

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. SF-078432	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
2. NAME OF OPERATOR Supron Energy Corporation			7. UNIT AGREEMENT NAME N/A	
3. ADDRESS OF OPERATOR Dallas, Texas 75231 10300 N. Central Expressway, Building V, Fifth floor			8. FARM OR LEASE NAME Hodges	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1715' FSL & 1115' FWL (NW SW) At proposed prod. zone same			9. WELL NO. #16	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 25.2 miles South of Farmington, New Mexico			10. FIELD AND POOL, OR WILDCAT Ballard Pictured Cliffs	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1115'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec.21 T26N R8W	
16. NO. OF ACRES IN LEASE 2480			12. COUNTY OR PARISH San Juan	
17. NO. OF ACRES ASSIGNED TO THIS WELL 160			13. STATE New Mexico	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2400'			20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6403' GR			22. APPROX. DATE WORK WILL START* April 30, 1980	

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
9 7/8"	7 5/8" new	20# F-25 ST&C	200'	Cement w/100 sacks
6 3/4"	2 7/8" new	6.5# J-55 ST&C	2400'	Cement w/200 sacks

1. Drill 9 7/8" hole and set 7 5/8" surface casing to 200' with good returns.
2. Log B.O.P. checks in daily drill reports and drill 6 3/4" hole to 2400'.
3. Run tests if warranted and run 2 7/8" casing if productive.
4. Run logs, as needed, and perforate and stimulate as needed.

EXHIBITS 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" & "E₁" Access Road Maps to Location
- "F" Radius Map of Field
- "G" & "G₁" Drill Pad Layout, Production Facilities & Cut-Fill Cross-Section
- "H" Drill Rig Layout

IN 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.

24. SIGNED Kenneth E. Roddy TITLE Prod. Sup't. DATE 4/18/80
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____
CONDITIONS OF APPROVAL, IF ANY:

TITLE

NMOCC

*See Instructions On Reverse Side

APPROVED AS AMENDED
DATE MAY 30 1980
JAMES F. SIMS DISTRICT ENGINEER

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form No. 1
Supersedes C-128
Effective 1-1-65

EXHIBIT "A" - Location & Elevation Plat

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

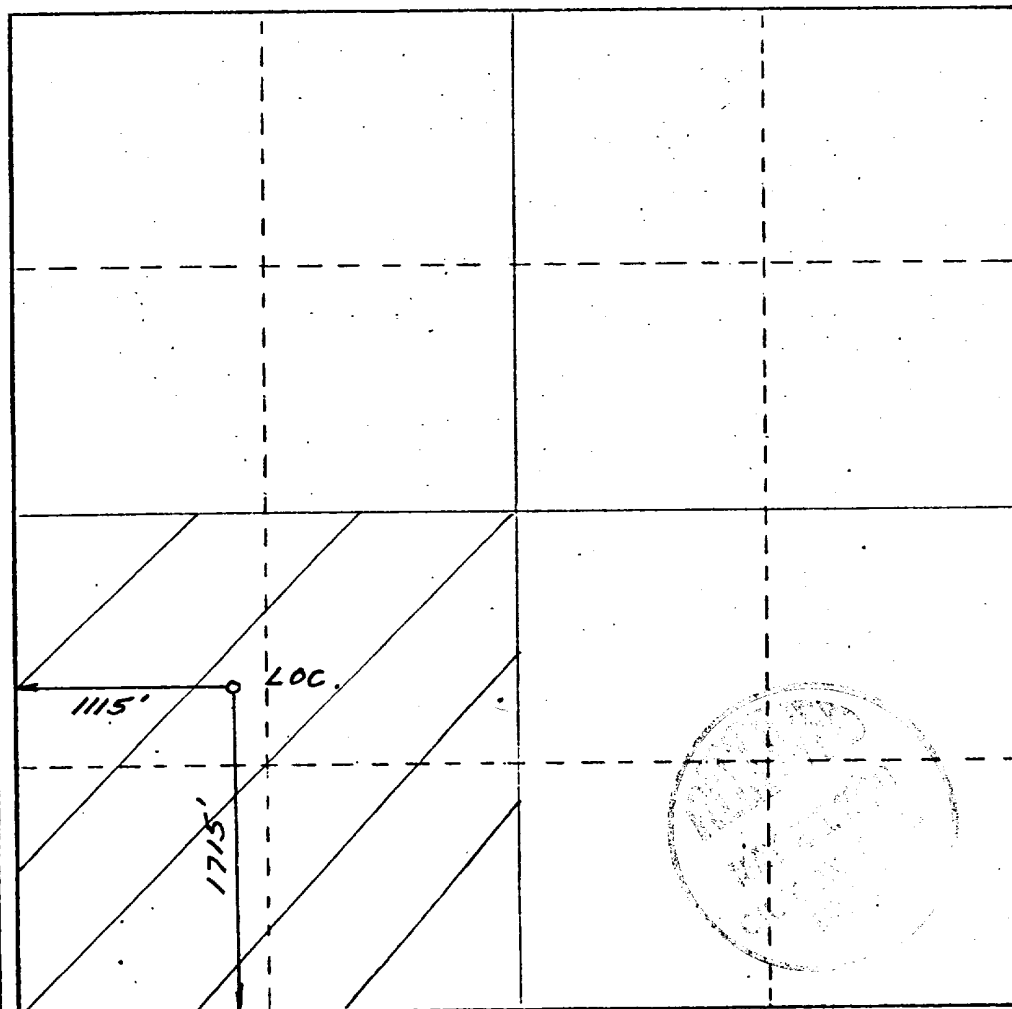
Operator Supron Energy Corporation			Lease Hodges		Well No. 16
Unit Letter L	Section 21	Township 26 North	Range 8 West	County San Juan	
Actual Footage Location of Well: 1715 feet from the South line and 1115 feet from the West line					
Ground Level Elev. 6403'	Producing Formation Pictured Cliffs	Pool BALLARD Pictured Cliffs	Dedicated Acreage: 16.0 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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 Commission.



