Returns:

Hole Size:
Prod Csg:
Capacity (bbl/ft):
Preflush:
Lead Cement Blend:
Tail Cement Blend:

PBTD @ 5145'
TD 5150'

Conditions of Approval

Linn Operating Incorporated
Mescalero Ridge Unit - 263
API 30-025-21857
T19S-R34E, Sec 26

November 3, 2012

1. This well's recorded activity has been inactive/shut-in for more than 30 days without authorization. An inactive/shut-in well bore is a non-producing completion that is capable of production in **paying quantities** or of service use. Should the mechanical integrity test fail or not be conducted, submit a procedure to plug and abandon the well for BLM approval on or before 02/15/2013. A detailed justification is necessary for an extension.
2. The well is within the Lesser Prairie Chicken habitat. Therefore, this workover activity will be restricted to the hours of 9:00 a.m. through 3:00 a.m. for the period of March 1 through June 15. Exceptions to these restrictions may be granted by BLM's Johnny Chopp <jchopp@blm.gov> 575.234.2227 or Bob Ballard <bballard@blm.gov> 575.234.5973.
3. This activity is subject to like approval by the New Mexico Oil Conservation Division.
4. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record of the proposed 4" casing from 4550' or below to top of cement. The CBL may be attached in an e-mail to pswartz@blm.gov.**
5. Surface disturbance beyond the existing pad shall have prior approval.
6. 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.
7. Functional H_2S monitoring equipment shall be on location.
8. A 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.
9. 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.
10. **Operator shall WOC for a minimum of 18 hours. Operator will perform a CIT as required in Onshore Order 2 prior to drilling out shoe of 4 casing.**

11. **When the well is plugged, operator will be required to place plugs at the Top of the Salt and in the 5-1/2" by 8-5/8" annulus across the surface casing shoe and from a minimum of 60' to surface. These plugs are in addition to the normally required plugs.**
12. Workover approval is good for 90 days (completion to be within 90 days of approval). A detailed justification is necessary for an extension.

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) The pressure test shall be documented 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: In Lea County email Andy Cortez acortez@blm.gov, (phone 575-393-3612 or 575-631-5801). Note the contact notification method, time and 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 along 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 0psia. 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.