

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:

403358034

Date Received:

04/20/2023

APPLICATION FOR PERMIT TO

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate
Amend ☐TYPE OF WELL OIL ☐ GAS ☐ COALBED ☐ OTHER: HeliumRefile ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Red Rocks

Well Number: 1-16

Name of Operator: DESERT EAGLE OPERATING LLC

COGCC Operator Number: 10797

Address: 17101 PRESTON RD SUITE 105

City: DALLAS State: TX Zip: 75248

Contact Name: Wesley Marshall

Phone: (214)886-5098

Fax: ()

Email: wmarshall@prohelium.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):

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: NENE Sec: 1 Twp: 30S Rng: 55W Meridian: 6

Footage at Surface: 948 Feet FNL/FSL 774 Feet FEL/FWL

Latitude: 37.464488 Longitude: -103.518825

GPS Data: GPS Quality Value: 1.1 Type of GPS Quality Value: PDOP

Date of Measurement: 07/09/2022

Ground Elevation: 5493

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: Approved Date of Final Disposition: 04/18/2023

Comments: Robert Lucero, Land Officer with the Las Animas County, was provided a copy of the Form 2A to permit the drilling of this helium well. Final County approval was recieved from Robert Lucero on 04/18/2023.

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.)

Shown on Mineral Lease as T29S R55W Section 35: E2W2, E2
480 gross acres

Shown on Mineral Lease as T30S R55W Section 1: E2, N2NW4
400 gross acres

Total Acres in Described Lease: 880 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian
Federal or State Lease # _____

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 5280 Feet
Building Unit: 5280 Feet
Public Road: 5150 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 940 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: 774 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: 2175 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

The minimum distance to the completed zone of an offset well producing from the same lease and completed in the same formation is the Red Rocks 1-13
The minimum dist. to an offset well permitted in the same formation is the Red Rocks 1-14

DRILLING PROGRAM

Proposed Total Measured Depth: 1800 Feet TVD at Proposed Total Measured Depth 1800 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? Yes

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	24	20	J-55	94	0	40	28	40	0
SURF	16	13+3/8	J-55	48	0	1050	315	1050	0
1ST	7+7/8	5+1/2	J-55	14	0	1800	223	1800	0

☐ 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
Groundwater	Dakota-Pergatoire	0	0	220	22	501-1000	Other	Red Rocks 1-13 and 35-15 encountered no groundwater in this zone. Likelihood of finding water is low, DWR, CGS, Surface Owner
Groundwater	Morrison	22	220	530	530	1001-10000	Other	Shale, limestone, sand, Red Rocks 1-13 and 35-15 encountered no groundwater in this zone.
Groundwater	Entrata	530	530	800	800	501-1000	Other	Sand, shale. Red Rocks 1-13 and 35-15 encountered no groundwater in this zone.
Confining Layer	Lykins/Blaine	800	800	1070	1070	1001-10000	Other	Shales, silts, dolomites, anhydrites with minor sandstone
Hydrocarbon	Lyons	1070	1070	1350	1350	>10000	Other	Sand with Helium, nitrogen, and carbon dioxide gasses. No hydrocarbons in this formation.
Groundwater	Fountain	1350	1350	1690	1690	>10000	Other	Sandstone, silt, shale as seen in the Texaco Cynthia True well and Phillips Denton B1. No data exists to indicate groundwater encountered in this zone. CGS
Groundwater	Basment	1690	1690	1800	1800	>10000	Other	Precambrian Crystalline Basement as documented in Texaco Govt 1 Cynthia True (T28S R56W S30).. Sand, shale, silt. No water data for this zone. CGS

OPERATOR COMMENTS AND SUBMITTAL

Comments

This well is a single exploratory conventional vertical helium gas well. The well will be air drilled. There will be no drilling mud, hydraulic fracturing, stimulation, or flowback. The well is not expected to produce hydrocarbons or water based on results from wells already drilled in this area.

There is no anticipated cut or fill needed to support well drilling. Minimal topsoil will be disturbed. Topsoil will be stockpiled on the location and will be restored on the reclaimed area. Drill cuttings from the well will be handled in accordance with Rule 905.e. They will be placed temporarily in a lined, bermed trench area on the working pad surface..

A synthetic liner will be placed under the drill rig to capture incidental leaks or drips.

There will be no hydrocarbon-based waste to reuse or recycle. Salvaged topsoil will be stored and reused on site.

Production casing will only be used if water or an unconsolidated sandstone is encountered.

This application is in a Comprehensive Area Plan No

CAP #: _____

Oil and Gas Development Plan Name Red Rocks OGD

OGDP ID#: 483775

Location ID: 484358

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

Signed: _____

Print Name: Wesley Marshall

Title: Principal

Date: 4/20/2023

Email: wmarshall@prohelium.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: 6/29/2023

Expiration Date: 06/28/2026

API NUMBER

05 071 09931 00

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

	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. 2) If groundwater flow or hydrocarbon bearing zones are encountered during drilling, cement the production casing to 500' above the zone. 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.
1 COA	

Best Management Practices

No BMP/COA Type

Description

1	Drilling/Completion Operations	Operator acknowledges Rule 408.r. Requirement to Log well. Alternative Logging Program - A GR/cement bond log will be obtained after setting and cementing the surface string of casing. Once the well is deepened and reaches total depth, a Gamma Ray - Neutron log will be obtained in the open hole section to total depth prior to running the first string of casing (5.5" diameter).
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Total: 1 comment(s)

Attachment List

<u>Att Doc Num</u>	<u>Name</u>
403358034	FORM 2 SUBMITTED
403378620	WELL LOCATION PLAT

403379840	WELLBORE DIAGRAM
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Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Updated BMP per operator.	06/29/2023
Permit	Final Review Completed.	06/26/2023
Permit	Input objective formation per operator request.	05/09/2023
OGLA	The Commission approved OGDG #483775 on April 19, 2023 for the Oil and Gas Location related to this Form 2. OGLA task passed.	04/27/2023
OGLA	Added Location ID and Location Name.	04/27/2023

Total: 5 comment(s)