CERTIFICATION

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

George Lapaseotes

Name **George Lapaseotes**
Position **V. Pres. Powers Elevation**

Company **Supron Energy Corporation**

Date **4/15/80**

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.

6 APR 1980
Date Surveyed
Gerald S. Hudbarto
Registered Professional Engineer
and or Land Surveyor

6844
Certificate No.

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

u4

EXHIBIT "B"

TEN-POINT COMPLIANCE PROGRAM
OF NTL-6 APPROVAL OF OPERATIONS

Attached to Form 9-331C
Supron Energy Corporation
#16 Hodges
NW SW Sec. 21 T26N R8W
1715' FSL & 1115' FWL
San Juan County, New Mexico

1. The Geologic Surface Formation

The surface formation is the Wasatch.

2. Estimated Tops of Important Geologic Markers

Base of Ojo Alamo/Top of Kirtland Shale	2045'
Fruitland	2160'
Pictured Cliffs	2270'
Total Depth	2400'

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

Base of Ojo Alamo	2045'	Water
Pictured Cliffs	2270'	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>
9-7/8"	0-200'	200'	7-5/8"	20# F-25 ST&C	New
6-3/4"	0-2400'	2400'	2-7/8"	6.5# J-55 ST&C	New

Cement Program

Surface Casing: Cement with 100 sacks or sufficient to circulate to surface.

Production Casing: Cement with 200 sacks or sufficient to cover Ojo Alamo.

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 the full 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 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 gel-chemical 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 LOSScc</u>
0-200'	Natural Mud	-----	-----	-----
200-T.D.	Fresh Water Gel	8.4-9.5	35-45	less than 10cc

7. The Auxiliary Equipment to be Used

- (a) No kelly cock will be used.
- (b) A float will be used at the bit.
- (c) Neither a mud logging unit or 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 April 30, 1980, or as soon as possible after examination and approval of drilling requirements. Operations should be completed within 30 days after spudding the well and drilling to casing point.

