

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:

403309246

Date Received:

02/15/2023

APPLICATION FOR PERMIT TO

☒ Drill ☐ Deepen ☐ Re-enter ☐ Recomplete and Operate

Amend ☐

TYPE OF WELL OIL ☐ GAS ☐ COALBED ☐ OTHER: Helium

Refill ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: BBB

Well Number: 34 SWNW 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: SWNW Sec: 34 Twp: 28S Rng: 60W Meridian: 6

Footage at Surface: 2390 Feet FNL/FSL 353 Feet FEL/FWL

Latitude: 37.565391 Longitude: -104.112923

GPS Data: GPS Quality Value: 2.9 Type of GPS Quality Value: PDOP

Date of Measurement: 01/11/2022

Ground Elevation: 5412

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: 4048 Feet
Building Unit: 4048 Feet
Public Road: 2919 Feet
Above Ground Utility: 4048 Feet
Railroad: 5280 Feet
Property Line: 2390 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: 250 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 | Other | Dolomite, shale |
| Confining Layer | Blaine | 1148 | 1148 | 1224 | 1224 | 1001-10000 | Other | Anhydrite, 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

Comments Distance to nearest well permitted in the same formation is the permitted BBB 333 SESE 2860.

This well is an exploratory helium well. This well will not be hydraulically stimulated. Hydrocarbons are not anticipated.

To minimize disturbance and loss of topsoil is present minimal cut and fill of the location is planned. Liners will be installed under the rig and major components.

The well will be air or air/foam drilled, with a partially buried steel cuttings tank will be used to capture drill cuttings.

Excavation will include the installation of a 5' by 5' galvanized steel culvert as a wellhead cellar.

There are no wells within 1500' of this wellbore operated by another operator.

This application is in a Comprehensive Area Plan _____ CAP #: _____

Oil and Gas Development Plan Name BBB 2860 _____ OGDID ID#: 483077 _____

Location ID: 483887 _____

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Andrea Gross _____

Title: Permit Agent _____ Date: 2/15/2023 _____ Email: agross@upstreampm.com _____

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules, applicable orders, and SB 19-181 and is hereby approved.

COGCC Approved:  _____ Director of COGCC Date: 4/18/2023 _____

Expiration Date: 04/17/2026 _____

| |
|---|
| <p>API NUMBER</p> <p>05 071 09927 00</p> |
|---|

Conditions Of Approval

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

| COA Type | Description |
|----------|--|
| | <p>1) Submit Form 42 electronically to COGCC 2 business days prior to MIRU (spud notice) for the first well activity with a rig on the pad.</p> <p>2) If groundwater flow or hydrocarbon bearing zones are encountered during drilling, cement the production casing to 500' above the zone.</p> <p>3) If dry hole, set minimum 100' plugs across the Lyons and Dakota formation tops and half-in half out of the surface casing shoe.</p> |
| 1 COA | |

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> |
|--------------------|---------------------------|
| 2597935 | WELLBORE DIAGRAM-PROPOSED |
| 403309246 | FORM 2 SUBMITTED |
| 403309469 | 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 |
| 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: 3 comment(s)