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

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

Form C-103
Revised July 18, 2013

WELL API NO.
30-025-39785

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

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 SWD

7. Lease Name or Unit Agreement Name
HALE STATE

8. Well Number 004

2. Name of Operator
LINN OPERATING, INC.

9. OGRID Number 269324 ✓

3. Address of Operator
600 TRAVIS, SUITE 5100, HOUSTON, TEXAS 77002

10. Pool name or Wildcat
SWD;SAN ANDRES

4. Well Location
Unit Letter D :330 feet from the N line and 990 feet from the W line ✓
Section 31 Township 17S Range 34E NMPM LEA County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
4096' GL

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
CLOSED-LOOP SYSTEM	☐						
OTHER:	☒ Convert to SWD			OTHER:	☐		

HOBBS OCD
MAR 02 2016
RECEIVED

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.

LINN Operating respectfully requests to convert this well to a SWD as per Administrative Order SWD-1590 dated October 16, 2015. Please see attached procedure along with the current and proposed well bore diagrams.

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 Laura A. Moreno TITLE REG COMPLIANCE ADVISOR DATE 3-1-2016

Type or print name LAURA A. MORENO E-mail address: lmoreno@linnenergy.com PHONE: 713-904-6657

For State Use Only

APPROVED BY: TITLE Petroleum Engineer DATE 03/02/16
Conditions of Approval (if any):

MAR 03 2016 KB

Hale State #004

(30-025-39785)

CONVERT TO SWD PROPOSED PROCEDURE

1. MIRU
2. POOH with pump and rods. POOH with production tubing and TAC
3. PU & RIH with 4 3/4" rock bit on 2 7/8" tubing test to 5000#
4. Reverse circulate and wash to PBTD @ 4936'with reverse unit, TOOH
5. PU & RIH with 5 ½" RBP, set RBP @ ~4,800± 5' and cap with 3' sand, TOOH
6. PU & RIH with 2 7/8" tubing and tension squeeze packer, 10' tail pipe, and set above perforations @ 4120' (200-250' above top perf).
7. Establish circulation to surface. If no returns at surface, set packer and establish injection rate
8. MIRU Cementing Unit
9. Mix 250 sks of 14.8# Class C HSR cement and 2% calcium chloride.
10. Squeeze perfs, shutdown, monitor pressure
11. Pressure up on perfs to test squeeze
12. Bleed casing and tubing to 0 psi
13. WOC (based on curing time)
14. Release packer and reverse out any cement remaining in tubing or backside
15. POOH with 5 stands and rack back
16. Reverse circulate ~20 bbls fluid (or equivalent tubing volume)
17. Set packer, pressure up to 500 psi
18. SWI, SDFN
19. Pressure test squeeze to 500psi
20. Bleed to zero and POOH with tubing and packer
21. RIH with 4 3/4" OD rock bit and scraper and 6 spiral drill collars on tubing
22. Tag TOC
23. RU power swivel and drill out cement to top of sand
24. Pull up 10' and reverse circulate & pressure test squeeze to 500psi
25. If squeeze holds, RDMO cement unit
26. POOH with bit and collars
27. PU & RIH with tubing, wash sand and latch RBP, POOH
28. RIH with 5 ½" packer and set @ 4770, test annulus to 500psi
29. Establish inj rate and acidize well per procedure
30. SWI, SDFN
31. Open well, circulate
32. POOH and lay down tubing and tools
33. RIH with inj packer on/off tool and IPC tubing
34. Set packer @ 4770'. Unlatch pkr and circulate packer fluid, latch pkr and run MIT.
35. ND BOP and NU tubing hanger on top of Larkin head
36. RDMO
37. Perform step rate test and record pressures and rates.
38. Connect well to injection line and begin injecting
39. Remove & MT surface pumping equipment

