

FORM
2

Rev
05/22

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

403308710

Date Received:

02/16/2023

APPLICATION FOR PERMIT TO

Drill Deepen Re-enter Recomplete and Operate

Amend

TYPE OF WELL OIL GAS COALBED OTHER: Helium

Refile

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Sidetrack

Well Name: BBB Well Number: 33 SESE 2860
Name of Operator: BNL (ENTERPRISE) INC COGCC Operator Number: 10763
Address: 2011 FOREST AVENUE
City: DURANGO State: CO Zip: 81301
Contact Name: Peter Kondrat Phone: (970)759-5370 Fax: ()
Email: pkondrat@bluestarhelium.com

FINANCIAL ASSURANCE FOR PLUGGING, ABANDONMENT, AND RECLAMATION

COGCC Financial Assurance

The Operator has provided or will provide Financial Assurance to the COGCC for this Well.

Surety ID Number (if applicable): 20210057

Federal Financial Assurance

In checking this box, the Operator certifies that it has provided or will provide at least this amount of Financial Assurance to the federal government for this Well. (Per Rule702.a.)

Amount of Federal Financial Assurance \$ _____

WELL LOCATION INFORMATION

Surface Location

QtrQtr: SESE Sec: 33 Twp: 28S Rng: 60W Meridian: 6

Footage at Surface: 1211 Feet FSL 1197 Feet FEL

Latitude: 37.560784 Longitude: -104.118327

GPS Data: GPS Quality Value: 2.2 Type of GPS Quality Value: PDOP Date of Measurement: 01/11/2022

Ground Elevation: 5425

Field Name: WILDCAT Field Number: 99999

Well Plan: is Directional Horizontal (highly deviated) Vertical

If Well plan is Directional or Horizontal attach Deviated Drilling Plan and Directional Data.

Subsurface Locations

Top of Productive Zone (TPZ)

Sec: _____ Twp: _____ Rng: _____ Footage at TPZ: _____

Measured Depth of TPZ: _____ True Vertical Depth of TPZ: _____ FNL/FSL _____ FEL/FWL _____

Base of Productive Zone (BPZ)
 Sec: _____ Twp: _____ Rng: _____ Footage at BPZ: _____
 Measured Depth of BPZ: _____ True Vertical Depth of BPZ: _____ FNL/FSL _____ FEL/FWL _____
 Bottom Hole Location (BHL)
 Sec: _____ Twp: _____ Rng: _____ Footage at BHL: _____
 FNL/FSL _____ FEL/FWL _____

LOCAL GOVERNMENT PERMITTING INFORMATION

County: LAS ANIMAS Municipality: N/A

Is the Surface Location of this Well in an area designated as one of State interest and subject to the requirements of § 24-65.1-108 C.R.S.? No

Per § 34-60-106(1)(f)(I)(A) C.R.S., the following questions pertain to the Relevant Local Government approval of the siting of the proposed Oil and Gas Location.

SB 19-181 provides that when “applying for a permit to drill,” operators must include proof that they sought a local government siting permit and the disposition of that permit application, or that the local government does not have siting regulations. § 34-60-106(1)(f)(I)(A) C.R.S.

Does the Relevant Local Government regulate the siting of Oil and Gas Locations, with respect to this Location? Yes No

If yes, in checking this box, I hereby certify that an application has been filed with the local government with jurisdiction to approve the siting of the proposed oil and gas location.

The disposition of the application filed with the Relevant Local Government is: In Process Date of Final Disposition: _____

Comments: Las Animas County does not site oil and gas but has an administrative approval process. The permit was submitted on 10/25/22.

SURFACE AND MINERAL OWNERSHIP AT WELL'S OIL & GAS LOCATION

Surface Owner of the land at this Well's Oil and Gas Location: Fee State Federal Indian

Mineral Owner beneath this Well's Oil and Gas Location: Fee State Federal Indian

Surface Owner Protection Bond (if applicable): _____ Surety ID Number (if applicable): _____

MINERALS DEVELOPED BY WELL

The ownership of all the minerals that will be developed by this Well is (check all that apply):

- Fee
- State
- Federal
- Indian
- N/A

LEASE INFORMATION

Using standard QtrQtr, Section, Township, Range format describe one entire mineral lease as follows:

* If this Well is within a unit, describe a lease that will be developed by the Well.

* If this Well is not subject to a unit, describe the lease that will be produced by the Well.

(Attach a Lease Map or Lease Description or Lease if necessary.)

T28S R60W Sec. 21: E2; Sec. 25: S2SWSW; N2SESW; Sec. 26: SW; SESWSE; S2SESE; Sec. 33: SE; Sec. 34: N2; SESW; S2SE; NESE; Sec. 35: N2NWNE; SWNWNE; S2NW, W2SW; SESW; SWNE; N2NW
T29S R60W Sec. 2: Pt. of S2NW N. of Hwy

Total Acres in Described Lease: 1564 Described Mineral Lease is: Fee State Federal Indian
Federal or State Lease # _____

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 2175 Feet
Building Unit: 2175 Feet
Public Road: 1671 Feet
Above Ground Utility: 2414 Feet
Railroad: 5280 Feet
Property Line: 1203 Feet

INSTRUCTIONS:

- Specify all distances per Rule 308.b.(1).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit – as defined in 100 Series Rules.

