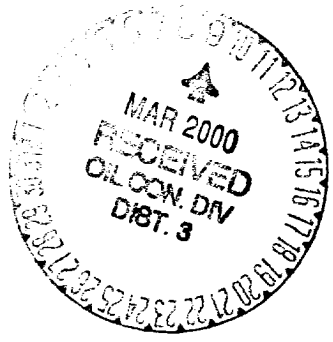
# Mallon Oil Company

Denver/Colorado ♦ Durango/Colorado ♦ Carlsbad/New Mexico

*a Mallon Resources Subsidiary*

March 2, 2000

Mr. Charlie Perrin
New Mexico Oil & Gas Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410




Re: Simms Federal #1 Water Disposal Well
NW SE Sec.13, T30N, R4W
East Blanco Field
Rio Arriba County, NM

Dear Mr. Perrin,

In accordance with our telephone conversation please accept this letter as Mallon Oil Company's recognition and acceptance of the conditions of approval for an exemption to running a coated/lined tubing in the Simms Federal #1 water disposal well. The approved water disposal permit (SWD-665) requested that coated/lined tubing be ran in this well. Under normal injection operations, we are injecting approximately 1,800 BWPD with the addition of approximately 30 MCFD of hydrogen sulfide gas. The well is presently set up with all L-80 tubing for the 2 7/8" and 2 1/16" tubing string (Non-coated). The cross-overs and packer are nickel plated which holds up very well to the hydrogen sulfide gas. A verbal exemption has been given to Mallon Oil Company by the New Mexico Oil & Gas Conservation Division to leave the non-coated tubing in the well under the following conditions:

1) A mechanical integrity test will be preformed to confirm the integrity of the casing and the squeezed perforations intervals as soon as possible.

2) A mechanical integrity test will be preformed every six months to confirm the integrity of the casing and squeezed perforation intervals.

3) If the well at any time fails an MIT, the non-coated tubing will be pulled from the well and a coated/lined tubing will be ran back into the well after the well has been repaired.

4) If the tubing has not been pulled and replaced with coated/lined tubing after a period of two years, the tubing string will be pulled and replaced with coated/lined tubing.

♦ P.O. Box 2797 ♦ Durango, Colorado 81302 ♦ Phone: (970) 382-9100 ♦ Fax: (970) 382-7650 ♦

A mechanical integrity test was performed on February 24, 2000 which was witnessed and passed by Bruce Martin with the New Mexico OCD (Aztec Office). This well will be tested again on or before August 24, 2000 for casing integrity. Please refer to the attached diagrams and MIT report.

Sincerely,

John Zellitti
Senior Production Engineer
(970-382-9100)

CC: Mark Ashley
BLM

# NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
http://emnrd.state.nm.us/ocd/District III/3district.htm

# MECHANICAL INTEGRITY TEST REPORT
(TA or UIC)

Date of Test 2/24/2000 Operator Mallon Oil Co API # 30-039-22756

Property Name Simms Fed Well # 1 Location: Unit J Sec 13 Twn 30 Rge 4

Land Type:
State ____
Federal ____
Private ____
Indian X

Well Type:
Water Injection ____
Salt Water Disposal Y
Gas Injection ____
Producing Oil/Gas ____
Pressure observation ____

