



NEW MEXICO
DIVISION
JMS
'90 APR 5 AM 8 59

March 26, 1990

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

ATTN: David Catanach

Gentlemen:

Damson requests your administrative approval to surface commingle two of our gas wells located on our Hanley lease in Section 18, T29N, R10W of San Juan County, New Mexico.

The Hanley No. 2 well is producing from the Aztec Pictured Cliffs formation and currently produces an average of 120 MCFPD utilizing a compressor. The Hanley No. 2JM well is producing from the Pictured Cliffs/Fruitland and is currently producing 0 MCFPD against the prevailing line pressure. When the line pressure declines to approximately 170#, this well will produce approximately 30 MCFPD. If both wells can be produced using one compressor, the economic life of this lease can be significantly increased.

The working and revenue interests on both of these wells is common and no loss of commercial value will occur by combining these two well streams. The compressor will be located at one of the wells which is not yet determined. To adequately test each of these wells for allocation, we are proposing to test each well individually. This will be accomplished by shutting in one of the wells and producing the other into the flowline against prevailing pressures for a 24 hour period. At the conclusion of this test, both wells will be returned to production to stabilize production for approximately one week. Then the other well will be tested in the same manner. We feel this will provide the most efficient and effective manner for allocating this production. Attached for your information and review is the approval from the BLM concerning the surface commingling of this lease.

If you have any additional questions concerning this application, please call me at 915-686-6117.

Sincerely,

A handwritten signature in cursive script that reads "Donald R. Craig".

Donald R. Craig
District Engineer

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE*
(Other instructions on re-
verse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

SF-078716

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Hanley

9. WELL NO.

2 & 2 JM

10. FIELD AND POOL, OR WILDCAT

11. SEC., T., R., M., OR BLK. AND
SURVEY OR AREA

Sec. 18-T29N-R10W

N.M.P.M.

12. COUNTY OR PARISH 13. STATE

San Juan

N.M.

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—" for such proposals.)

1. ☐ OIL WELL ☐ GAS WELL ☒ OTHER

2. NAME OF OPERATOR
DAMSON OIL CORPORATION

3. ADDRESS OF OPERATOR
3300 North "A" Building 8, Suite 100 Midland, Texas 79705

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*
See also space 17 below.)
At surface
Hanley No. 2 790'FNL, 1530'FWL
Hanley No. 2JM 1780'FNL, 1700'FWL

14. PERMIT NO.

15. ELEVATIONS (Show whether OF, HT, GR, etc.)

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREAT

MULTIPLE COMPLETE

FRACTURE TREATMENT

ALTERING CASING

SHOOT OR ACIDIZE

ABANDON*

SHOOTING OR ACIDIZING

ABANDONMENT*

REPAIR WELL

CHANGE PLANS

(Other)

(Other)

Surface Commingle

Supplemental Information

XX

(NOTE: Report results of multiple completion on Well
Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS* (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

The following is supplemental information to Sundry Notice dated 12/8/89, concerning the specifications of material to be utilized in the gas line to connect the wells:

Pipe: 2-3/8" O.D., 3.75 lb/ft, API T & C, Grade A-25, 0.154 wall, mill test 1000 psi.

Operating Pressures on gas line 60 to 210 psig.

Gas line to be wrapped and buried 30".

FOR: DAMSON OIL CORPORATION

18. I hereby certify that the above is true and correct

ORIGINAL SIGNED BY

EWELL N. WALSH

Agent

SIGNED

Ewell N. Walsh

TITLE

DATE

1/24/90

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

APPROVED
MAR 23 1990
FOR AREA MANAGER

91 JAN 24 PM 12:57
RECEIVED
CIVIL ROOM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE*
(Other instructions on re-
verse side)

Budget Bureau No. 1004-0135
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO

SF-078716

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

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—" for such proposals.)

| | |
|---|--|
| 1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER | 7. UNIT AGREEMENT NAME |
| 2. NAME OF OPERATOR Damson Oil Corporation | 8. FARM OR LEASE NAME Hanley |
| 3. ADDRESS OF OPERATOR 3300 N "A" Bldg 8, Suite 100, Midland, TX 79705 | 9. WELL NO. 2 & 2 JM |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface | 10. FIELD AND POOL, OR WILDCAT |
| 14. PERMIT NO. | 15. ELEVATIONS (Show whether DP, RT, GR, etc.) |
| 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 18-T29N-R10W | |
| 12. COUNTY OR PARISH San Juan | 13. STATE NM |

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON*

CHANGE PLANS

Surface Commingle

X

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT*

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

Your approval is requested to surface commingle the gas from the Damson operated Hanley #2 and Hanley #2 JM wells. Currently the #2 well is producing approximately 130 MCFPD with a compressor. The #2 JM well is producing an average of 20 - 30 MCFPD which is too small to economically justify setting an individual compressor. We are proposing to lay a line between these two wells and utilize one compressor to produce both wells. This will substantially increase the economic life of both wells and should maintain an increased production rate. The wells will be tested once a month by shutting in the other well, and testing the producing well down the flowline. Both wells will be returned to production to stabilize the wells, then the alternate well will be tested with the other well shut-in. Attached for your review is a plat showing the location of the wells. This area has been significantly disturbed by ongoing operations in the area, so no additional surface damage will occur.

