

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-045-24787
5. LEASE DESIGNATION AND SERIAL NO.
SF - 078430
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A
7. UNIT AGREEMENT NAME
N/A
8. FARM OR LEASE NAME
Nickson
9. WELL NO.
#21
10. FIELD AND POOL, OR WILDCAT
Ballard Pictured Cliffs
11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
Sec. 11 T26N R8W
12. COUNTY OR PARISH
San Juan
13. STATE
New Mexico

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐ PLUG BACK ☐

b. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ OTHER ☐
SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
Supron Energy Corporation c/o Gordon L. Llewellyn

3. ADDRESS OF OPERATOR
The Lakes at Bent Tree
17400 Dallas Pkwy, Ste. 210, Dallas, Texas 75252

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface

At proposed prod. zone
Same
2080' FSL & 1060' FWL (NW SW)
1850 790

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
24.1 miles South of Blanco, New Mexico

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)
1060'

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPROPRIATE FOR, ON THIS LEASE, FT.
----- 3000'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6292' GR This action is subject to administrative appeal pursuant to 30 CFR 290.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" new	24# K-55 ST&C	200'	Single Stage - Circulate to to surface
6-1/4"	2-7/8" new	6.5# CW-55	3000'	
		8 Rd.		

1. Drill 12-1/4" hole and set 8-5/8" surface casing to 200' with good returns.
2. Log B.O.P. checks in daily drill reports and drill 6-1/4" hole to 3000'.
3. Run tests if warranted and run 2-7/8" casing if productive.
4. Run logs, as needed, and perforate and stimulate as needed.

EXHIBIT ATTACHED:

- "A" Location and Elevation Plat
- "B" The Ten-Point Compliance Program
- "C" The Blowout Preventer Diagram
- "D" The Multi-Point Requirements for A.P.D.
- "E" & "F" Access Road Maps to Location
- "F" 1 Radius Map of Field
- "G" Drill Pad Layout, Production Facilities & Cut-Fill Cross-Section
- "H" Drill Rig Layout

18. ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED _____ TITLE Engineer Drilling & Prod. DATE August 15, 1980

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTP. O. BOX 2088
SANTA FE, NEW MEXICO 87501Form C-102
Revised 10-1-72

All distances must be from the outer boundaries of the Section.

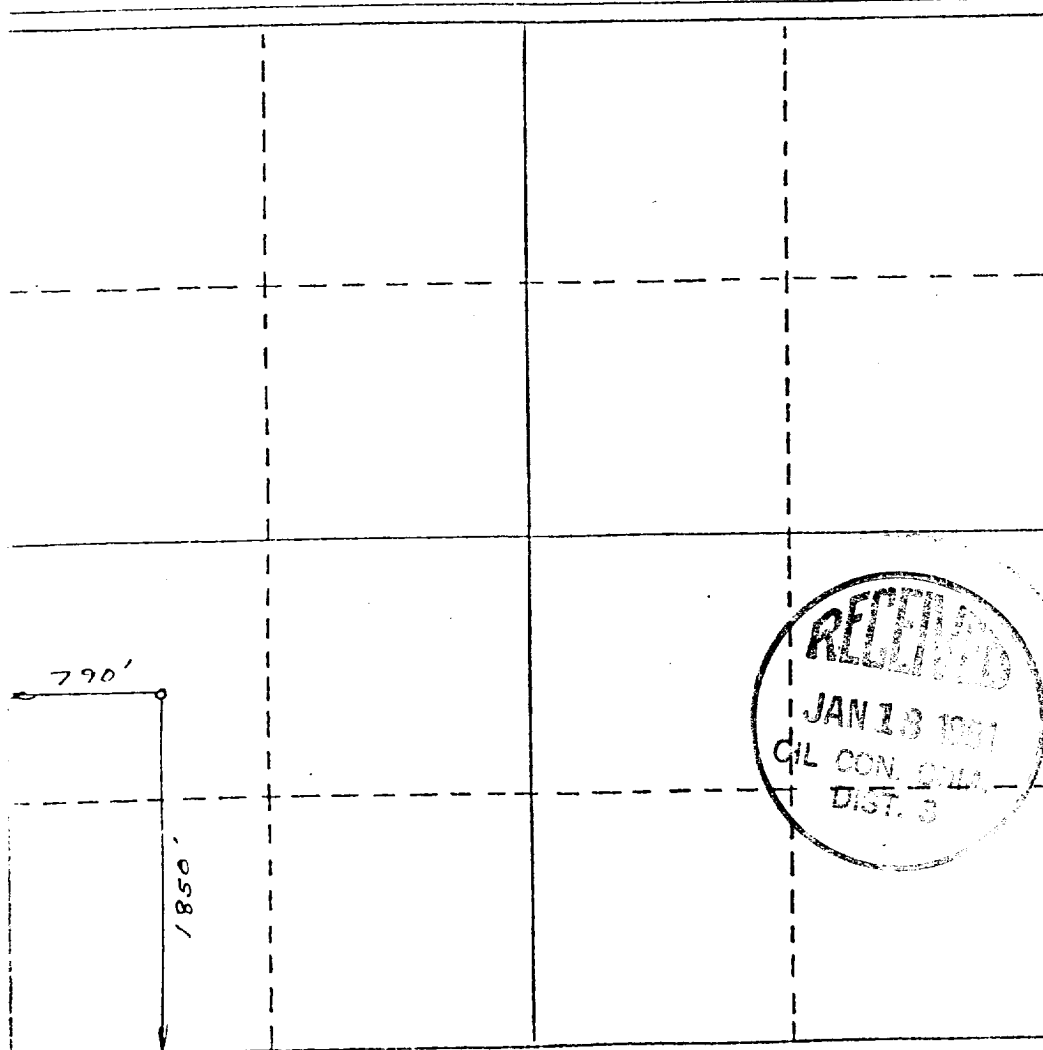
Lessor Supron Energy		Lease		Well No. Nickson #21	
Tract Letter L	Section 11	Township 26 North	Range 8 West	County San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 790 feet from the West line					
Ground Level Elev. 6299'	Producing Formation		Pool	Dedicated Acreage: Acre	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

Name

Position

Company

Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

29 G. HUDDLESTON
Registered Professional Engineer
and/or Land Surveyor

Certificate No.