Temporarily Abandoned Well (Y/(N)) ____ TA Expires: —

Casing Pres. ____
Bradenhead Pres. 0
Tubing Pres. 100
Int. Casing Pres. ____

Tbg. SI Pres. ____
Tbg. Inj. Pres. ____

Max. Inj. Pres. ____

Pressured annulus up to 372 psi. for 30 mins. Test (passed)/failed

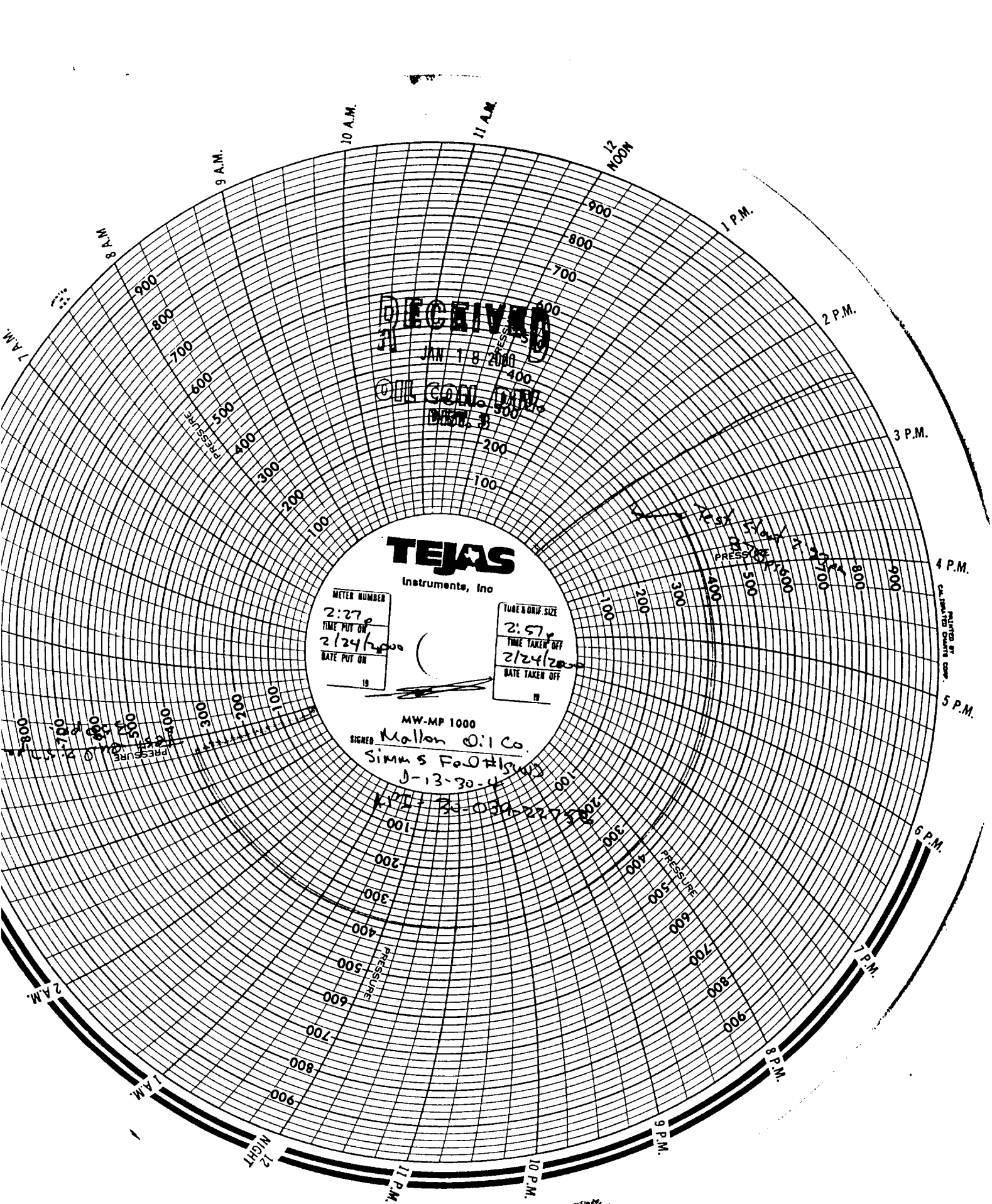
REMARKS:
Casing pressure dropped to 350 psi - Δp = 28 psi

RECEIVED
JAN 18 2000
OIL CON. DIV.
DIST. 3

By _____ Witness _____
(Operator Representative) (NMOCD)

Field Foreman
(Position)

REVISED 11-17-98


TEJAS
Instruments, Inc
METER NUMBER
2:27
TIME PUT ON
2/24/2000
DATE PUT ON
19
TUBE & ORIF. SIZE
2:57
TIME TAKEN OFF
2/24/2000
DATE TAKEN OFF
19
MW-MP 1000
SIGNED Mallon Oil Co.
Simms Fed #1 (SWD)
J-13-30-4
API # 30-039-22758
RECEIVED
JAN 18 2000
OIL CON. DIV.
DIST. 3
12 NOON
1 P.M.
2 P.M.
3 P.M.
4 P.M.
5 P.M.
6 P.M.
7 P.M.
8 P.M.
9 P.M.
10 P.M.
11 P.M.
12 NIGHT
1 A.M.
2 A.M.
7 A.M.
8 A.M.
9 A.M.
10 A.M.
11 A.M.
PRESSURE
PRINTED BY CALIBRATED CHARTS CORP.

## Simms Federal #1

NW SE Sec.13, T30N, R4W
1,820' FEL & 1,730' FNL
East Blanco Field, Unit-J
Rio Arriba County, NM

Elev. GL @ 7,023'
Elev. KB @ 7,033' (10' KB) Est.

**Surface Casing**

9 5/8", 32.3#, J-55, ST&C, set @ 277' KB.
Cmt w/ 275 sx / Hole @ 12 1/4".

**Production Casing**

5 1/2", 15.5#, K-55, LT&C, set @ 8,731' KB.
DV tools @ 4,201' & 6,605' KB.
Cmt w/ 640 sx / Hole @ 7 7/8".

**Liner Casing**

3 1/2", 9.3#, L-80, IJ Hydrill, set @ 9,731' KB.
Arrow Liner Hanger/Pkr @ 8,523' KB.
Cmt w/ 65 sx 50/50 POZH / Hole @ 4 3/4".