Blowout Preventer Diagram

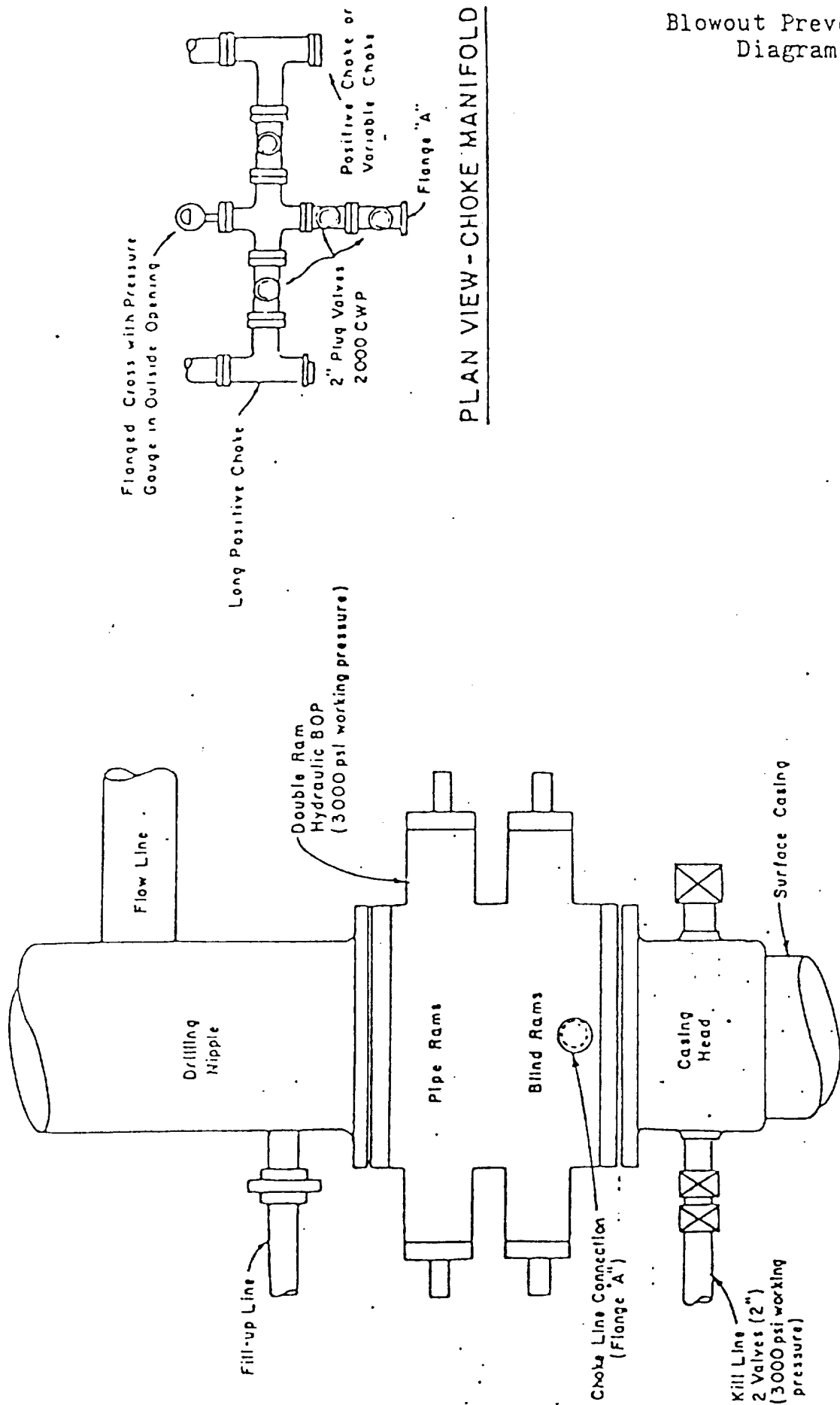


EXHIBIT "D"

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

Attached to Form 9-331C
Supron Energy Corporation
#16 Hodges
NW SW Sec. 21 T26N R8W
1715' FSL & 1115' 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 25.2 miles. Proceed East 0.8 mile on Highway #17, then take Cutter Dam road and CR#80 across bridge 7.2 miles to CR#58; thence South on CR#58 6.9 miles to East turn and low water crossing; cross river and continue South (parallel to river) 8.8 miles, thence East on pipeline road 0.7 mile; thence South and East on pipeline road 0.8 mile to access road, thence 500' on proposed access road to location, as shown on EXHIBIT "E" & "E₁".
- C. All roads to location are color-coded on EXHIBITS "E" & "E₁". An access road 500' from the existing road will be required, as shown on EXHIBITS "E" & "E₁".
- 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.

2. Planned Access Roads

Map showing all necessary access roads to be constructed or reconstructed is shown as EXHIBIT "E" for the following:

- (1) The maximum width of the running surface of the 500' feet of access road, extending beyond the existing oil field road will be 18'.
- (2) The grade will be 5%.

- (3) No turn outs are planned.
- (4) Appropriate water bars will be constructed to assure drainage off location to conform with the natural drainage pattern.
- (5) No culverts are needed. No major cuts or fills are anticipated along access road during drilling operation.
- (6) Surfacing materials will be native soil.
- (7) One cattle guard is required, as shown on EXHIBIT "E".
- (8) The new access road to be constructed was staked and centerline flagged, as shown on EXHIBIT "E".

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 is one abandoned well 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 10 producing wells within this one mile radius.
- (7) There are no shut-in wells.
- (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: None
- (2) Production Facilities: None

(3) Oil Gathering Lines: None

(4) Gas Gathering Lines: None

(5) Injection Lines: None

(6) Disposal Lines: None

B. If the well is productive, new facilities will be as follows:

(1) Production facilities will be located on solid ground of cut area of 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 300 feet long and 150 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 Supply

A. The source of water will be San Juan River 25 miles North of the location, as shown on EXHIBIT "E₁".

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 well or constructing access roads into the drilling location unless well is productive. The surface soil materials will be sufficient or will be purchased from Dirt Contractor as needed.

B. No construction materials will be taken off Federal land.

- C. All surface soil materials for construction of access roads are sufficient.
- D. All major access roads presently exist as shown on EXHIBIT "E".

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 water or other noxious fluids will be cleaned up and removed.
- (4) Chemical toilet facilities will be provided for human waste.
- (5) Garbage, waste, salts and other chemicals produced during drilling or testing will be handled in trash/burn pit. Drill fluids, water, drilling mud and tailings will be kept in reserve pit, as shown on EXHIBIT "H". The trash/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 rig moves out, all materials will be cleaned up and no adverse materials will be left on location. Any dangerous open pit will be fenced during drilling and kept closed until the pit has dried and is filled.

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 the deepest part of the pad. Topsoil will be stockpiled per BLM specifications determined at time of pre-drill inspection.

- (2) EXHIBIT "H" is a plan diagram of the proposed 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 BLM. 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 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 Summer, 1980, unless requested otherwise.

11. Other Information

- (1) The soil is a sandy loam. No distinguishing geological features are present. The area is covered with cactus, sagebrush, cedar and native grass. There are livestock, rabbits and deer in the area. The location sets on a knoll between two drains. The drains bound the location on the North and South. The terrain is not extreme and slopes Westward.

- (2) The primary surface use is for grazing. The surface is owned by the U. S. Government.
- (3) The closest live water is San Juan River, 26 miles North of the location, as shown on EXHIBIT "E₁".

The closest occupied dwelling is located along the Blanco Canyon Wash, 3 miles Northwest of the location, as shown on EXHIBIT "E" & "E₁".

