

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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
The Lakes at Bent Tree

3. ADDRESS OF OPERATOR

17400 Dallas Parkway, Suite 110, Dallas, Texas 75252

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

At surface

930' FSL & 1050' FWL (SW SW)

At proposed prod. zone

same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

4.5 miles North of La Plata, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

930'

16. NO. OF ACRES IN LEASE

2510.69

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

7050'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

5941' GR

23.

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 | 300' | Cement Plans: 3 stage - D.V. Tool to Pictured Cliffs and Mesa Verde |
| 6 1/2" | 4 1/2" New | 10.5# K-55 CW-55 ST&C | 7050' | |

1. Drill 12 1/4" hole and set 8-5/8" surface casing to 300' with good returns.
2. Log B.O.P. checks in daily drill reports and drill 6 1/2" hole to 7050'.
3. Run tests if warranted and run 4 1/2" 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" Access Road Map to Location
- "F" Radius Map of Field
- "G" 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

TITLE Engineer Drilling & Production DATE July 17, 1980

(This space for Federal or State office use)

APPROVED
AS AMENDED

PERMIT NO.

APPROVAL DATE

APPROVED BY

FILE

DATE

CONDITIONS OF FEDERAL LEASING

DISTRICT ENGINEER

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"FEDERAL REQUIREMENTS"OIL
COAL
DIST. 3
1980

with NWA

at Bent

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

EXHIBIT "A" - Location & Elevation Plat

Form C-127
Supersedes C-128
Effective 1-1-66

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

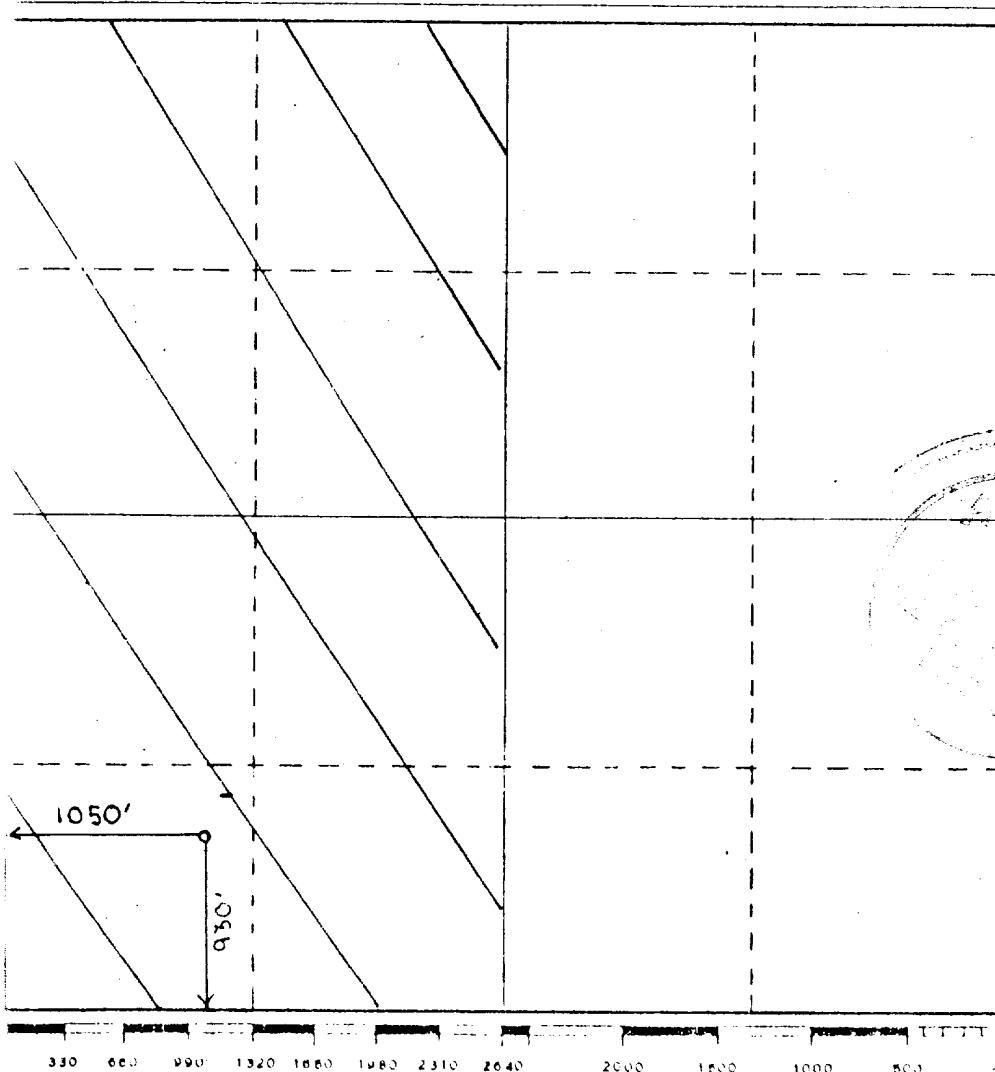
| | | | | | |
|--|--------------------------------------|--------------------------------|-------------------------|--|--|
| Operator Supron Energy Corporation | | Lease SF-078818-A | | Well No. USA #2 | |
| Section m | Section 24 | Township 32 North | Range 15 West | County San Juan | |
| Actual Footage Location of Well: | | | | | |
| 930 feet from the South | | 1050 feet from the West | | Hwy. | |
| Sound Level Elev. 5941' | Producing Formation Dakota | Pool Basin Dakota | | Dedicated Acreage 320 W/326.55 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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**