**Tubing**

2 7/8", 6.5#, L-80, EUE (256 jnts @ 7,821.20', Org. tbg).
2 7/8", 6.5#, L-80, EUE (21 jnts @ 600.83', New tbg).
2 7/8" x 2 1/16" Cross-over @ 0.55' (Nickel Plated).
2 1/16", 3.25#, L-80, IJ (6 jnts @ 199.58', New tbg).
3 1/2" Arrow Set-1 10K Pkr @ 4.96' (Nickel Plated).
2 1/16" Re-enrty guide (Plastic coated).
Pkr set @ 8,639' KB.

**Squeezed Perforations**

**Pictured Cliffs: Squeezed w/ 45 sx cmt.**
1) 3,709' - 3,715'
2) 3,722', 3,945', 3,972'
**Gallup: Squeezed w/ 75 sx cmt.**
3) 7,541' - 7,634'
**Dakota: Squeezed w/ 155 sx cmt.**
4) 8,367' - 8,375'
5) 8,484' - 8,530'
6) 8,633' - 8,636'
7) 8,670' - 8,683'
**Liner Top/Dakota: Squeezed w/ 50 sx cmt.**
8) 8,427' - 8,543'
**Gallup: Squeezed w/ 25 sx cmt.**
9) 7,462' - 7,736'

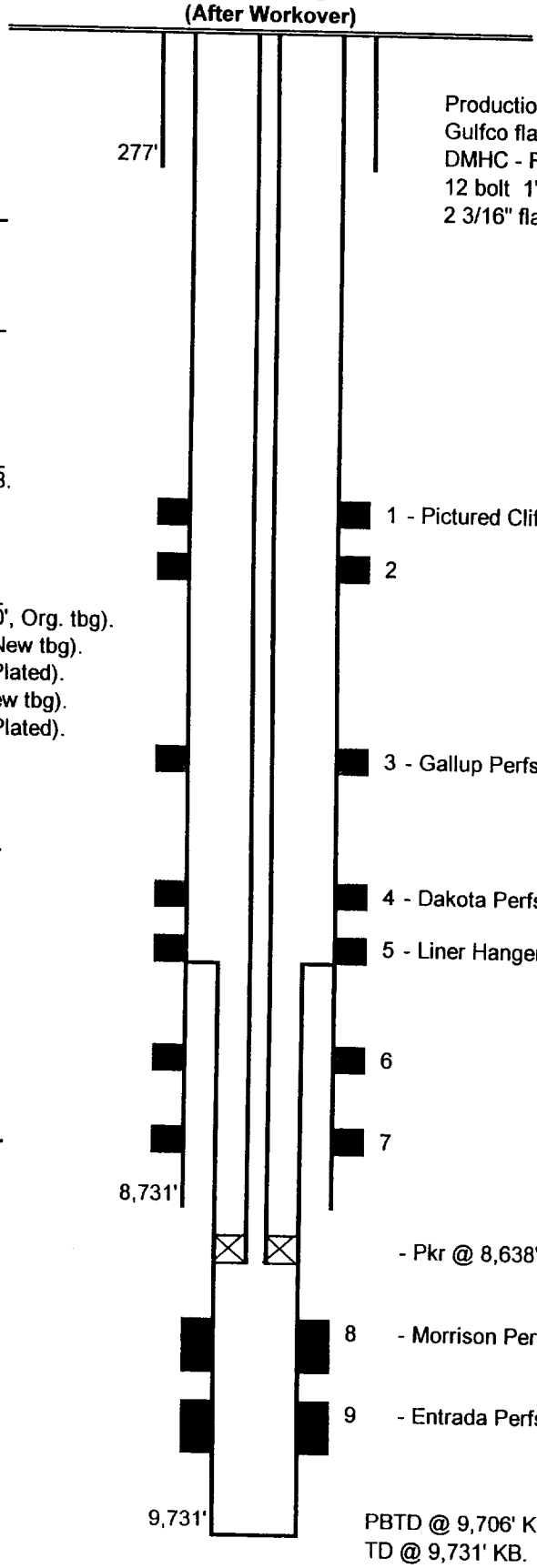
**Injection Perforations**

**Morrison: Perf w/ 2 spf.**
8) 8,950' - 8,982'
9,020' - 9,064'
9,098' - 9,220'

**Entrada: Perf w/ 2 spf.**
9) 9,370' - 9,410'
9,460' - 9,630'

## Mallon Oil Company
## Wellbore Diagram
**(After Workover)**

2/15/00
JZ




Production Wellhead:
Gulfco flange 7 1/16", 2,000 psig
DMHC - R45
12 bolt 1" x 7 1/2"
2 3/16" flange thickness

1 - Pictured Cliffs Perfs @ 3,709' - 3,972'.
2
3 - Gallup Perfs @ 7,541' - 7,634'.
4 - Dakota Perfs @ 8,367' - 8,683'.
5 - Liner Hanger @ 8523' KB.
6
7
- Pkr @ 8,638' KB
8 - Morrison Perfs @ 8,950' - 9,220'.
9 - Entrada Perfs @ 9,370' - 9,630'.

PBTD @ 9,706' KB (Cleaned out to 9,664' KB).
TD @ 9,731' KB.