330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

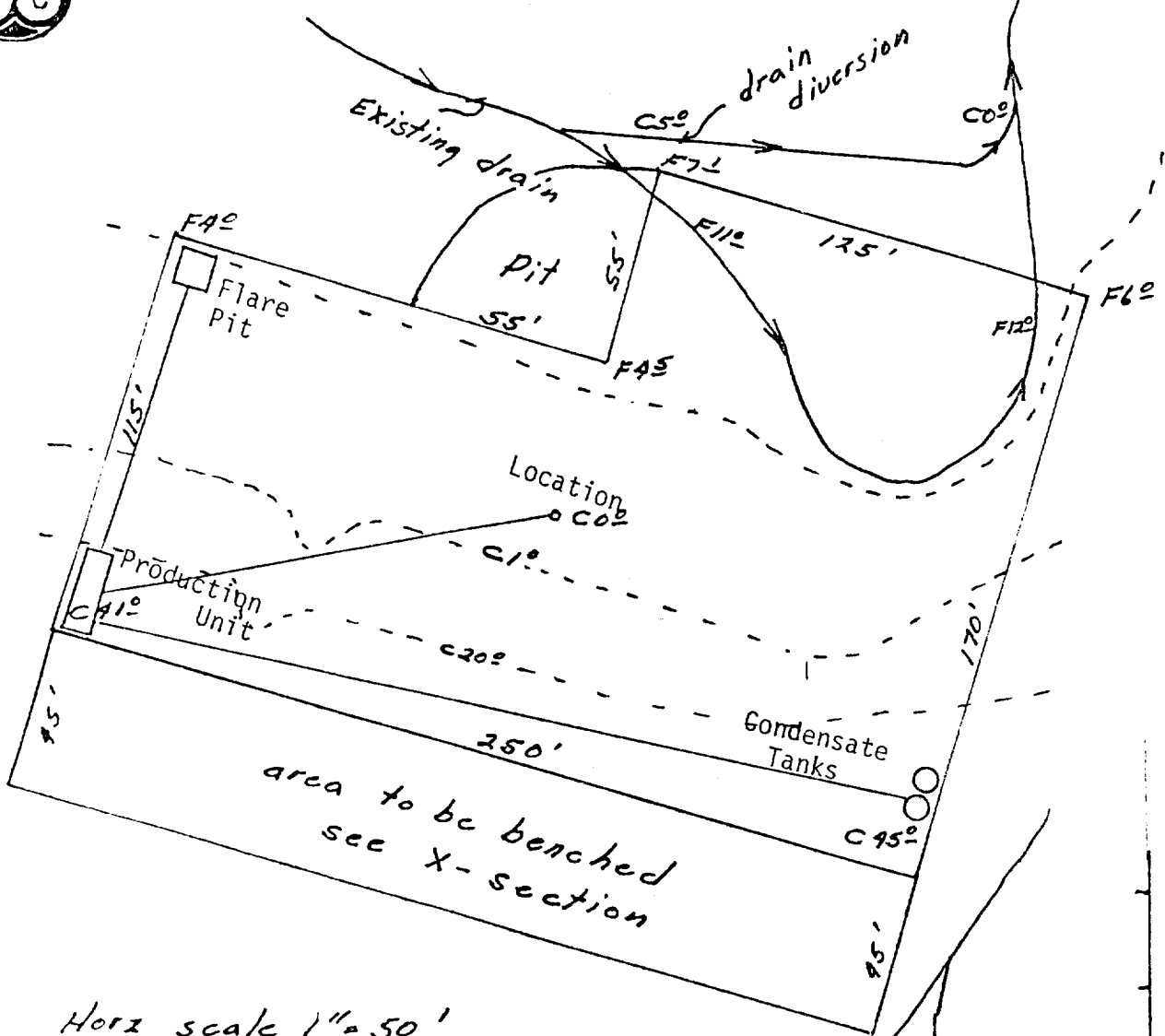
SUPRON ENERGY CORPORATION
NICKSON #21

POWERS ELEVATION



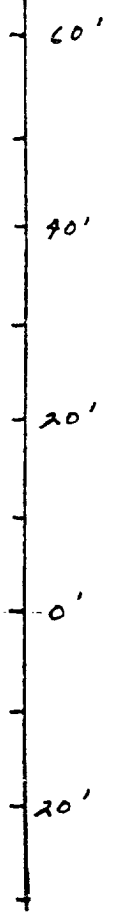
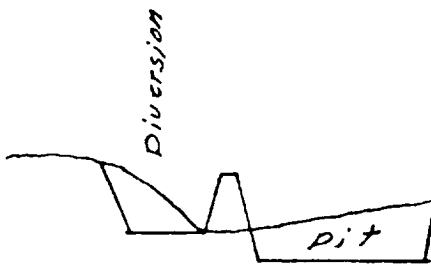
Drill Pad Layout,
Production Facilities &
Cut Fill Cross
Section

N



Horz scale 1" = 50'
Vert scale 1" = 20'

natural ground



6299'

EXHIBIT "B"
TEN-POINT COMPLIANCE PROGRAM
OF NTL-6 APPROVAL OF OPERATIONS

Attached to Form 9-331C
Supron Energy Corporation
Nickson #21
NW SW Sec. 11 T26N R8W
2080' FSL & 1060' FWL
San Juan County, New Mexico

1. The Geologic Surface Formation

The surface formation is the Wasatch.

2. Estimated Tops of Important Geologic Markers

Ojo Alamo	1220'
Kirtland	1527'
Fruitland	1911'
Pictured Cliffs	2153'
Total Depth	3000'

3. Estimated Depths of Anticipated Water, Oil, Gas or Minerals

Ojo Alamo	1220'	Water
Kirtland	1527'	Water
Fruitland	1911'	Water
Pictured Cliffs	2153'	Gas

4. The Proposed Casing Program

<u>HOLE SIZE</u>	<u>INTERVAL</u>	<u>SECTION LENGTH</u>	<u>SIZE (OD)</u>	<u>WEIGHT, GRADE & JOINT</u>	<u>NEW OR USED</u>
12-1/4"	0 - 200'	200'	8-5/8"	24# K-55 ST&C	New
6-1/4"	0 - 3000'	3000'	2-7/8"	6.5# CW-55 8 Rd.	New

Cement Plans: Single Stage - Circulate to surface.

5. The Operator's Minimum Specifications for Pressure Control

EXHIBIT "C" is a schematic diagram of the blowout preventer equipment. The BOP's will be hydraulically tested to half of working pressure after nipping up and after any use under pressure. Pipe rams will be operationally checked each 24-hour period, as will blind rams each time pipe is pulled out of the hole. Such checks of BOP will be noted on daily drilling reports.