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 April 30, 1980. It is anticipated that the casing point will be reached within 30 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


W. S. Jameson
Supron Energy Corporation
Building V, Fifth Floor
10300 N. Central Expressway
Dallas, Texas 75231
Phone (214) 691-9141

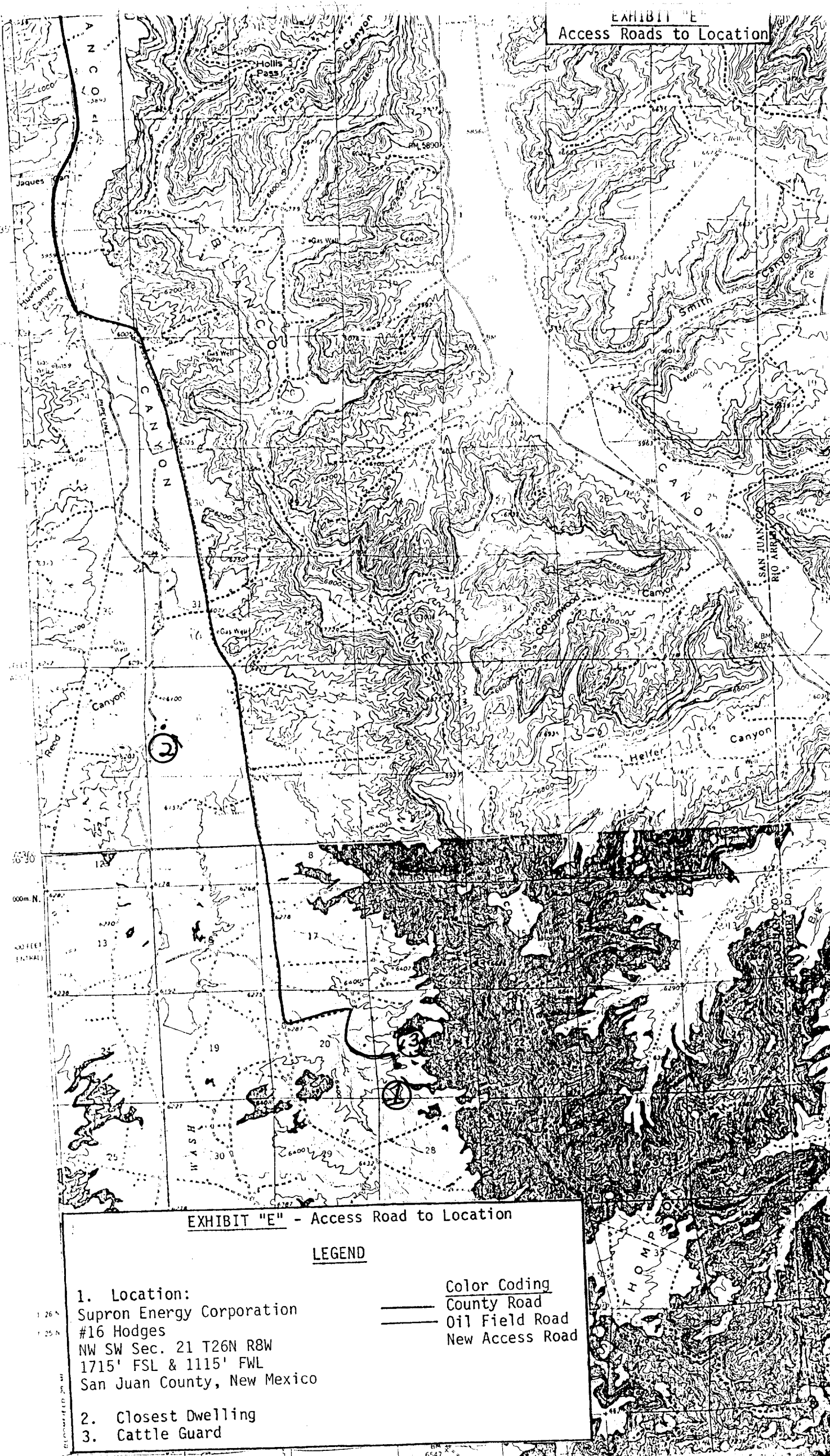
13. Certification

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

4-16-80


George Lapaseotes
Agent Consultant for
Supron Energy Corporation