V. Pres. Powers Elevation

Position

Agent Consultant for

Company

Supron Energy Corporation

Date

July 17, 1980

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.

20 June 1980

Date Surveyed

Derald S. Huddleston

Registered Professional Engineer
and a Land Surveyor

6844

Certificate No.

EXHIBIT "B"

TEN-POINT COMPLIANCE PROGRAM

OF NTL-6 APPROVAL OF OPERATIONS

Attached to Form 9-331C
Supron Energy Corporation
USA #2
SW SW Sec. 24 T32N R13W
930' FSL & 1050' 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 | Surface |
| Kirtland | 295' |
| Fruitland | 1633' |
| Pictured Cliffs | 2135' |
| Lewis | 2315' |
| Chacra | 2925' |
| Cliffhouse | 3823' |
| Menefee | 4070' |
| Point Lookout | 4615' |
| Mancos | 4868' |
| Gallup | 5825' |
| Greenhorn | 6715' |
| Graneras | 6767' |
| Dakota | 6825' |
| Morrison | 6994' |
| Total Depth | 7050' |

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

| | | |
|-----------------|-------|-------|
| Kirtland | 295' | Water |
| Fruitland | 1633' | Water |
| Pictured Cliffs | 2135' | Gas |
| Lewis | 2315' | --- |
| Chacra | 2925' | Water |
| Cliffhouse | 3823' | Gas |
| Menefee | 4070' | Gas |
| Point Lookout | 4615' | Gas |
| Mancos | 4868' | --- |
| Gallup | 5825' | --- |
| Greenhorn | 6715' | --- |
| Graneras | 6767' | Gas |
| Dakota | 6825' | Gas |
| Morrison | 6994' | --- |

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" | 0-300' | 300' | 8-5/8" | 24# K-55 ST&C | New |
| 6-1/4" | 0-2000' | 2000' | 4-1/2" | 10.5# K-55 ST&C | New |
| | 2000'-6000' | 4000' | | 10.5# CW-55 ST&C | |
| | 6000'-7050' | 1050' | | 10.5# K-55 ST&C | |

Cement Plans: 3 Stage - D.V. Tool to cover Pictured Cliffs and Mesa Verde

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

The well will be drilled with air and 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</u> |
|--------------|-----------------|----------------------|---------------------------|-------------------|
| 0-300' | Fresh Water Gel | 8.4 - 9.5 | 35 - 45 | less than 10 |
| 300'-6000' | Fresh Water Gel | 8.4 - 9.5 | 35 - 45 | less than 10 |
| 6000'-TD | Air | ----- | ----- | ----- |

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 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