APPROVED

MAR 22 1989
J. S. Kelly

18. I hereby certify that the foregoing is true and correct

SIGNED

Donald R. Craig
Donald R. Craig

TITLE

District Engineer

AREA MANAGER
DATE 12-8-89

(This space for Federal or State office use)

APPROVED BY

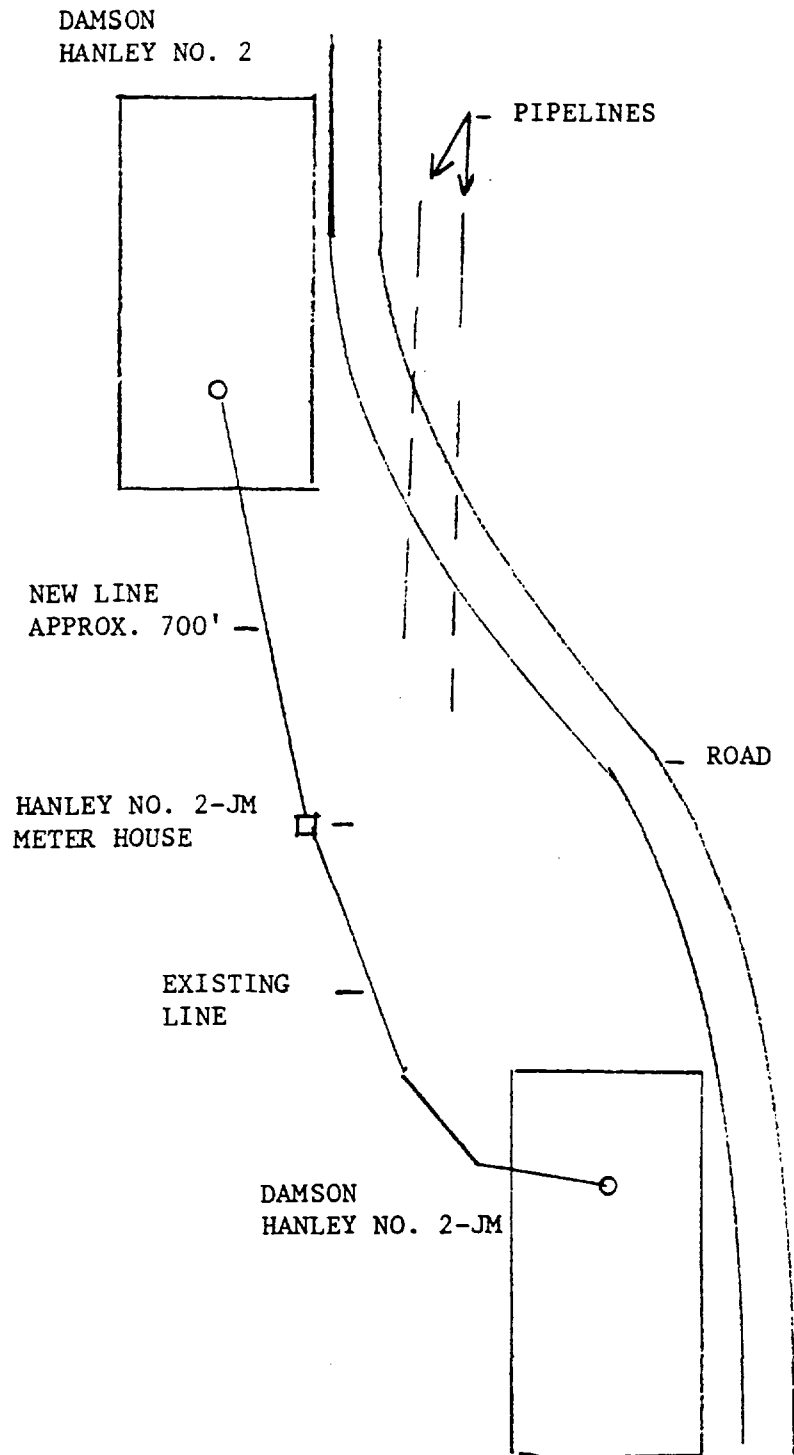
TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

OPERATOR

*See Instructions on Reverse Side



DAMSON OIL COMPANY
HANLEY NO. 2, 750'FNL, 1530'FWL
HANLEY NO. 2-JM, 1780'FNL, 1700'FWL
SECTION 18-T29N-R10W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LEASE NO: SF-078716



DAMSON OIL COMPANY
HANLEY NO. 2, 750'FNL, 1530'FWL
HANLEY NO. 2-JM, 1780'FNL, 1700'FWL
SECTION 18-T29N-R10W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LEASE NO: SF-078716

Gas Gathering Line for Common Compressor

1. Distance - Approximately 700'. Line from Hanley No. 2 to Hanley No. 2-JM Meter House (on B.L.M. surface). Previous gas gathering line was constructed from Hanley No. 2-JM to Meter House (on Fee surface).
2. Soil Conditions - Sandy Loam.
3. Surface Disturbance - would be minimal due to surface already being disturbed by roads, R.O.W. and location.
4. The El Paso Natural Gas Company gas gathering line would have to be located prior to construction of new portion of line.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

90 APR 19 AM 9 17

Date: 4-18-90

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen: CTB

I have examined the application dated April 4, 1990
for the Danson Oil Corp Henley 2+25
Operator Lease & Well No.

18-27A 10W and my recommendations are as follows:
Unit, S-T-R

Agree

Yours truly,

[Signature]