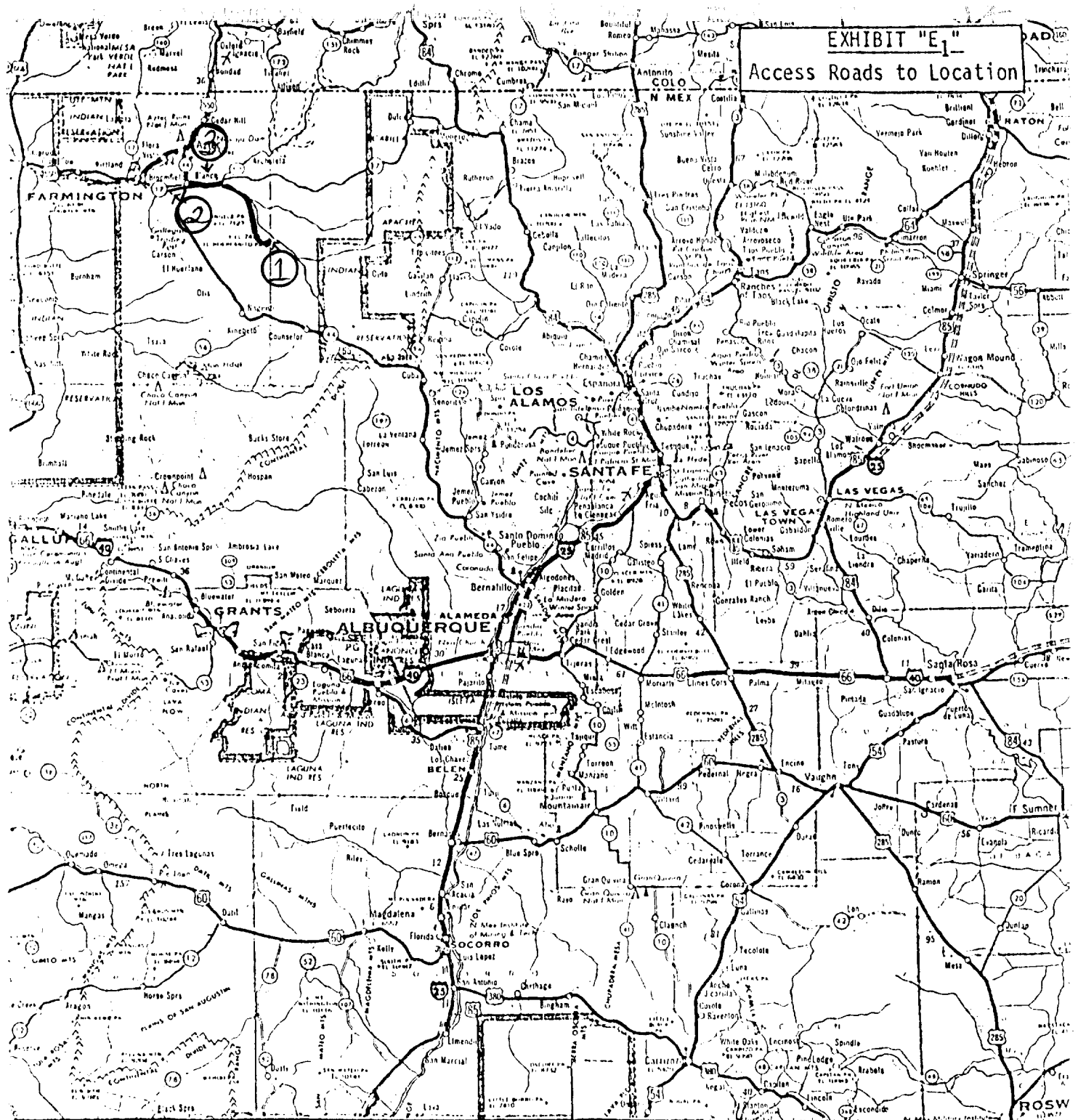


EXHIBIT "E" - Access Roads to location

LEGEND

1. Location:

Supron Energy Corporation
#16 Hodges
NW SW Sec. 21 T26N R8W
1715' FSL & 1115' FWL
San Juan County, New Mexico

Color Coding

Oil Road
County Road
Oil Field Road
New Access Road

2. Water Source, Nearest Live Water
3. Nearest Town

EXHIBIT "E"

Access Roads to Location

PARK OFFICE HAS BEEN
FOOD ALL YEAR
NO LOADING

SEE PG 1

EXHIBIT "F" Radius Map of Field

SO. V. G. CORP.

6140'DF
2076'

6461'DF
2395'