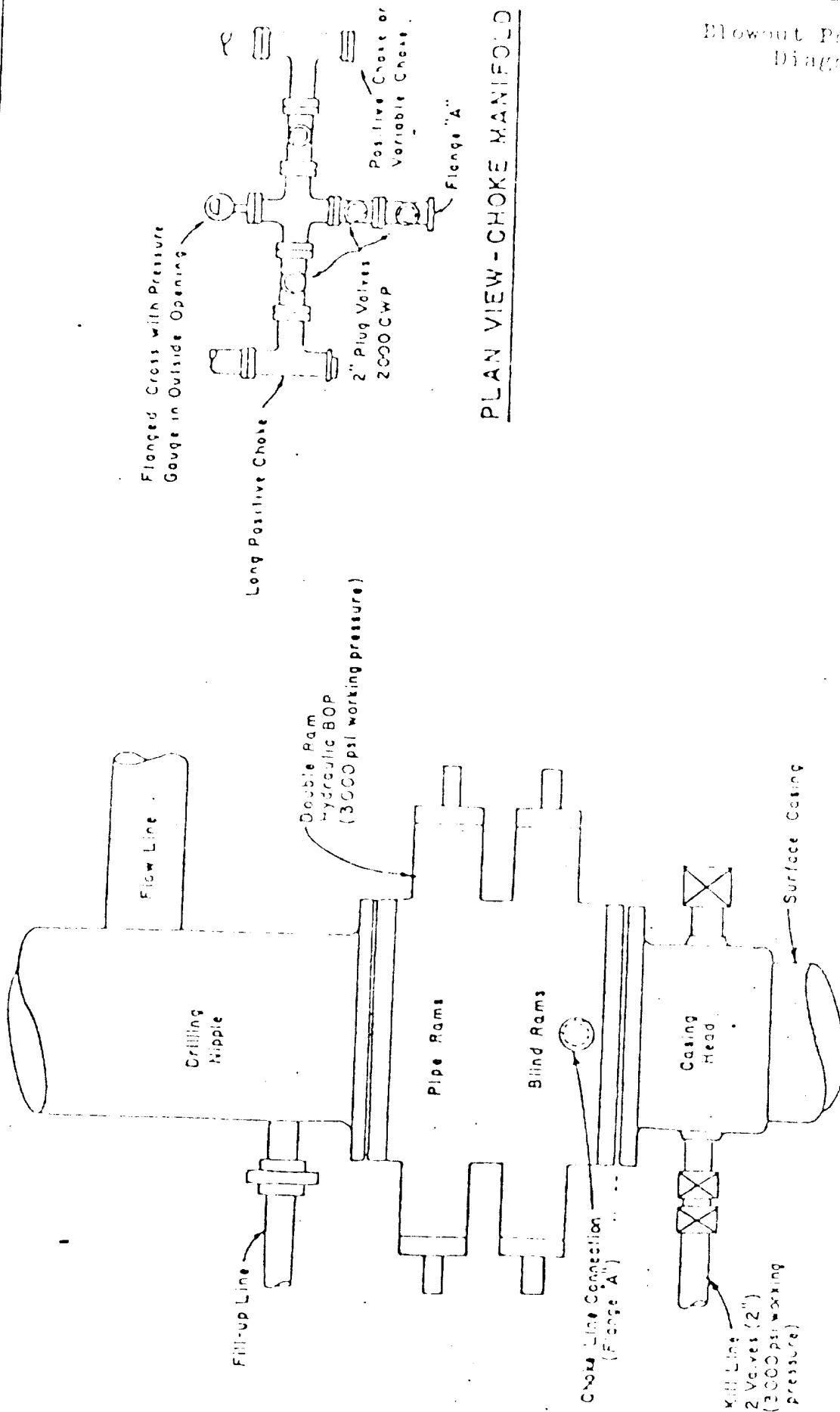
No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well.

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 July 31, 1980, or as soon as possible after examination and approval of drilling requirements. Operations should be completed within 3 weeks after spudding the well and drilling to casing point.

