

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

HOBBSOCD
FEB 13 2015
RECEIVED

State of New Mexico
 Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 Revised July 18, 2013

| | |
|---|-------------------------------------|
| WELL API NO. 30-025-01462 | <input checked="" type="checkbox"/> |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. | |
| 7. Lease Name or Unit Agreement Name CAPROCK MALJAMAR UNIT | |
| 8. Well Number 001 | <input checked="" type="checkbox"/> |
| 9. OGRID Number 269324 | |
| 10. Pool name or Wildcat GRAYBURG -SAN ANDRES | |

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.)

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

2. Name of Operator
LINN OPERATING, INC.

3. Address of Operator
600 TRAVIS STREET, STE. 5100, HOUSTON, TX 77002

4. Well Location
 Unit Letter B : 660 feet from the N line and 1980 feet from the E line
 Section 18 Township 17S Range 33E NMPM LEA County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4226' GR

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

| | | | |
|--|---|--|--|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input 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"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | | | |
| CLOSED-LOOP SYSTEM <input type="checkbox"/> | | | |
| OTHER: <input type="checkbox"/> | | OTHER: MIT & BRADENHEAD TEST <input checked="" type="checkbox"/> | |

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.

PLEASE SEE THE ATTACHED BRADENHEAD TEST REPORT AND FAILED MIT CHART FOR THE ABOVE MENTIONED WELL.

> Letter of Violation AS/OC, 1/27/2015/GB/OCB

Spud Date: Rig Release Date:

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

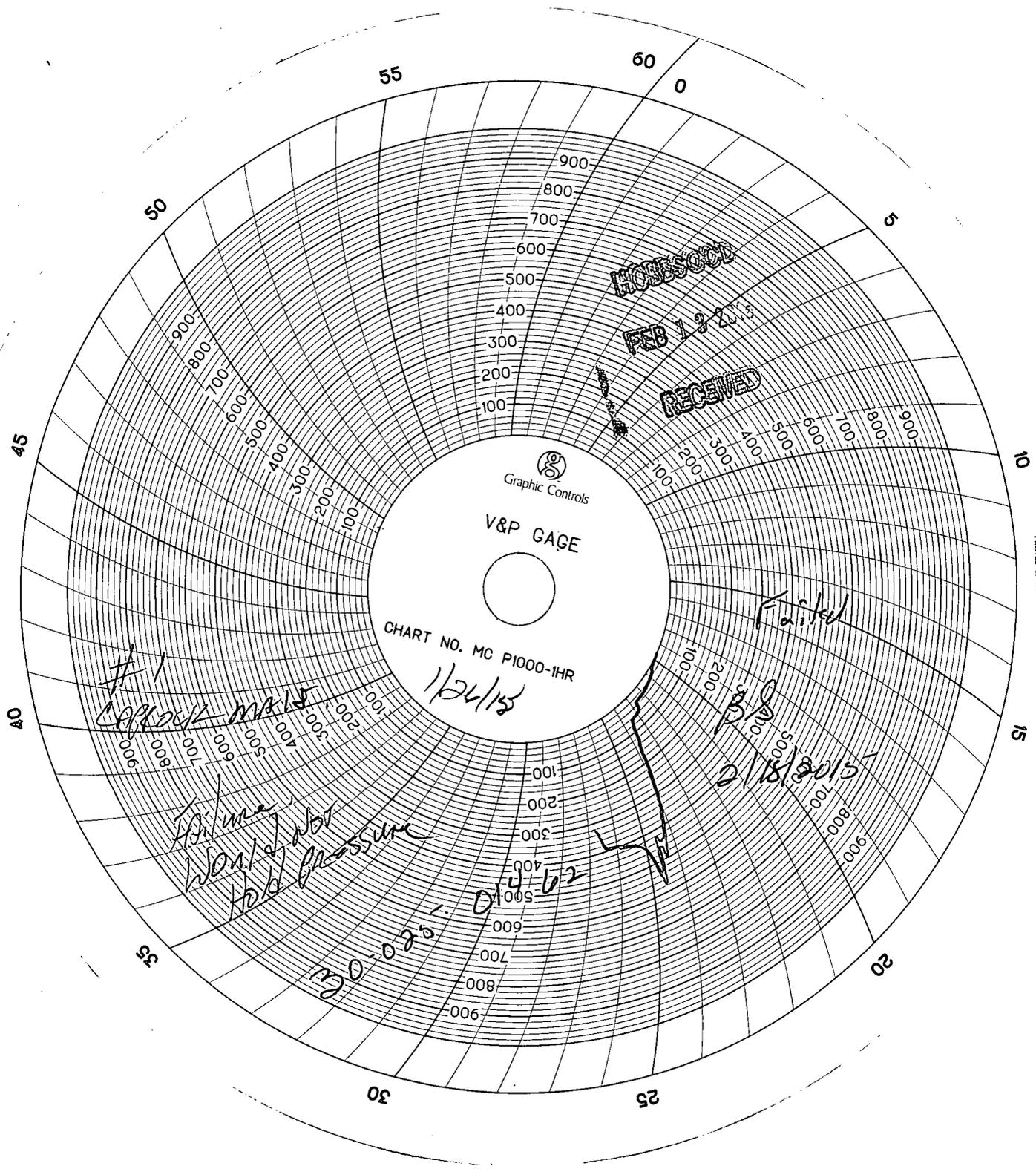
SIGNATURE Alex Bolanos TITLE Reg. Compl. Spec. 2 DATE 2/10/15