39785 PROPOSED HALE STATE No.4 WBD:

LINN Energy

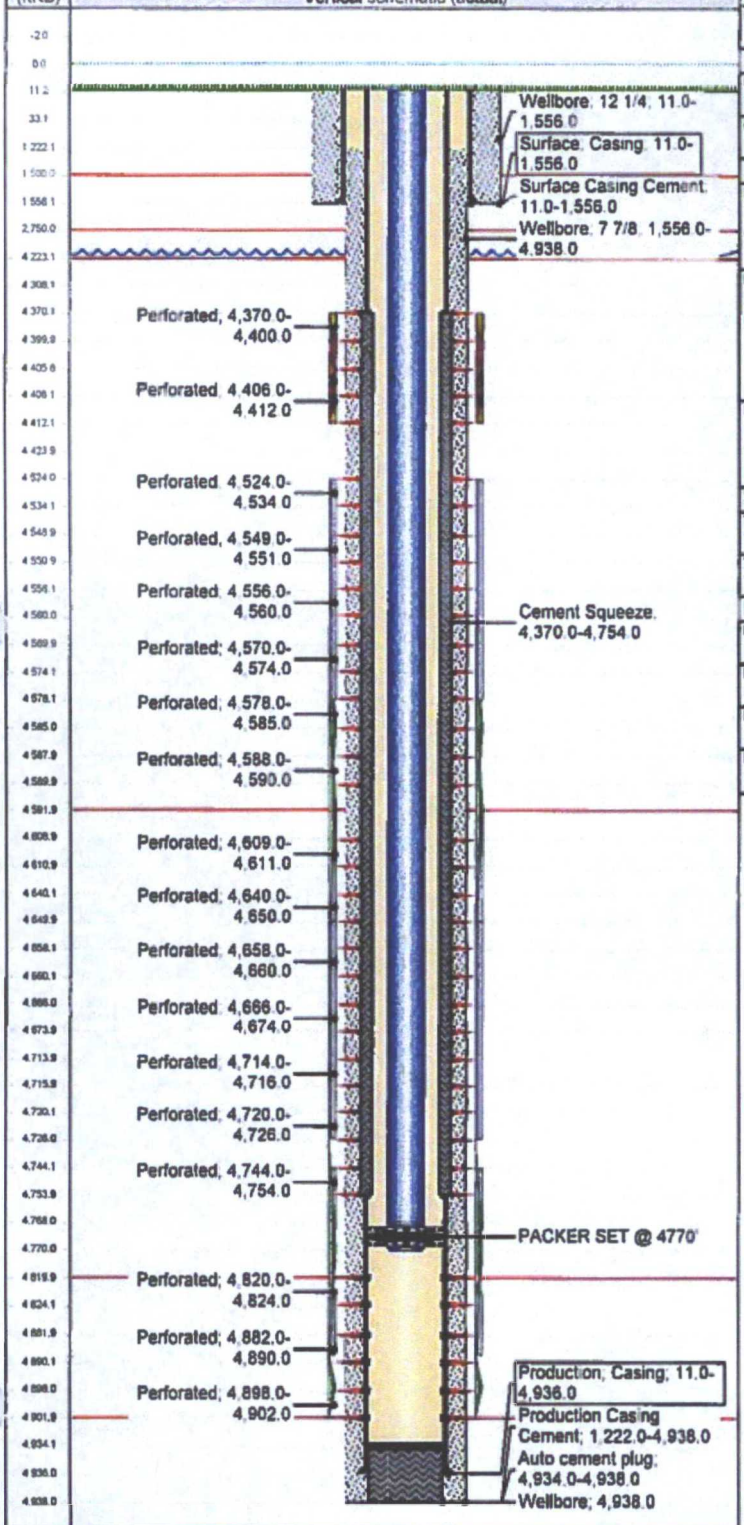
NM Regulatory Schematic

Well Name: HALE STATE 4

API/UWI	Field Name	County	State/Prov	Section	Township	Range	Survey	Block
3002539785	PENN - PB - CAPROCK MALJAMAR	Lea	NM	31	017-S	034-E		

