

FORM  
2

Rev  
05/22

State of Colorado

Energy & Carbon Management Commission

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



Document Number:

403613246

Date Received:

12/11/2023

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: Daniel

Well Number: 08 SWNE 2960

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: SWNE Sec: 8 Twp: 29S Rng: 60W Meridian: 6

Footage at Surface: 1341 Feet FNL/FSL 1668 Feet FEL/FWL

Latitude: 37.539325 Longitude: -104.138994

GPS Data: GPS Quality Value: 1.2 Type of GPS Quality Value: PDOP

Date of Measurement: 03/31/2023

Ground Elevation: 5479

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: \_\_\_\_\_ 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 10/23/2023.

**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.)

TOWNSHIP 29 SOUTH, RANGE 60 WEST, 6TH PM  
SEC. 05: LOTS 1-2, S2NE, S2  
SEC. 06: SE  
SEC. 07: E2NE  
SEC. 08: NW, W2NE  
SEC. 10: PT. NWNW  
SEC. 18: E2

Total Acres in Described Lease: 1280

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: 3450 Feet  
Above Ground Utility: 5280 Feet  
Railroad: 3960 Feet  
Property Line: 191 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: 348 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: \_\_\_\_\_ 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

Well is located in an un-spaced area and the OGDG was approved on a leasehold basis.

## 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 H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than

or equal to 100 ppm? No If yes, attach an H<sub>2</sub>S 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	17+1/2	13+3/8	J-55	48	0	35	20	35	0
SURF	12+1/4	9+5/8	J-55	36	0	816	114	816	0
OPEN HOLE	8+1/2				816	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	Alluvium	0	0	4	4			Boulders, sand, silt, clay
Confining Layer	Mancos	4	4	39	39			Shale, sandstone
Groundwater	Dakota	39	39	114	114	501-1000	USGS	Sandstone
Confining Layer	Purgatoire	114	114	132	132			Sandstone, limestone, shale
Confining Layer	Morrison	132	132	310	310			Shale, limestone, sandstone
Confining Layer	Entrada	310	310	480	480			Sandstone, shale
Confining Layer	Lykins	480	480	658	658			Dolomite, shale
Confining Layer	Blaine	658	658	823	823			Anhydrite, gypsum, shale, limestone
Hydrocarbon	Lyons	823	823	1308	1308			Sandstone with helium, nitrogen, carbon dioxide gases. No hydrocarbons in this formation
Confining Layer	Fountain	1308	1308	2500	2500			Sandstone, shale, silt

## OPERATOR COMMENTS AND SUBMITTAL

Comments

Helium well without any hydrocarbons. Rig availability January 1st 2024.  
This location will be drilling for helium. The operator will not encounter natural gas while drilling. No natural gas will be flared or vented. The well will not be hydraulically fractured. The Helium will be piped to an offsite processing facility.

This application is in a Comprehensive Area Plan No CAP #: \_\_\_\_\_  
Oil and Gas Development Plan Name Bolling-Daniel OGD OGD ID#: 485113  
Location ID: 485657

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

Signed: \_\_\_\_\_ Print Name: PETER KONDRAT  
Title: Chief Operating Officer Date: 12/11/2023 Email: pkondrat@bluestarhelium.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: 12/15/2023  
Expiration Date: 12/14/2026

**API NUMBER**

05 071 09935 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.**

<b><u>COA Type</u></b>	<b><u>Description</u></b>
Drilling/Completion Operations	If it is a dry hole, at minimum set plugs as follows to abandon the well. All plugs are to be a minimum of 100' in total length:  -A single plug extending at least 50' below to 50' above the set depth of 9-5/8" surface casing string. -A surface plug from 180' to surface.
Drilling/Completion Operations	1) Submit Form 42 electronically to ECOM 2 business days prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 2 business day spud notice via Form 42 for all subsequent wells drilled on the pad. 2) Operator will comply with Rule 408.r and run open-hole logs or equivalent cased-hole logs at depths to adequately verify the setting depth of surface casing and any groundwater coverage. 3) Comply with Rule 408.i. and provide cement coverage from the bottom of casing to the surface. Verify coverage with a cement bond log.
2 COAs	

## 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 9 5/8 inch casing with a triple combo log suite. Additionally, a GR/CBL/Neutron will run inside 9 5/8 inch casing to surface.

Total: 1 comment(s)

## Attachment List

<u>Att Doc Num</u>	<u>Name</u>
403613246	FORM 2 SUBMITTED
403613980	WELL LOCATION PLAT
403620417	WELLBORE DIAGRAM

Total Attach: 3 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	12/15/2023
Permit	Added open hole logging BMP per operator. Removed surface bond information per operator request, as this information was not applicable.	12/13/2023
Engineer	RTD for following issues.  1. Update the Casing & Cementing plan to reflect a well depth of 2500' for every well. 2. Update the wellbore diagrams to show a depth of 2500'. 3. Update the Potential Flow table lines for Dakota and Purgatoire. Comments section should indicate specifically what the "Other" data source actually was.  4. On the Spacing & Formations tab an Objective Formation needs to be chosen. (Lyons)	12/08/2023
OGLA	The Commission approved OGDG #485113 on November 22, 2023 for the Oil and Gas Location related to this Form 2. OGLA task passed.	12/05/2023

Total: 4 comment(s)