Accessories to BOP will include a floor safety valve, drill string BOP and choke manifold with pressure rating equivalent to the BOP stack.

6. The Type and Characteristics of the Proposed Circulating Muds

Mud system will be fresh water gel with adequate stocks of sorptive agents on site to handle possible spills of fuel and oil on the surface. Heavier muds will be on location to be added if pressure requires.

<u>DEPTH</u>	<u>TYPE</u>	<u>WEIGHT #/gal.</u>	<u>VISCOSITY-sec./qt.</u>	<u>FLUID LOSS cc</u>
0-200'	Natural Mud	-----	-----	-----
200'-TD	Fresh Water gel	8.4 - 9.5	35-45	Less than 10

7. The Auxiliary Equipment to be Used

- (a) A kelly cock will be used.
- (b) A float will be used at the bit.
- (c) Neither a mud logging unit nor a gas detecting device will be monitoring the system.
- (d) A stabbing valve will be on the floor to be stabbed into the drill pipe when kelly is not in the string.

8. The Testing, Logging and Coring Programs to be Followed

- (a) No DST's are anticipated.
- (b) The logging program will consist of an IES and a GR density over selected intervals. Other logs will be determined at well site to best evaluate any shows.
- (c) No coring is anticipated.
- (d) Stimulation procedures will be determined after evaluation of logs. If treatment is indicated, appropriate Sundry Notice will be submitted.

9. Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well.

No hydrogen sulfide or other hazardous fluids or gases have been found, reported or known to exist at these depths in the area.

10. Anticipated Starting Date and Duration of the Operations

The anticipated starting date is set for August 30, 1980, or as soon as possible after examination and approval of drilling requirements. Operations should be completed within 5 days after spudding the well and drilling to casing point.

Blowout Preventer Diagram

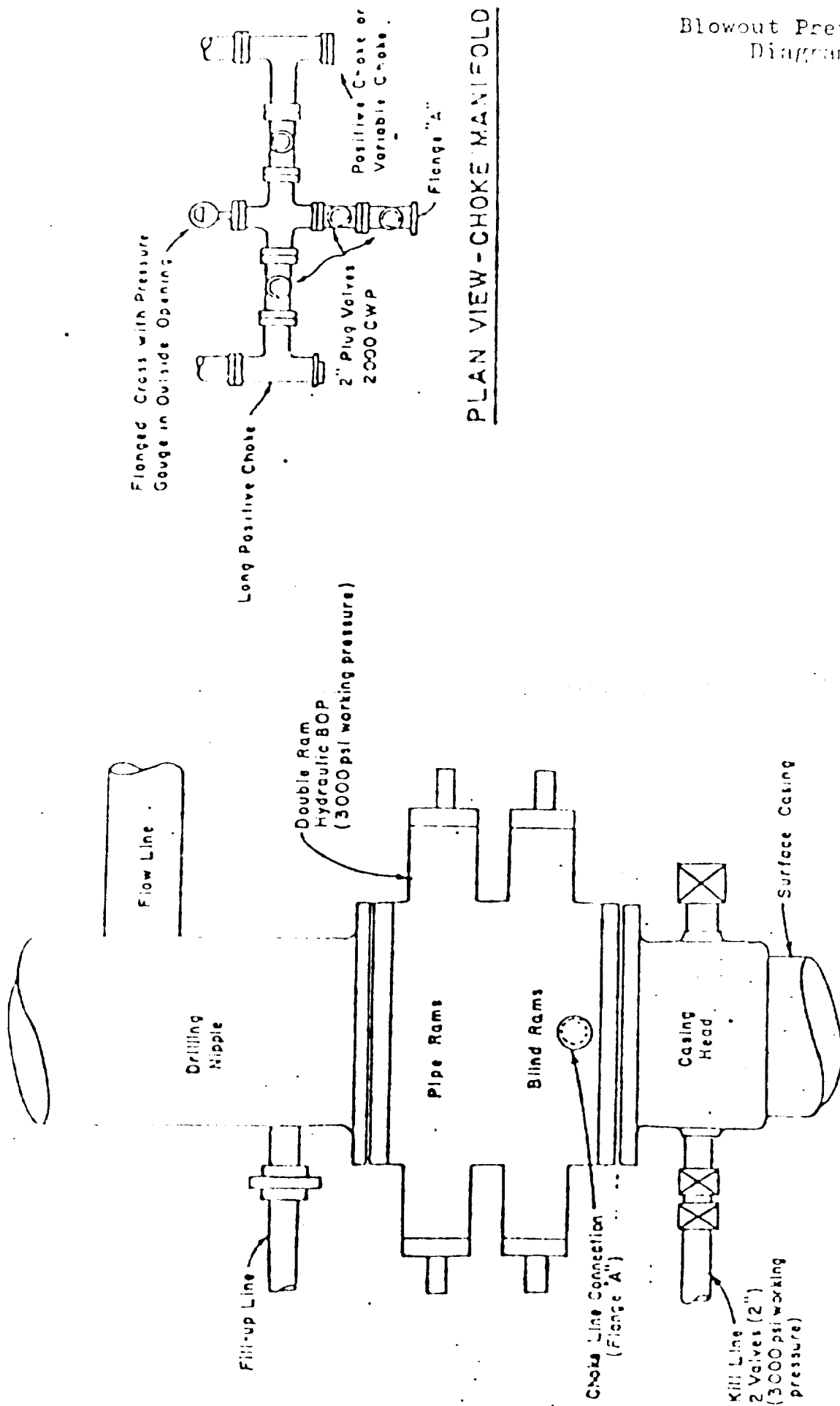


EXHIBIT "D"

MULTI-POINT REQUIREMENTS TO ACCOMPANY A.P.D.

Attached to Form 9-331C
Supron Energy Corporation
Nickson #21
NW NW Sec. 11 T26N R8W
2080' FSL & 1060' FWL
San Juan County, New Mexico

1. Existing Roads

- A. The proposed well site and elevation plat is shown as EXHIBIT "A".
- B. The distance from Blanco, New Mexico, is 24.1 miles. Proceed East 0.8 mile on State Highway #17; thence Southeast 20.6 miles on CR A-80 (along Largo Canyon) to Heifer Canyon; thence Southwest down Heifer Canyon 2.7 miles to the location, as shown on EXHIBITS "E" & "E₁".
- C. All roads to location are color-coded on EXHIBITS "E" & "E₁". No new access road is required.
- D. N/A
- E. This is a development well. All existing roads within a one-mile radius are shown on EXHIBIT "E".
- F. The existing roads need no improvement. The grade is 3%.

