

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:

403963995

Date Received:

10/23/2024

APPLICATION FOR PERMIT TO

Drill Deepen Re-enter Recomplete and Operate

Amend

TYPE OF WELL OIL GAS COALBED OTHER: Helium Well

Refile

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Sidetrack

Well Name: JACKSON Well Number: 29 SWNW 3054

Name of Operator: BNL (ENTERPRISE) INC ECMC Operator Number: 10763

Address: 2011 FOREST AVENUE

City: DURANGO State: CO Zip: 81301

Contact Name: Peter Kondrat Phone: (970)7595370 Fax: ()

Email: pkondrat@bluestarhelium.com

FINANCIAL ASSURANCE FOR PLUGGING, ABANDONMENT, AND RECLAMATION

ECMC Financial Assurance

The Operator has provided or will provide Financial Assurance to the ECMC 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: SWNW Sec: 29 Twp: 30S Rng: 54W Meridian: 6

Footage at Surface: 2041 Feet FNL 812 Feet FWL

Latitude: 37.403592 Longitude: -103.490913

GPS Data: GPS Quality Value: 1.7 Type of GPS Quality Value: PDOP Date of Measurement: 03/29/2022

Ground Elevation: 5540

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: _____

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:

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.)

Date: 1/22/2022

Lessor: Everett Jackson, Jr., et ux

Lessee: Las Animas Leasing Inc.

T.30S, R.54W, 6th P.M.

Section 29: W2

Acres: 320.00

Total Acres in Described Lease: 320 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: 5280 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 802 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: 795 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 in an un-spaced area and the OGDP 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 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	J-55	36#	0	38	30	38	0
SURF	8+3/7	7	J-55	36#	0	1076	228	1076	0
OPEN HOLE	6+1/8				1076	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, clays
Groundwater	Dakota	4	4	126	126	501-1000	USGS	Sandstones, shale
Confining Layer	Purgatorie	126	126	198	198			Sandstone, limestone, shale
Confining Layer	Morrison	198	198	575	575			Shale, limestone, sandstone
Confining Layer	Entrada	575	575	921	921			Sandstone, shale
Confining Layer	Lykins	921	921	956	956			Dolomite, shale
Confining Layer	Blaine	956	956	1078	1078			Anhydrite, gypsum, shale, lime
Hydrocarbon	Lyons	1078	1078	1177	1177			Sand with helium, nitrogen, carbon dioxide gases. No hydrocarbons in this formation
Confining Layer	Fountain	1177	1177	2500	2500			Sand, shale, silt

OPERATOR COMMENTS AND SUBMITTAL

Comments BNL ready to drill and rig available in November

This application is in a Comprehensive Area Plan No CAP #: _____

Oil and Gas Development Plan Name Galactica-Pegasus OGDP I OGDP ID#: 487157

Location ID: 488235

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: 10/23/2024

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 ECMC Rules, applicable orders, and SB 19-181 and is hereby approved.

ECMC Approved: _____

Director of ECMC

Date: 11/13/2024

Expiration Date: 10/15/2027

API NUMBER

05 071 09941 00

CONDITIONS OF APPROVAL, IF ANY LIST

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

Drilling/Completion Operations	1) Submit Form 42 electronically to ECMC 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) Comply with Rule 408.e. (2). Operator will isolate groundwater with fully-cemented surface casing. Verify coverage with a cement bond log.
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1 COA

Best Management Practices

No BMP/COA Type

Description

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.
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Total: 1 comment(s)

ATTACHMENT LIST

<u>Att Doc Num</u>	<u>Name</u>
403963995	FORM 2 SUBMITTED
403964283	WELL LOCATION PLAT
403966937	WELLBORE DIAGRAM

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	11/13/2024
Permit	Added open hole logging BMP, per operator.	11/07/2024
OGLA	The Commission approved OGDG #487157 on October 16, 2024 for the Oil and Gas Location related to this Form 2. OGLA task passed.	10/31/2024
Engineer	No offset well mitigation is required. Well will be air drilled.	10/29/2024

Total: 4 comment(s)