OBJECTIVE FORMATIONS

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| LYONS | LYNS | | | |

Federal or State Unit Name (if appl): _____ Unit Number: _____

SUBSURFACE MINERAL SETBACKS

Enter 5280 for distance greater than 1 mile.

Is this Well within a unit? No

If YES:

Enter the minimum distance from the Completed Zone of this Well to the Unit Boundary: _____ Feet

Enter the minimum distance from the Completed Zone of this Well to the Completed Zone of an offset Well within the same unit permitted or completed in the same formation: _____ Feet

If NO:

Enter the minimum distance from the Completed Zone of this Well to the Lease Line of the described lease: 1197 Feet

Enter the minimum distance from the Completed Zone of this Well to the Completed Zone of an offset Well producing from the same lease and permitted or completed in the same formation: 2301 Feet

Exception Location

If this Well requires the approval of a Rule 401.c Exception Location, enter the Rule or spacing order number and attach the Exception Location Request and Waivers. _____

SPACING & FORMATIONS COMMENTS

DRILLING PROGRAM

Proposed Total Measured Depth: 2500 Feet TVD at Proposed Total Measured Depth 2500 Feet

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells:
 Enter distance if less than or equal to 1,500 feet: _____ Feet No well belonging to another operator within 1,500 feet

Will a closed-loop drilling system be used? No

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No If yes, attach an H₂S Drilling Plan unless a plan was already submitted with the Form 2A per Rule 304.c.(10).

Will there be hydraulic fracture treatment at a depth less than 2,000 feet in this well? No

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: Annular Preventor Double Ram Rotating Head None

Beneficial reuse or land application plan submitted? _____

Reuse Facility ID: _____ or Document Number: _____

CASING PROGRAM

| Casing Type | Size of Hole | Size of Casing | Grade | Wt/Ft | Csg/Liner Top | Setting Depth | Sacks Cmt | Cmt Btm | Cmt Top |
|-------------|--------------|----------------|-------|-------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR | 12+1/4 | 9+5/8 | J55 | 36 | 0 | 35 | 9 | 35 | 0 |
| SURF | 8+3/4 | 7 | J55 | 26 | 0 | 1214 | 169 | 1214 | 0 |
| OPEN HOLE | 6+1/8 | | | | 1214 | 2500 | | | |

Conductor Casing is NOT planned

POTENTIAL FLOW AND CONFINING FORMATIONS

| Zone Type | Formation /Hazard | Top M.D. | Top T.V.D. | Bottom M.D. | Bottom T.V.D. | TDS (mg/L) | Data Source | Comment |
|-----------------|---------------------|----------|------------|-------------|---------------|------------|-------------|--|
| Confining Layer | Quaternary Alluvium | 0 | 0 | 35 | 35 | 501-1000 | Other | Boulders, sand, silt, clays |
| Hydrocarbon | None | 0 | 0 | 2500 | 2500 | >10000 | Other | No Hydrocarbons Expected |
| Confining Layer | Mancos/Graneros | 35 | 35 | 439 | 439 | 501-1000 | Other | Shale, sand |
| Groundwater | Dakota | 439 | 439 | 571 | 571 | 501-1000 | CGS | Offset well, DWR, Surface Owner, Sand |
| Groundwater | Purgatoire | 571 | 571 | 675 | 675 | 501-1000 | Other | Offset well, DWR, Surface Owner, Sand, Limestone, Shale |
| Confining Layer | Morrison | 675 | 675 | 815 | 815 | >10000 | CGS | Shale, limestone, Sand |
| Confining Layer | Entrada | 815 | 815 | 875 | 875 | 501-1000 | Other | Sand, Shale |
| Confining Layer | Lykins | 875 | 875 | 1148 | 1148 | 1001-10000 | CGS | Dolomite, shale |
| Confining Layer | Blaine | 1148 | 1148 | 1224 | 1224 | 1001-10000 | Other | Andydrite, Gypsum, Shale, Lime |
| Hydrocarbon | Lyons | 1224 | 1224 | 1481 | 1481 | >10000 | Other | Sand with helium, nitrogen, carbon dioxide gases. No hydrocarbons in this formation. |
| Confining Layer | Fountain | 1481 | 1481 | 2500 | 2500 | >10000 | Other | Sand, shale, Silt |

OPERATOR COMMENTS AND SUBMITTAL

Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|--------------------------------|---|
| 1 | Drilling/Completion Operations | The well be logged open hole from TD to 7 inch casing with a triple combo log suite. Additionally, a GR/CBL/Neutron will run inside 7 inch casing to surface. |

Total: 1 comment(s)

Attachment List

| <u>Att Doc Num</u> | <u>Name</u> |
|--------------------|---------------------------|
| 2597936 | WELLBORE DIAGRAM-PROPOSED |
| 403308710 | FORM 2 SUBMITTED |
| 403308894 | WELL LOCATION PLAT |

Total Attach: 3 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|---------------------|
| Permit | Final Review Completed. | 04/12/2023 |
| Permit | Corrected distance to nearest lease line per lease description. | 03/20/2023 |
| Engineer | Returned to draft per operator request. | 02/16/2023 |
| OGLA | The Commission approved OGDG #483077 on February 01, 2023 for the Oil and Gas Location related to this Form 2. OGLA task passed. | 02/16/2023 |

Total: 4 comment(s)