2. Planned Access Roads

No new access road is required. Access to the location is on existing roads.

3. Location of Existing Wells

For all existing wells within a one-mile radius of development well, see EXHIBIT "F".

- (1) There are no water wells within a one-mile radius of this location.
- (2) There are no abandoned wells in this one-mile radius.
- (3) There are no temporarily abandoned wells.
- (4) There are no disposal wells.
- (5) There are no wells presently being drilled.
- (6) There are five producing wells within this one-mile radius.

- (7) There is one shut-in well. (A Supron well approximately 175' Northeast will be shut in while drilling the Nickson #21.)
- (8) There are no injection wells.
- (9) There are no monitoring or observation wells for other uses.

4. Location of Existing and/or Proposed Facilities

- A. Within a one-mile radius of location, the following existing facilities are owned or controlled by lessee/operator:
 - (1) Tank Batteries: Supron has active wells in the area.
 - (2) Production Facilities: Same as #(1).
 - (3) Oil Gathering Lines: None
 - (4) Gas Gathering Lines: Same as #(1).
 - (5) Injection Lines: None
 - (6) Disposal Lines: None
- B. If production is obtained, new facilities will be as follows:
 - (1) Production facilities will be located on the drill pad, as shown on EXHIBIT "G".
 - (2) All well flow lines will be buried and will be on the well site and battery site.
 - (3) Facilities will be 225 feet long and 130 feet wide.
 - (4) All construction materials for battery site and pad will be obtained from site. No additional material from outside sources is anticipated.
 - (5) Any necessary pits will be fenced and flagged to protect livestock and wildlife.
- C. Rehabilitation, whether well is productive or dry, will be made on all unused areas in accordance with B.L.M. stipulations.

5. Location and Type of Water Source

- A. The source of water will be the San Juan River, 24 miles Northwest of the location, as shown on EXHIBIT "E".
- B. Water will be transported by truck over existing roadways.
- C. No water well is to be drilled on this lease.

6. Construction Materials

- A. No construction materials are needed for drilling and access roads into the drilling location unless production is obtained. The surface soil materials will be sufficient or will be provided by the Dirt Contractor as needed.
- B. No construction materials will be taken off Federal land.
- C. All surface soil materials for construction of access roads for drilling are sufficient.
- D. All major access roads presently exist as shown on EXHIBIT "E₁".

7. Handling of Waste Materials and Disposal

- (1) Drill cuttings will be buried in the reserve pit.
- (2) Drilling fluids will be handled in the reserve pit.
- (3) Any fluids produced during drilling test or while making production test will be collected in a test tank. If a test tank is not available during drilling, fluids will be handled in reserve pit. Any spills of oil, gas, salt waters or other noxious fluids will be cleaned up and removed.
- (4) Chemical facilities will be provided for human waste.
- (5) Garbage and non-flammable waste and salt and other chemicals produced during drilling or testing will be handled in trash pit. Flammable waste will be disposed of in burn pit. Drill fluids, water, drilling mud and tailings will be kept in reserve pit, as shown on EXHIBIT "H". The trash and/or burn pit will be totally enclosed with small mesh wire to prevent wind scattering trash before being burned or buried. Reserve pit will be fenced on three sides and the fourth side fenced upon removal of the rig.
- (6) After the portable rig moves out, all materials will be cleaned up and no adverse materials will be left on location. Any dangerous open pits will be fenced during drilling and kept closed until such time as the pit is leveled.

8. Ancillary Facilities

No air strip, camp or other facilities will be built during drilling of this well.

9. Well Site Layout

- (1) EXHIBIT "G" is the Drill Pad Layout as staked, with elevations, by Powers Elevation of Durango, Colorado. Cuts and fills have been

drafted to visualize the planned cut across the location spot and to the deepest part of the pad. Topsoil will be stockpiled per B.L.M. specifications determined at time of pre-drill inspection.

- (2) EXHIBIT "H" is a plan diagram of the proposed portable rig and equipment, reserve pit, trash/burn pit, pipe racks and mud tanks. No permanent living facilities are planned. There will be a trailer on site.
- (3) EXHIBIT "G" is a diagram showing the proposed production facilities layout.
- (4) The reserve pits will not be lined.

10. Plans for Restoration

- (1) Backfilling, leveling and contouring are planned as soon as all pits have dried. Waste disposal and spoils materials will be buried or hauled away immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible.
- (2) The soil banked material will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula provided by the B.L.M. Revegetation is recommended for road area, as well as around drill pad.
- (3) Three sides of the reserve pit will be fenced during drilling operations. Prior to rig release, the reserve pit will be fenced on the fourth side to prevent livestock or wildlife from becoming entrapped; and the fencing will be maintained until leveling and cleanup are accomplished.
- (4) If any oil is on the pits and is not immediately removed or burned after operations cease, the pit containing the oil or other adverse substances will be flagged overhead or covered with wire mesh.
- (5) The rehabilitation operations will begin immediately after the drilling rig is removed. Removal of oil or other adverse substances will begin immediately or area will be flagged and fenced. Other cleanup will be done as needed. Planting and revegetation is considered best in Fall 1981, unless requested otherwise.

11. Other Information

- (1) The soil is a sandy loam. The area is covered with cedar, juniper, pine, sagebrush and native grasses. There are reptiles, rabbits, and deer in the area. The site is located on the edge of an existing well, immediately above a wash in Heifer Canyon.
- (2) The primary surface use is for grazing. The surface is owned by the U.S. Government.

- (3) The closest live water is the San Juan River, 24 miles Northwest of the location, as shown on EXHIBIT "E".

The closest occupied dwelling is located 4.5 miles West of the location, as shown on EXHIBIT "E".

There are no known archaeological, historical, or cultural heritages that will be disturbed by this drilling.

- (4) There are no reported restrictions or reservations noted on the oil and gas lease.
- (5) Drilling is planned for on or about August 30, 1980. It is anticipated that the casing point will be reached within 5 days after commencement of drilling.