Type or print name Alex Bolanos E-mail address: abolanos@linnenergy.com PHONE: 281-840-4352

For State Use Only

APPROVED BY: Bil Semanich TITLE Staff Manager DATE 2/18/2015
 Conditions of Approval (if any):

FEB 20 2015 *h*



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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

David Catanach, Division Direct
Oil Conservation Division



Response Required - Deadline Enclosed

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

27-Jan-15

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

CAPROCK MALJAMAR UNIT No.019 30-025-01455-00-00 ✓
Active Injection - (All Types) L-17-17S-33E

| | | | |
|------------------|-------------------------------|-----------------------------------|----------------------|
| Test Date: | 1/27/2015 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: F | Repair Due: 5/2/2015 |
| Test Type: | Std. Annulus Pres. Test | FAIL TYPE: Other Internal Failure | FAIL CAUSE: |
| Comments on MIT: | FAILED-MIT. RULE: 19.15.26.11 | | |

CAPROCK MALJAMAR UNIT No.007 30-025-01461-00-00 ✓
Active Injection - (All Types) G-18-17S-33E

| | | | |
|------------------|------------------------------|-----------------------------------|----------------------|
| Test Date: | 1/27/2015 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: F | Repair Due: 5/2/2015 |
| Test Type: | Std. Annulus Pres. Test | FAIL TYPE: Other Internal Failure | FAIL CAUSE: |
| Comments on MIT: | MIT-FAILED. RULE 19.15.26.11 | | |

29
JAN 28 2015

FEB 20 2015

CAPROCK MALJAMAR UNIT No.001

30-025-01462-00-00

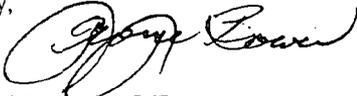
Active Injection - (All Types)

B-18-17S-33E

| | | | | | |
|------------------|-------------------------------|--------------------------|------------------------|-------------|----------|
| Test Date: | 1/27/2015 | Permitted Injection PSI: | Actual PSI: | | |
| Test Reason: | Annual IMIT | Test Result: | F | Repair Due: | 5/2/2015 |
| Test Type: | Std. Annulus Pres. Test | FAIL TYPE: | Other Internal Failure | FAIL CAUSE: | |
| Comments on MIT: | MIT-FAILURE. RULE 19.15.26.11 | | | | |

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,



Hobbs 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.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240

LINN OPERATING, INC.
600 TRAVIS SUITE 5100
HOUSTON TX, 77002



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\$0.48
01/27/15
Mailed From 88240

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U.S. POSTAGE