#16 Hodges

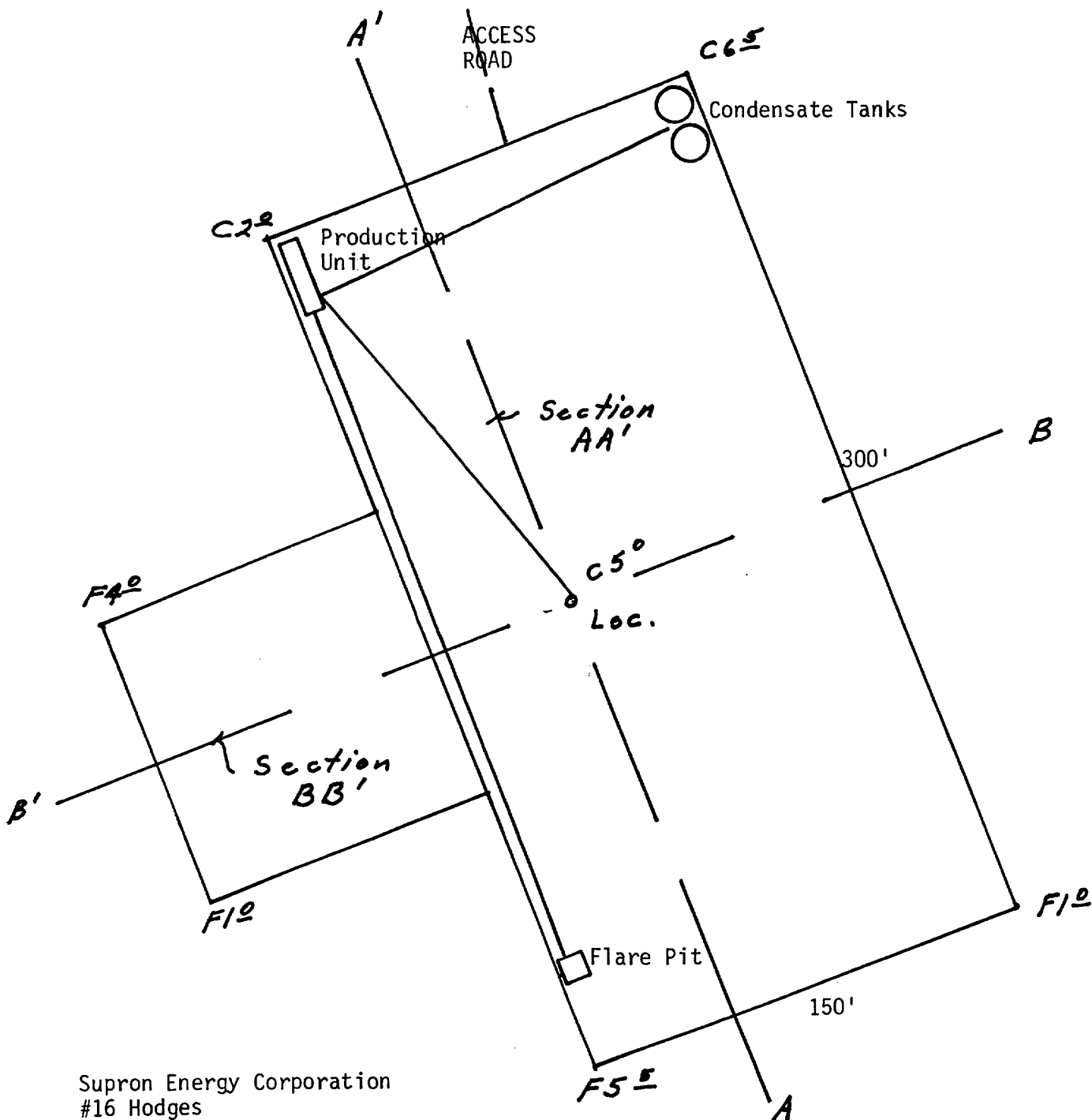
LEGEND

- | | |
|-----------------------|----------------------------|
| ○ LOCATION | * OIL & GAS WELL |
| ◊ DRY HOLE | * ABANDONED OIL & GAS WELL |
| ● OIL WELL | * GAS WELL |
| ◆ ABANDONED OIL WELL | * ABANDONED GAS WELL |
| △ TRIANGULATION POINT | ○ WATER WELL |



POWERS ELEVATION COMPANY, INC.