12. Lessee's or Operator's Representative

George Lapaseotes
Agent Consultant for
Supron Energy Corporation
600 South Cherry Street
Suite 1201
Denver, Colorado 80222
Phone (303) 321-2217


Jerry L. Lee
Supron Energy Corporation
c/o Gordon L. Llewellyn
17400 Dallas Parkway
Suite 210
The Lakes at Bent Tree
Dallas, Texas 75252
Phone (214) 385-9100

13. Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Supron Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Date

8-27-80






George Lapaseotes
Agent Consultant for
Supron Energy Corporation

LEGEND

1. Location:

Supron Energy Corporation
Nickson #21
NW SW Sec. 11 T26N R8W
San Juan County, New Mexico

Color Coding

 Oil Road
 County Road
 Oil Field Road
 New Access Road

2. Nearest Town

3. Water Source/Closest Live Water

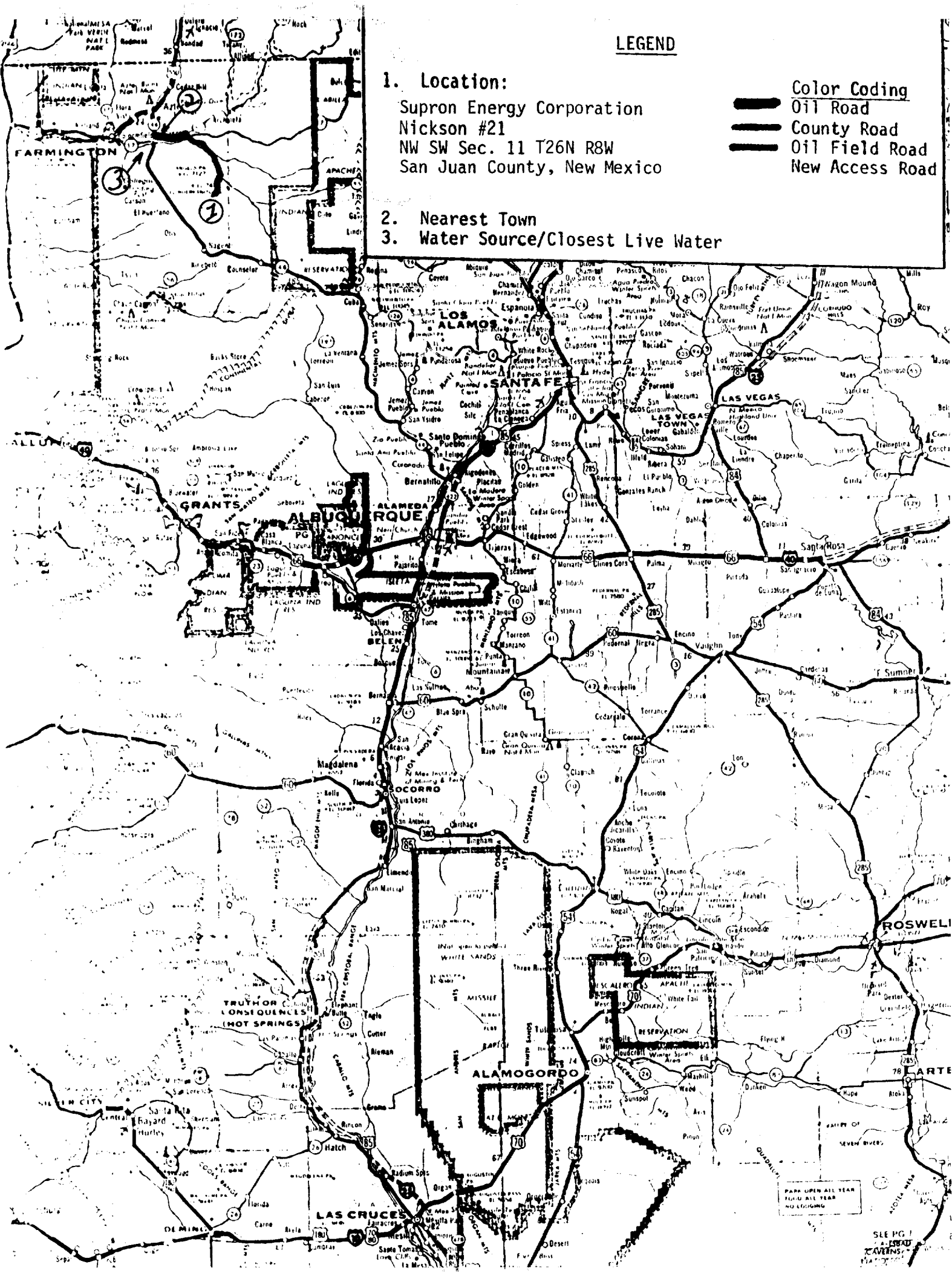





EXHIBIT "E₁"

Detail of Access Road

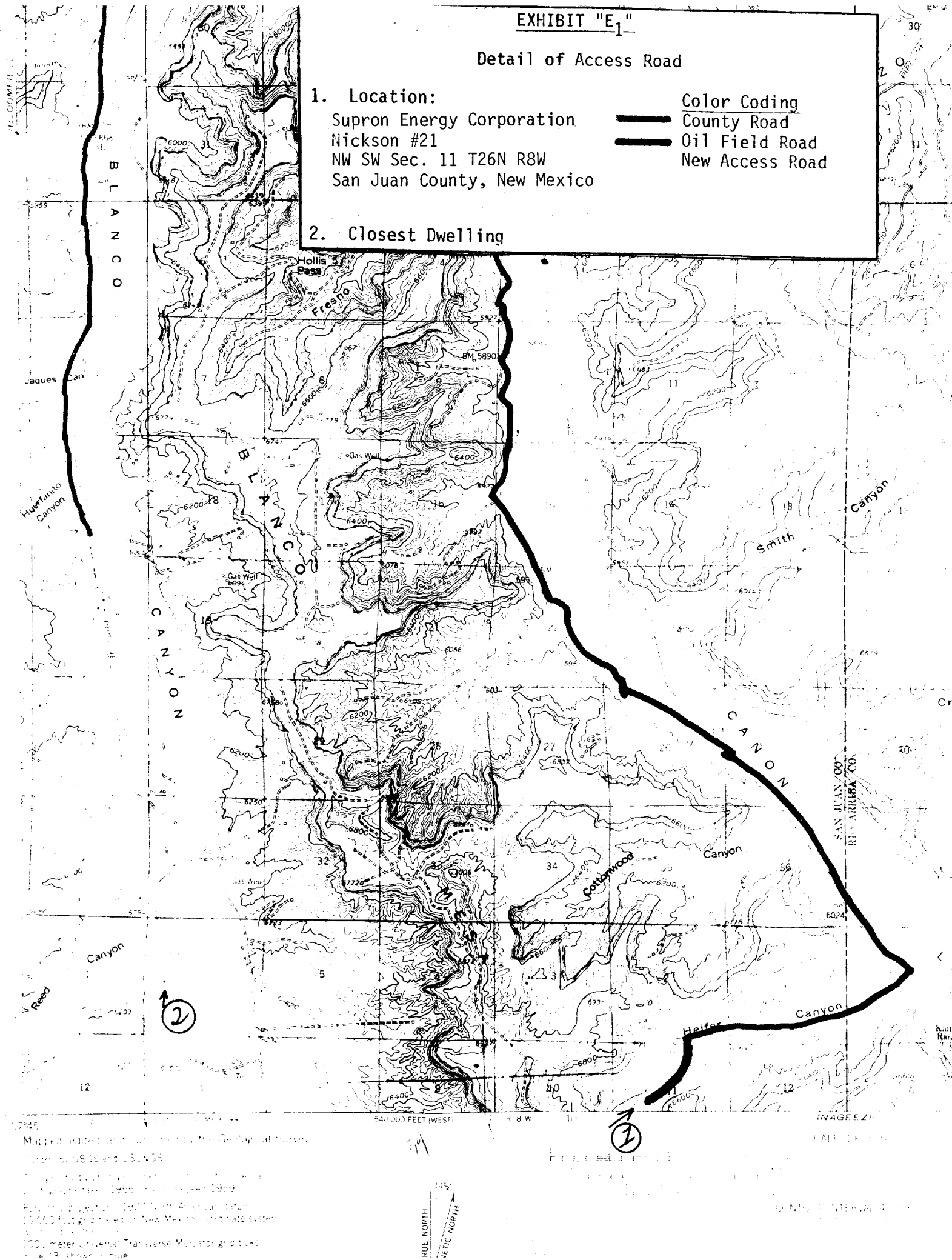
1. Location:

Supron Energy Corporation
Nickson #21
NW SW Sec. 11 T26N R8W
San Juan County, New Mexico

Color Coding

 County Road
 Oil Field Road
 New Access Road

2. Closest Dwelling



Map prepared by the U.S. Geological Survey
from the USGS and USGS data

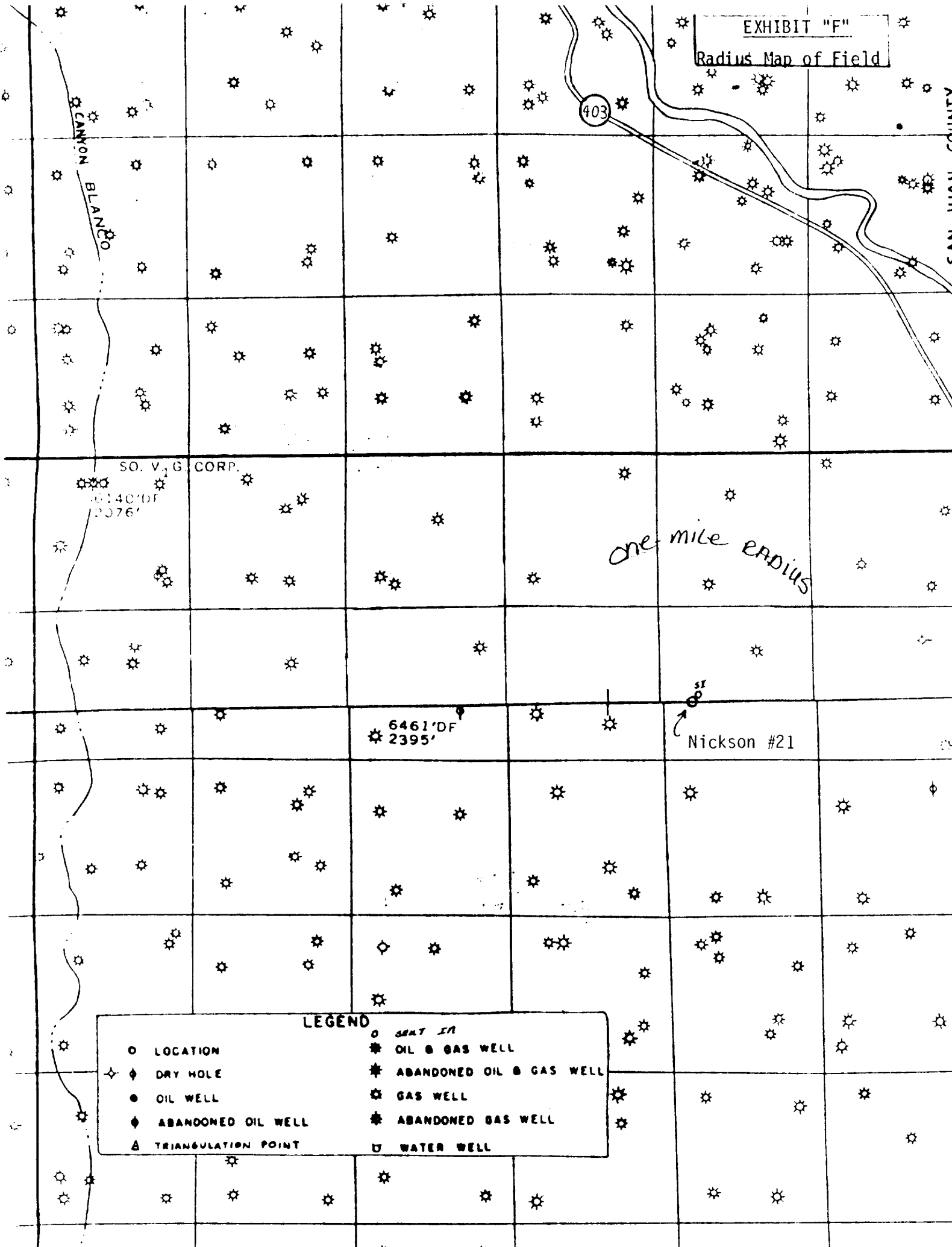
Topographic map of the area shown on the map
is available from the USGS for purchase