Blowout Preventer
Diagram



PLAN VIEW - CHOKER MANIFOLD

EXHIBIT "D"

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

Attached to Form 9-331C
Supron Energy Corporation
USA #2
SW SW Sec. 24 T32N R13W
930' FSL & 1050' 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 La Plata, New Mexico is 4.5 miles. From La Plata, go East 0.8 mile on SH 173 to dirt road; take road North 2.4 miles; go East 0.5 mile, go North 0.3 mile, go Northeast 0.5 mile to location, as shown on EXHIBIT "E".
- C. All roads to location are color-coded on EXHIBIT "E". 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 along the existing trail is 1%.

2. Planned Access Roads

No new access road is required.

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 two 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: Yes - Supron wells in the immediate area.
 - (2) Production Facilities: Yes - same as above.
 - (3) Oil Gathering Lines: Yes - same as above.
 - (4) Gas Gathering Lines: Yes - same as above.
 - (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 250 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 the San Juan River, 15 miles South of the location.
- 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 Fall 1981, 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, cedar, and native grass. There are livestock, reptiles, rabbits, and deer in the area. The location is in gently rolling grassland. Drainage is Southeasterly.
- (2) The primary surface use is for grazing. The surface is owned by the U.S. Government.
- (3) The closest live water is the La Plata River 1.7 miles West of the location, as shown on EXHIBIT "E".

The closest occupied dwelling is located 2.4 miles South 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 July 31, 1980. It is anticipated that the casing point will be reached within three weeks 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

7-17-80

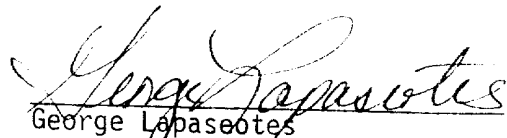

George Lapaseotes
Agent Consultant for
Supron Energy Corporation

EXHIBIT "E" - Access Roads to Location

LEGEND

1. Location:

Supron Energy Corporation
USA #2
SW SW Sec. 24 T32N R13W
San Juan County, New Mexico

2. Nearest Town

3. Nearest Live Water

4. Closest Dwelling

Color Coding

Gravel Road

Dirt Trail

EXHIBIT "E" - Access Roads to Location

LEGEND

1. Location:

Supron Energy Corporation
USA #2
SW SW Sec. 24 T32N R13W
San Juan County, New Mexico

2. Nearest Town

3. Nearest Live Water

4. Closest Dwelling

Color Coding

Gravel Road

Dirt Trail

- EXHIBIT "E" - Access Roads to Location
- LEGEND
1. Location:
- Supron Energy Corporation
USA #2
SW SW Sec. 24 T32N R13W
San Juan County, New Mexico
2. Nearest Town
3. Nearest Live Water
4. Closest Dwelling
- Color Coding
- Gravel Road
- Dirt Trail

EXHIBIT "E" - Access Roads to Location

LEGEND

1. Location:

Supron Energy Corporation
USA #2
SW SW Sec. 24 T32N R13W
San Juan County, New Mexico

2. Nearest Town

3. Nearest Live Water

4. Closest Dwelling

Color Coding

Gravel Road

Dirt Trail

EXHIBIT "E" - Access Roads to Location

LEGEND

1. Location:

Supron Energy Corporation
USA #2
SW SW Sec. 24 T32N R13W
San Juan County, New Mexico

2. Nearest Town

3. Nearest Live Water

4. Closest Dwelling

Color Coding

Gravel Road

Dirt Trail

EXHIBIT "E" - Access Roads to Location

LEGEND

1. Location:

Supron Energy Corporation
USA #2
SW SW Sec. 24 T32N R13W
San Juan County, New Mexico

2. Nearest Town

3. Nearest Live Water

4. Closest Dwelling

Color Coding

Gravel Road

Dirt Trail



SAN JUAN

EXHIBIT "F"

Radius Map of Field

CC

One mile Radius

USA #2

SO. UN
2

5846'
6983'

17

LA PLATA

PAN AMER.
#1
5751'
6701'

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

EXHIBIT "G"
Drill Pad Layout, Prod.
Facilities & Cut-Fill
Cross Section

USA # 2

TOP SOIL

N



x-section

F45

Flare Pit

285

Production Unit

CO2

Pit

F95

Scales:

Horz 1" = 50'