EXHIBIT "G"
Drill Pad Layout, Production
Facilities Layout



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

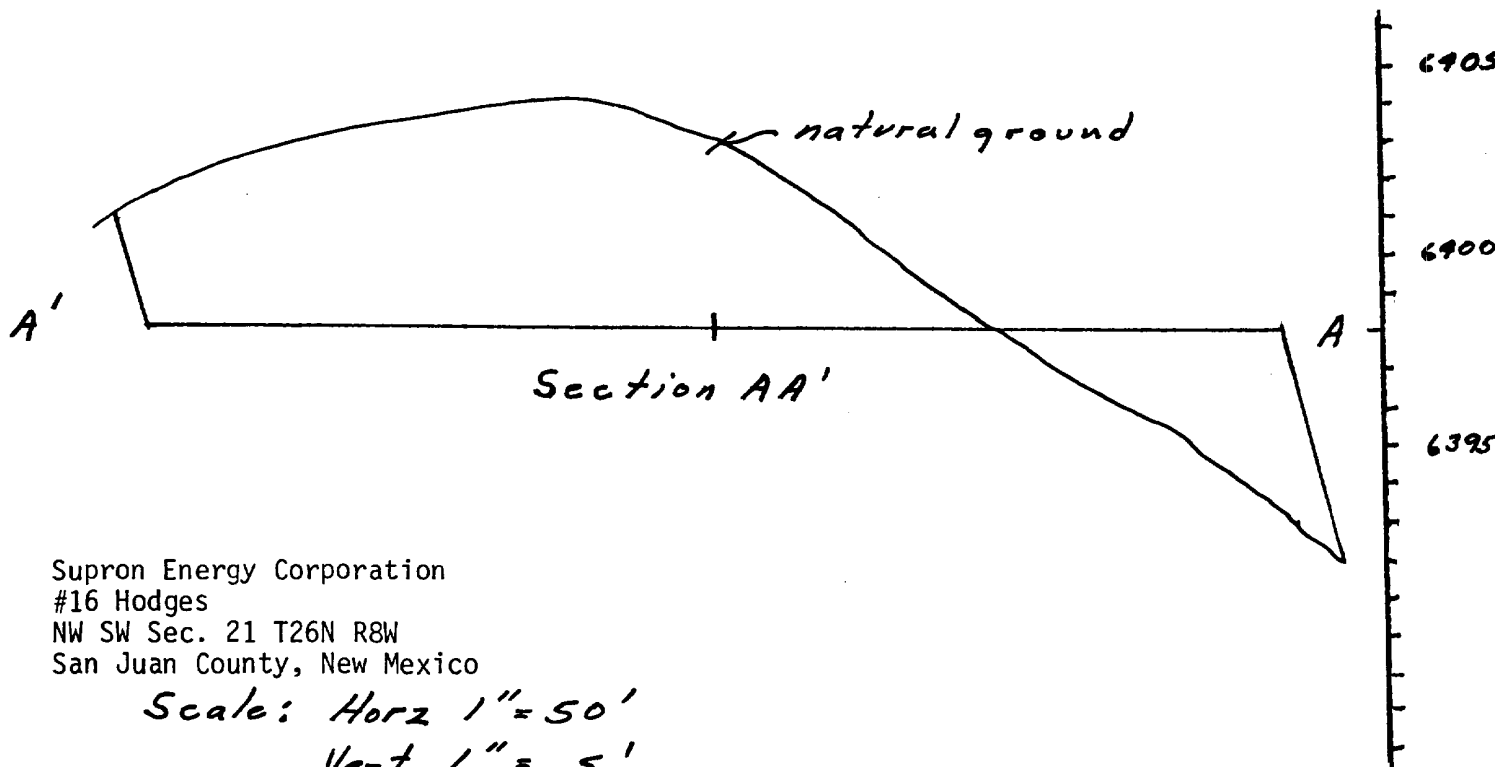
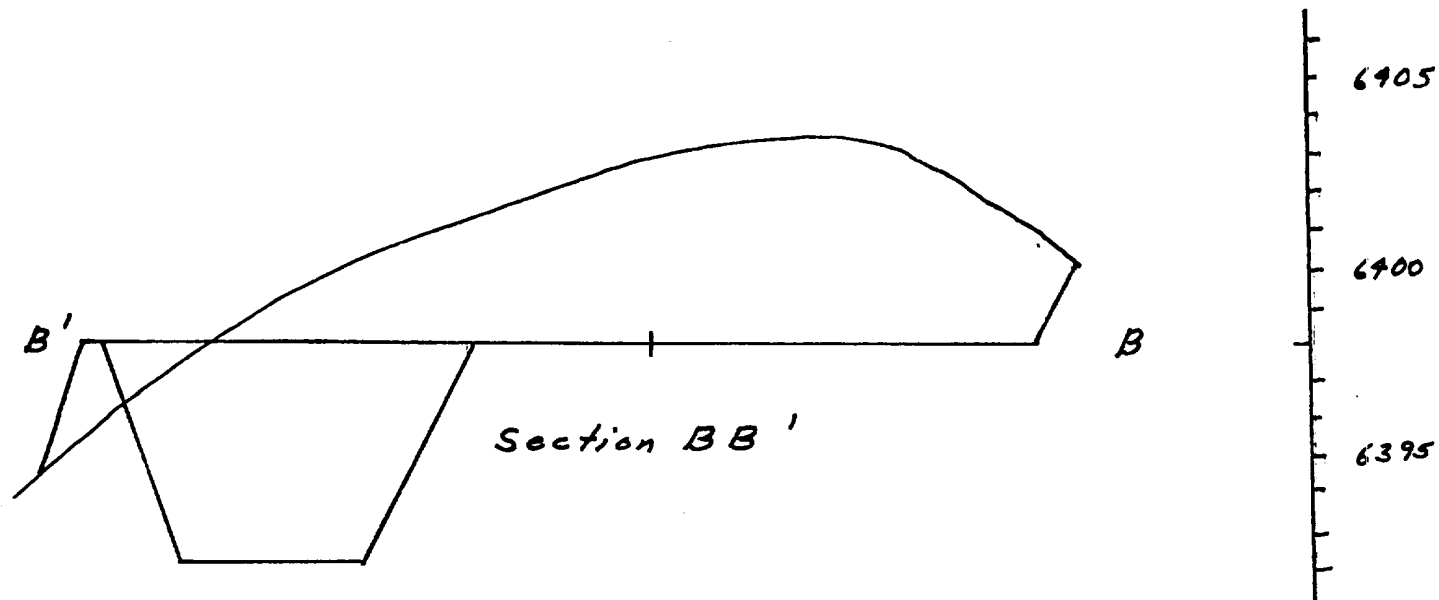
Scale 1" = 50'



POWERS ELEVATION

EXHIBIT "G₁"
Cut-Fill Cross Section

OIL WELL ELEVATIONS AND LOCATIONS
CHERRY CREEK PLAZA, SUITE 1201
800 SOUTH CHERRY STREET
DENVER, COLORADO 80222
PHONE NO. 303/321-2217

