

# Blue Star Helium Ltd

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## Blue Star Helium stakes first helium well location at Enterprise Prospect in US; permit to drill to be submitted

Blue Star Helium Limited (ASX:BNL) (OTCMKTS:AZZEF) has staked the first well location at its Enterprise Prospect in Las Animas County, Colorado, USA.

The application for permit to drill (APD) at the Enterprise Prospect will shortly be submitted for approval.

Approval of similar APD drilling plans has historically taken around four months from submission.

The company's US-based operations team has been in the field evaluating various potential well locations across the Enterprise and Galileo prospects before choosing the location.

**Price:** 0.034

**Market Cap:** \$36.1 m

### 1 Year Share Price Graph



### Share Information

**Code:** BNL

**Listing:** ASX

**52 week High Low**  
0.054 0.004

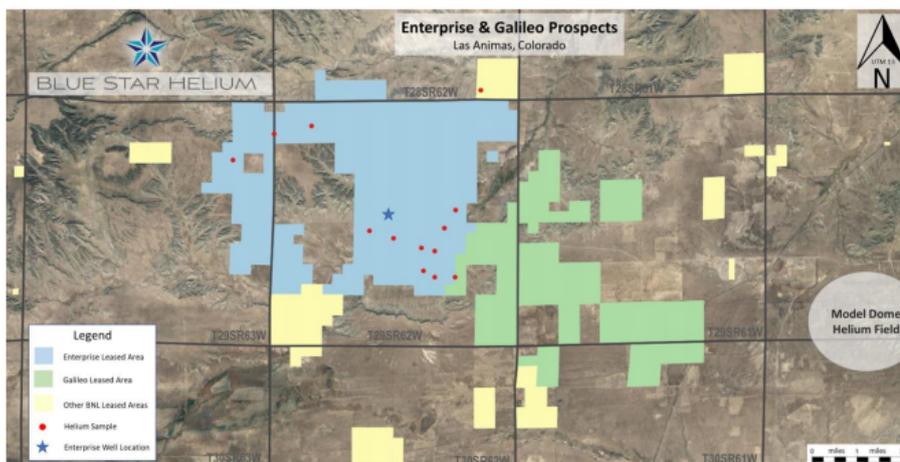
**Sector:** Energy

**Website:** [www.bluestarhelium.com](http://www.bluestarhelium.com)

### Company Synopsis:

Blue Star Helium Ltd (ASX:BNL) is an independent oil and gas exploration and production company, with operations and exploration in North America.

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A representative from the State of Colorado joined the team at the site for the formal well staking at the preferred drilling location.

### Drilling costs

Engineering estimates have confirmed the expected dry hole cost at around US\$300,000.

Should the first well discover helium, the company plans to conduct a log evaluation and well testing program.

If commercial production rates of helium are indicated during the well testing, the well may be completed as a producer.

Completion costs have been estimated at US\$100,000 which is additional to the dry hole cost.

Further exploration activities at Enterprise and Galileo will depend on the results of the first well.

### Enterprise and Galileo prospects

Net Recoverable Helium (mmcf)	1U (P90)	2U (P50)	3U (P10)
Enterprise Prospect	372	2,296	5,003
Galileo Prospect	270	725	1,389
<b>Total Net Recoverable Helium</b>	<b>641</b>	<b>3,021</b>	<b>6,391</b>

The Enterprise and Galileo prospects contain 3 billion cubic feet of P50 prospective helium resource, net to Blue Star Helium after royalties.

They have a shallow target depth of 1,000-1,200 feet and are at the proven helium play fairway with premium resource grades of 8% helium at the nearby historical Model Dome field. Blue Star Helium has leases within six miles.

Petrophysical analysis of surrounding wells in combination with the regional soil gas sampling and geochemical analysis program conducted in the third quarter of 2019 has proven the play elements of helium charge, high-quality reservoir and the presence of a good top seal extend across its Enterprise and Galileo prospects.

Las Animas County has a history of helium production going back to the 1920s when the Model Dome helium field produced over a short span. The field is one of the top four highest helium concentrations produced in the US so far.

The company has the dominant position in the county, with more than 120,000 gross (65,000) net acres.

It has more than 80% of current land position in prospects and leads, in addition to Enterprise and Galileo. It has 11 prospects and additional leads and 18 elevated helium readings from the regional helium soil gas survey under lease.

Blue Star Helium aims to mature several prospects to drill-ready status.

### Placement

Last month, the company raised \$2.302 million via a two-tranche share placement at an issue price of A\$0.01 per share.

Funds raised from the placement to sophisticated and professional investors will go towards the company's drilling program and general working capital purposes.

Blue Star managing director Joanne Kendrick said: "The company is now in a very strong position to pursue its 2020 plans including advancing its portfolio of prospects and leads and a high impact drilling program targeting its prospective helium resources in Las Animas County, Colorado."

### **Helium characteristics**

Helium is a unique industrial gas that exhibits characteristics both of a bulk, commodity gas and of a high-value specialty gas and is considered a 'high tech' strategic element.

Due to its unique chemical and physical qualities, helium is a vital element in the manufacture of magnetic resonance imaging machines (MRIs) and semiconductors and is critical for fibre optic cable manufacturing, hard disc manufacturing and cooling, space exploration, rocketry, lifting and high-level science.

Helium cannot be manufactured artificially and most of the world's reserves have been derived as a by-product of the extraction of natural hydrocarbon gas.

### **Strategic commodity**

In the US, helium has the 'strategic commodity' classification and has premium in-ground helium grades.

Blue Star Helium is an independent helium exploration and production company, headquartered in Australia, with operations and exploration in North America.

Its strategy is to provide its shareholders with exposure to multiple high-value helium projects in North America, which is the largest global market.

It is the only helium pure-play company on the ASX.

Blue Star Helium recently changed its name from Big Star Energy to reflect its new strategy of targeting world-class helium resources.

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