Vert 1" = 10'

300

Condensate Tanks

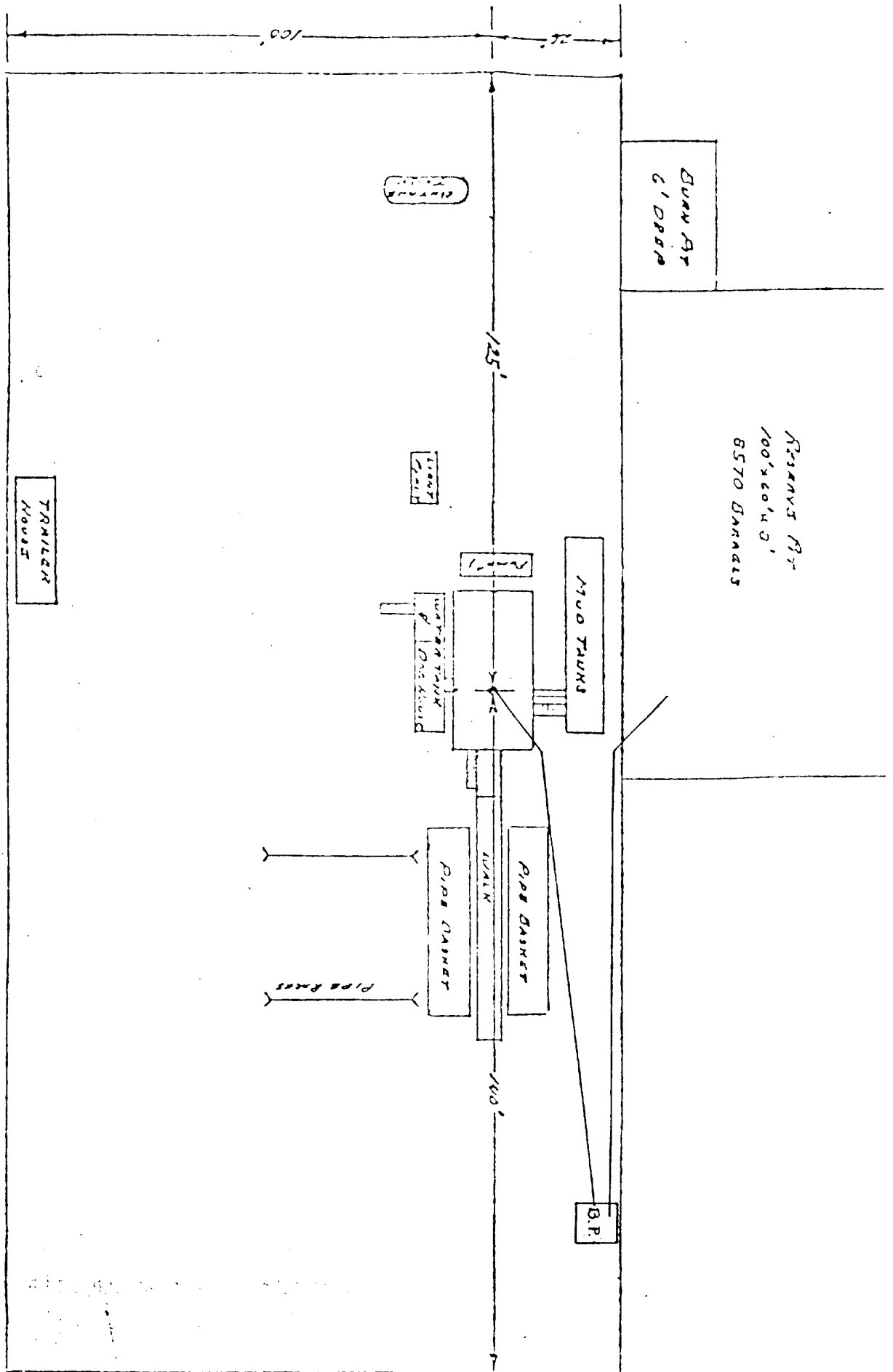
C25

natural ground

5951'

5941'

5931'



KENAI DRILLING OF NEW MEXICO, INC.
RIG NO. 10