Ground Elevation (ft)	Orig KB Elev (ft)	KB-Grd (ft)	Initial Spud Date	Rig Release Date	TD Date	Latitude (°)	Longitude (°)	Operated?
4,096.00	4,107.00	11.00	11/20/2008	12/1/2008	11/30/2008	32° 47' 50.82" N	103° 36' 15.624" W	Yes

Original Hole, 4/2/2015 7:20:53 AM



Original Hole Data

Wellbores

North-South Distance (ft)	NS Flag	East-West Distance (ft)	EW Flag
330.0	FNL	900.0	FWL

Casing Strings

Csg Des	Set Depth	OD Nom	ID Nom	Wt/Len (l...	String Grade	Run Date
Surface	1,556.0	8 5/8	8.097	24.00	J-55	11/20/2008
Production	4,936.0	5 1/2	4.95	15.50	J-55	11/30/2008

Cement Stages

Description	Top (ftKB)	Btm (ftKB)	Eval Method	Comment
Surface Casing Cement	11.0	1,556.0	Circulated	Spot 393 sxs class C 2% CaCL2 cmt Circ to surface
Production Casing Cement	1,222.0	4,938.0	Calculated	Spot 975 sxs class C 2% CaCL2 cmt TOC @ 1222' (calc) Assume 1.32 cu ft/sk and 50% fillup
Cement Squeeze	4,370.0	4,754.0	Calculated	PROPOSED: Sqz cmt into perfs @ 4370' - 4754'

Tubing Strings

Tubing Description	Set Depth	Run Date	Pull Date
Tubing	4,447.0	7/21/2009	3/30/2015
Tubing - Injection	4,770.0	3/30/2015	

Formations

Formation	Final Top	Final Btm	Comment
SALT	1,500.0	2,750.0	
GRAYBURG	4,223.0	4,592.0	
SAN ANDRES	4,592.0		
SAN ANDRES	4,820.0	4,902.0	PROPOSED: DISPOSAL INTERVAL

LINN Energy

NM Regulatory Schematic

Well Name: HALE STATE 4

API/UWI	Field Name	County	State/Prov	Section	Township	Range	Survey	Block
3002539785	PBHM - PB - CAPROCK MALJAMAR	Lea	NM	31	017-S	034-E		

Ground Elevation (ft)	Orig KB Elev (ft)	KB-Grd (ft)	Initial Spud Date	Rig Release Date	TD Date	Latitude ( )	Longitude ( )	Operated?
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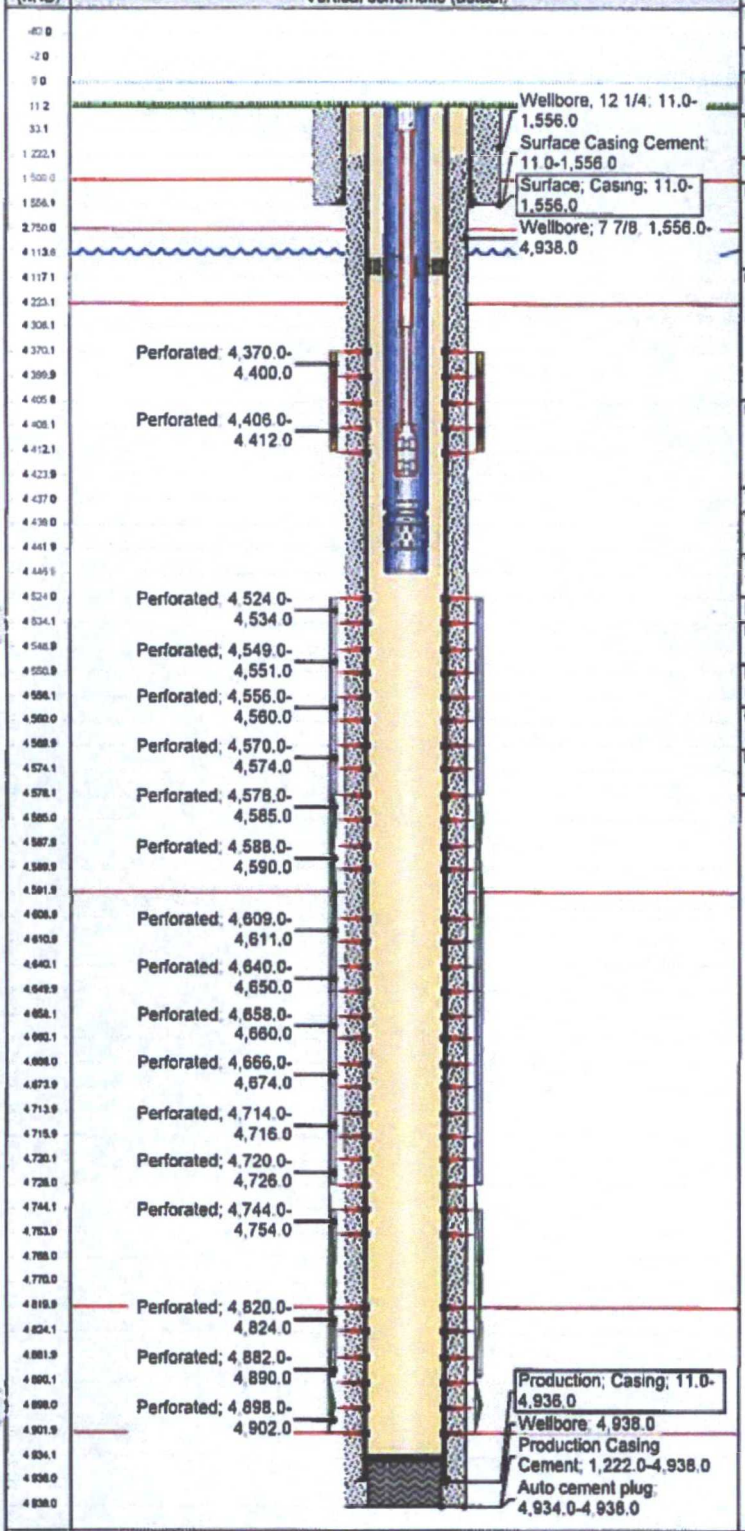
Original Hole, 4/2/2015 7:14:03 AM



Original Hole Data

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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 R. Catanach, Division Director
Oil Conservation Division

Administrative Order SWD-1590
October 16, 2015

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division rule 19.15.26.8(B) NMAC, Linn Operating Incorporated (the "operator") seeks an administrative order to re-enter and re-complete the Hale State Well No. 4 located 330 feet from the North line and 990 feet from the West line, Lot 1 (Unit letter D) of Section 31, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, for the purpose of produced water disposal.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division rule 19.15.26.8(B) NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objection was received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in rule 19.15.26.8 NMAC have been met and the operator is in compliance with rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Linn Operating Inc. (OGRID 269324), is hereby authorized to utilize its Hale State Well No. 4 (API 30-025-39785) located 330 feet from the North line and 990 feet from the West line, Lot 1 (Unit letter D) of Section 31, Township 17 South, Range 34 East, NMPM, Lea County, for disposal of oil field produced water (UIC Class II only) in the lower San Andres formation, through perforations from 4820 feet to 4902 feet. Injection will occur through internally-coated, 2⅜-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application and, if necessary, as modified by the District Supervisor.

Prior to commencing injection, the operator shall provide to Division's District I office a radial cement bond log showing placement of cement for the 5½-inch casing after completion of the remedial cement work.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division rule 19.15.26.11(A) NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 964 psi.** In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District I office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District I office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District I office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection order after notice and hearing if the operator is in violation of rule 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this Order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written

request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this Order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.

David R. Catanach

DAVID R. CATANACH
Director

DRC/prg

cc: Oil Conservation Division – Hobbs District Office
State Land Office – Oil, Gas and Minerals Division