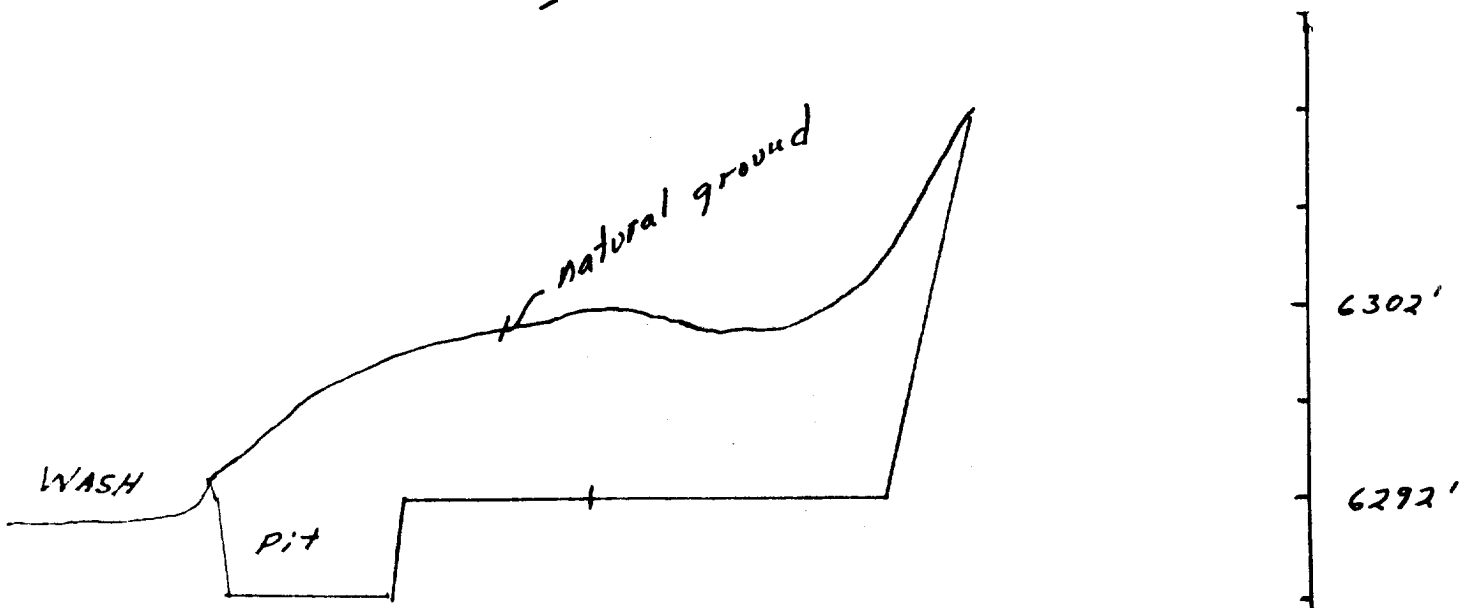
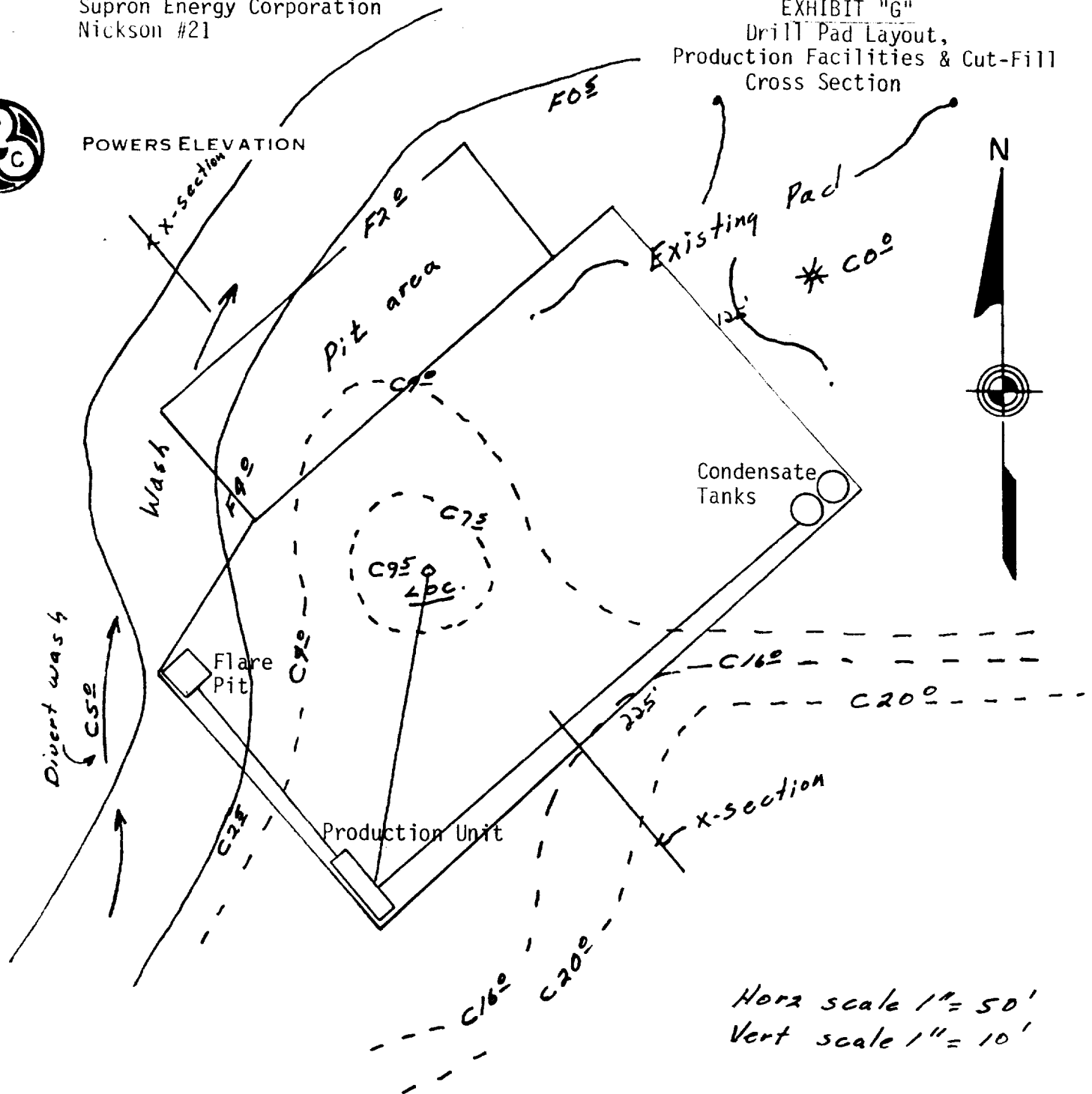
For more information, contact the U.S. Geological Survey
12200 East Avenue, New Mexico, 87131

1000 meter Universal Transverse Mercator grid
and 12.5 degree magnetic declination