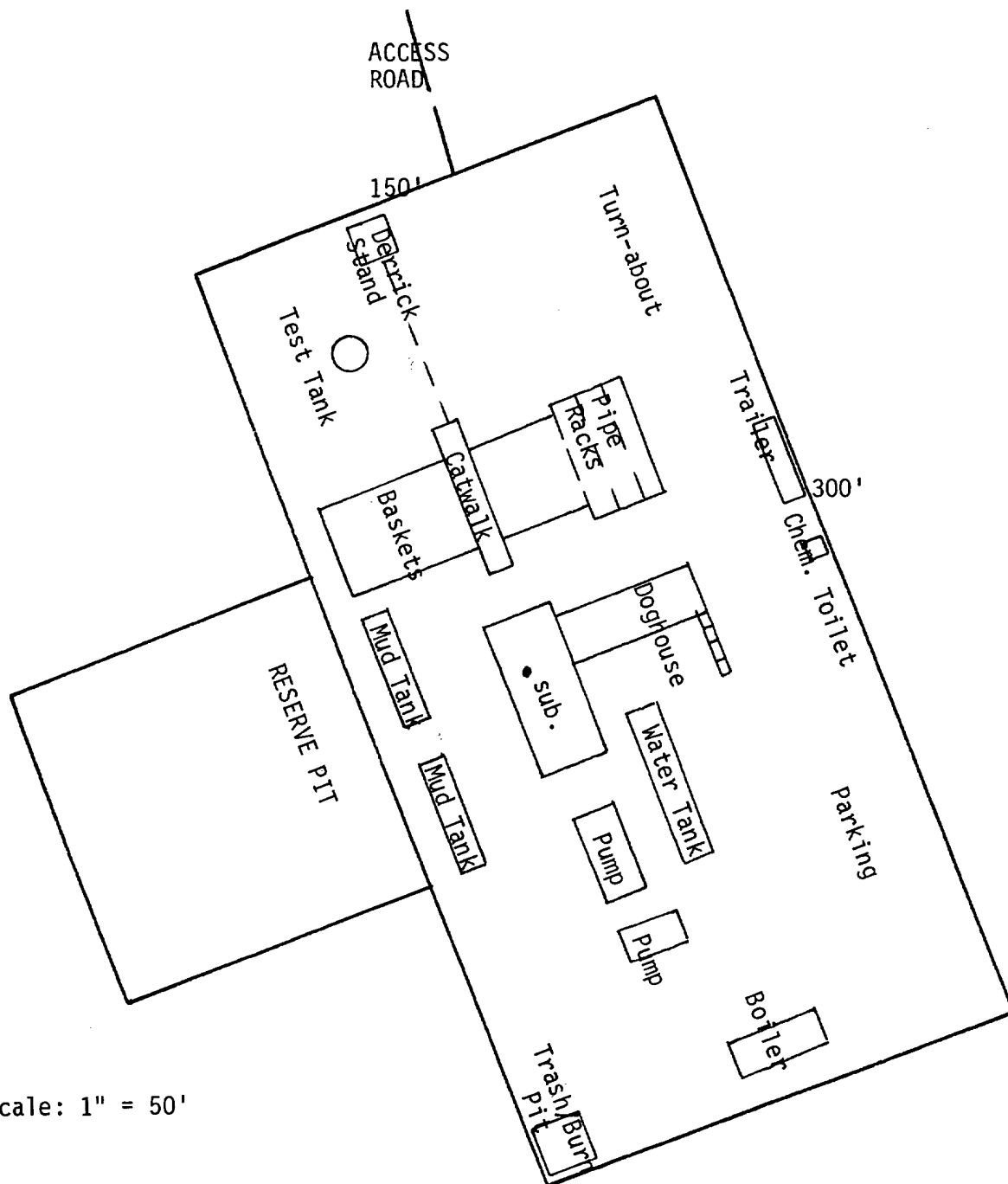


Supron Energy Corporation
#16 Hodges
NW SW Sec. 21 T26N R8W
San Juan County, New Mexico

Scale: Horiz 1" = 50'
Vert 1" = 5'

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

EXHIBIT "H"
Drill Rig Layout



Scale: 1" = 50'



POWERS ELEVATION

OIL WELL ELEVATIONS AND LOCATIONS
CHERRY CREEK PLAZA, SUITE 1201
800 SOUTH CHERRY STREET
DENVER, COLORADO 80222
PHONE NO. 303/321-2217

April 16, 1980

U.S. Geological Survey
Mr. James Simms, District Engineer
P.O. Box 959
Farmington, New Mexico 87401

RE: Filing NTL-6 and A.P.D. Form 9-331C
Supron Energy Corporation
#16 Hodges
NW SW Sec. 21 T26N R8W
1715'FSL & 1115'FWL
San Juan County, New Mexico

Dear Mr. Simms:

Enclosed are five copies of the NTL-6 program and A.P.D. Form 9-331C for the above-referenced well location.

The archaeological report is not included with the NTL-6 report but will be forwarded to your office under separate cover.

Supron Energy Corporation has a rig available at this time; we would appreciate any efforts you can make to expedite approval of the application.

Very truly yours,

POWERS ELEVATION

Connie L. Frailey

Connie L. Frailey

CLF/cw
Enclosure

cc: W.S. Jameson
Frances Cooper
Leon Wiederkehr
Rudy Motto
Haskell Fleetwood
Esperanza (Farmington Rep.)
Coffey Construction Company
Gerald Huddleston

SUPRON ENERGY CORPORATION

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

TELEPHONE (214) 691-9141
TWX: (910) 861-9117
SUPCO-DAL.

March 19, 1980

Powers 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 Powers 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 NTL-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: