OIL CONSERVATION DIVISION 2040 South Pachago Street Santa Fe, New Mexico 57505 (505) 827-7131

September 16, 1997

Mallon Oil Company
P.O. Box 3256
Carlsbad, New Mexico 88220

Attention: Mr. Terry Lindeman

Re:

Permit Modification

SWD-665

Dear Mr. Lindeman:

DEGEIVED N SEP 1 8 1997

OIL CON. DIV.

Reference is made to your request dated September 15, 1997, for authorization to inject approximately 100 MCF per day of H_2S gas into the Simms Well No. 1 located in Unit J of Section 13, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, a disposal well permitted by Division Order No. SWD-665.

Pursuant to Division and/or Federal UIC Rules and Regulations, your request is hereby approved subject to the following conditions:

- a) the volume of injected H_2S gas shall be limited to 100 MCF per day; and,
- b) the operator shall conduct a mechanical integrity pressure test on an annual basis, and shall notify the Aztec district office of the Division prior to testing.

Division Order No. SWD-665 is hereby amended to include these conditions.

Sincerely

William J. LeMay

Director

xc:

NMOCD-Aztec File-SWD-665