

Gas Capture Plan

Red Rocks 1-14 Red Rocks 1-16

This Gas Capture Plan has been prepared by Desert Eagle Operating, LLC (DEO) for its Red Rocks 1-14 and 1-16 helium gas well locations in Las Animas County, Colorado. The Plan addresses the Colorado Oil & Gas Conservation Commission (COGCC) provision at Rule 304.c.(12) for a Gas Capture Plan.

1.0 Well Drilling

The proposed wells are exploratory wildcat helium gas wells. Helium is an inert, non-toxic, non-combustible, non-flammable, naturally occurring gas. The helium well will be used to identify the presence and concentration of helium. The well will be a vertical well, approximately 1,800-foot deep. It will not be hydraulically fracked. It will be drilled with air and without drilling mud. Well logs from previous wells drilled in the formation indicate that the well is expected to produce helium in the presence of nitrogen and carbon dioxide. Methane and hydrocarbons are not present and will not be vented or flared.

2.0 Gas Capture Plan

In accordance with the Form 2A application and Rule 903.e.(1).A, the Operator commits to connecting to a gathering system by commencement of production operations. If the exploratory well produces economical volumes of helium gas, the well will be shut in after testing while a buried gas capture flowline is put in place to transport helium gas from the wellhead to offsite helium processing equipment. The helium processing equipment will be located on private property outside of the Oil and Gas Location. The location is leased from the same lessor as the helium wells. The landowner agreement provides for installation of the helium gas flowline, buried below plow depth. No public rights of way are necessary.

At the off-location helium processing equipment, gas from the well will be separated, compressed, and loaded into tube trailers for transport by truck to market or for further processing. Gas capture at the DEO wellhead avoids waste and maximizes recovery of helium for mineral owners, DEO, and the state.