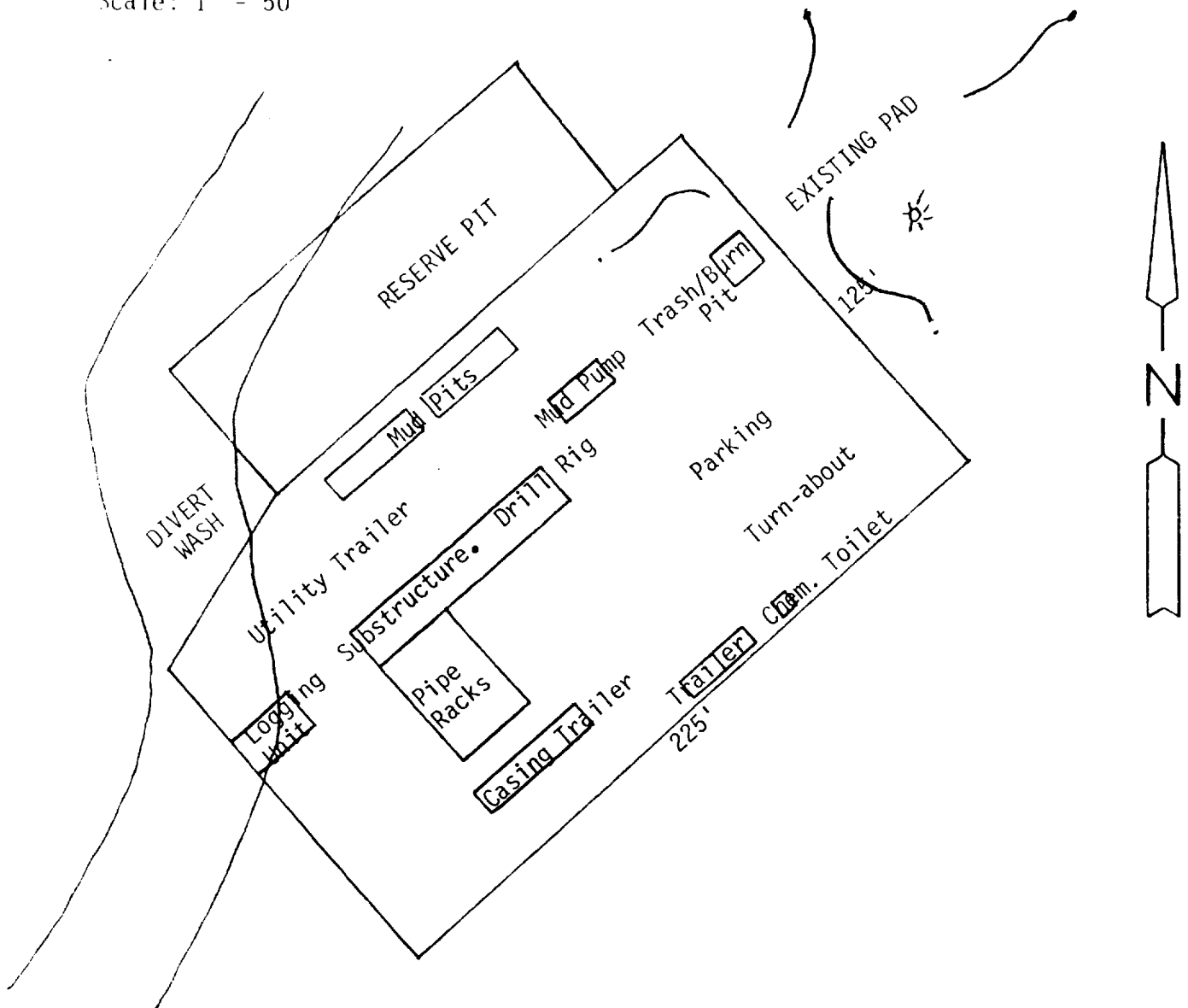
TRUE NORTH
MAGNETIC NORTH

EXHIBIT "F"
Radius Map of Field





Scale: 1" = 50'



SUPRON ENERGY CORPORATION

BLDG. V, FIFTH FLOOR
10300 NORTH CENTRAL EXPRESSWAY
DALLAS, TEXAS 75231

TELEPHONE (214) 691-0141
TWX (910) 861-2117
Cable: DAL

March 19, 1980

Flowers Elevation Co., Inc.
Suite 1201 Cherry Creek Plaza
600 So. Cherry Street
Denver, Colorado 80222

Gentlemen:

This letter will serve to confirm our understanding with you that Flowers Elevation Co., Inc. shall be, and is hereby authorized to act as the agent of Supron Energy Corporation with respect only to wells drilled by John H. Hill and Gordon L. Llewellyn, Trustee, pursuant to their agreement with Supron Energy Corporation dated July 25, 1979, as amended, in the following capacities:

- A. In surveying, staking, and preparing and filing necessary applications, permits and compliance programs, including complete HPL-6 reports.
- B. In accepting on our behalf any changes to location, proposed facilities and/or surface use plan and compliance program requested at on-site inspections, when we are unable to have a company representative present. Such changes will then be binding upon us or designated Operator.

All of your actions pursuant to this authorization shall be subject to the following:

- A. Supron Energy Corporation shall have no obligation for payment to you of any amounts for services by you in accordance with the foregoing authorization, and you shall look solely to John H. Hill and Gordon L. Llewellyn, Trustee, for payment of any fees or charges by your company in connection with such activities.
- B. A copy of all applications, permits, completion reports and other similar or dissimilar documents filed by you with any governmental agency on behalf of Supron Energy Corporation shall be promptly furnished to each of the following:

Powers Elevation Co., Inc.
March 19, 1980

Page Two

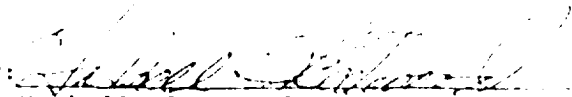
Mr. Rudy Motto
Supron Energy Corporation
Post Office Box 808
Farmington, New Mexico 87401

Mr. Haskell Fleetwood
Supron Energy Corporation
Bldg. V, Fifth Floor
10300 North Central Expressway
Dallas, Texas 75231

- C. Powers' responsibilities do not include supervision of drilling, completion or rehabilitation operations.
- D. The foregoing authorization may be revoked by Supron Energy Corporation insofar as concerns all subsequent actions by you by written notice given to you at the above address.

Very truly yours,

SUPRON ENERGY CORPORATION

By: 
Haskell Fleetwood
Vice President