American Pre-Drill Natural Gas & Helium Asset



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MERGERSCORP

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This project is an institutional pre-drill exploration program focused on delineating subsurface natural (geological) hydrogen and co-occurring strategic helium systems in the **U.S. Gulf Coast basin (Texas)**. The sponsor is raising **$13.5M in staged, milestone-gated capital** over an **18 to 19 month exploration lifecycle** to convert existing proprietary desktop reconnaissance into **1 to 2 substantiated, drill-ready subsurface targets**. This structure isolates pre-drill geologic confirmation from downstream development risk, minimizing dry-hole exposure prior to full-scale drilling and plant capital deployment.

GROSS REVENUE
$160,050,000

EBITDA
$128,040,000

BUSINESS TYPE
Mining Businesses

COUNTRY
United States

BUSINESS ID
L#20261218

Core Investment Thesis & Strategic Moat

- **Empirical Field Provenance:** The venture's proprietary predictive geological targeting is backed by direct historical operating leadership on the first benchmark U.S. natural hydrogen exploration well (drilled in Fillmore County, Nebraska in 2019), which logged high-grade wellhead gas tests of **44% hydrogen and 12.8% helium**.
- **Disruptive Cost & Carbon Profile:** Natural geologic extraction yields an estimated production cost of **$0.50 to $1.00 per kg of hydrogen** with an ultra-low carbon intensity (~0.4 kg CO2e per kg of hydrogen), heavily outcompeting both green water-electrolysis ($4.50 to $12.00 per kg) and fossil grey SMR ($1.00 to $3.00 per kg) routes.
- **High-Margin Helium Kicker:** Helium demand in advanced semiconductor manufacturing, quantum computing, cryogenics, and aerospace creates an outsized revenue cushion. Modeled conservatively at an initial **2% concentration** by volume and priced at a discount to spot, helium serves as a primary driver of project capital efficiency and early payback.
- **Texas Jurisdiction & Infrastructure Advantage:** Texas provides clear administrative and mineral rights pathways (~1 month / ~$200K acquisition profile), competitive rig mobilization rates, and direct access to heavy industrial offtake clusters (refineries, ammonia, methanol, and chemical complexes) along Gulf Coast distribution corridors.

Capital Tranches & Milestone De-Risking Gates

Pre-drill equity deployment is governed by technical decision gates, releasing capital only upon definitive geologic evidence:

Gate / Phase	Duration	Capital	Primary Scope of Work	Unlocked Milestone
Gate 1: Target Selection	3 to 4 months	**$1.5M**	Finalize desktop leads, rank prospective acreage, establish initial permitting frameworks.	Narrow asset portfolio to **3 to 4 Areas of Interest (AOIs)**.
Gate 2: Field Validity	6 months	**$3.0M**	Mineral licensing across 2 AOIs; surface geochemical soil surveys to test gas migration pathways.	Prioritize **1 to 2 AOIs** with confirmed surface anomaly signatures.

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Gate / Phase	Duration	Capital	Primary Scope of Work	Unlocked Milestone
Gate 3: Drill Readiness	9 months	**$9.0M**	2D/3D geophysics, structural model refinement, shallow strat-hole drilling, FEED/permitting readiness.	Deliver **1 to 2 drill-ready structures** prepared for exploration drilling financing.
Total Program	**18 to 19 months**	**$13.5M**	Full pre-drill program prior to development-stage underwriting.	Drill-ready status achieved.

Project Financial Model (Per Single Commercial Structure)

The financial model below details an illustrative commercial exploitation scenario for **one target structure** under baseline Texas execution conditions against an upside regional benchmark, incorporating full extraction, separation, and purification surface infrastructure.

1. Baseline Assumptions & Technical Specifications

Parameter	Texas Execution Case	California Benchmark Case	Basis / Source
Pre-Drill Equity Investment	**$13.5M**	$13.5M	Program de-risking raise
Commercial Facility CAPEX	**$150.0M**	$150.0M	Extraction, purification, separation plant
Construction Timeline	**4.0 Years**	4.0 Years	Engineering, procurement, construction
Annual Hydrogen Nameplate Output	**25.0 ktpa (25.0M kg)**	25.0 ktpa (25.0M kg)	High purity grade (99.999%)
Annual Helium Nameplate Output	**1.0 ktpa (1.0M kg)**	1.0 ktpa (1.0M kg)	Ultra-high purity (up to 7N grade)
Delivered Hydrogen Contract Price	**$3.00 per kg**	$5.00 per kg	Pipeline / regional delivery within ~20 km
Realized Helium Gate Price (EXW)	**$90.00 per kg**	$90.00 per kg	Significant discount vs. ~$150 per kg market spot
Direct Operating Cost (Hydrogen)	**$1.00 per kg**	$1.00 per kg	Subsurface natural lift + processing
Direct Operating Cost (Helium)	**$8.00 per kg**	$8.00 per kg	Separation & liquefaction/storage
Facility Operating Uptime	**97.0%**	97.0%	Base industrial plant availability factor
Discount Rate (Real)	**10.5%**	10.5%	Project weighted average cost of capital

2. Steady-State Annual Operating Performance (Year 5+)

Reflecting 97% operational availability across both product streams:

Line Item	Texas Execution Case	California Benchmark Case	Notes
Gross Hydrogen Revenue	**$72.75M**	$121.25M	Based on 24.25M kg sold
Gross Helium Revenue	**$87.30M**	$87.30M	Based on 0.97M kg sold

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Line Item	TexasExecution Case	California Benchmark Case	Notes
Total Net Revenue	**$160.05M**	**$208.55M**	Combined multi-gas stream
Direct Hydrogen Operating Costs	($24.25M)	($24.25M)	$1.00 per kg produced
Direct Helium Operating Costs	($7.76M)	($7.76M)	$8.00 per kg produced
Total Direct Operating Costs	**($32.01M)**	**($32.01M)**	Field extraction and processing opex
Steady-State EBITDA	**$128.04M**	**$176.54M**	Annual cash operating profit
EBITDA Operating Margin	80.0%	84.7%	High margin driven by helium co-production

3. Indicative Multi-Year Project Cash Flow Model (10-Year Snapshot in $M)

Reflecting a 4-year development and construction period followed by steady-state production:

Line Item ($M)	Year 1	Year 2	Year 3	Year 4	Year 5 (COD)	Year 6	Year 7	Year 8	Year 9	Year 10
Pre-Drill Equity Tranche	($4.50)	($9.00)	—	—	—	—	—	—	—	—
Facility Construction CAPEX	—	—	($75.00)	($75.00)	—	—	—	—	—	—
Commercial Revenue (TX Base)	—	—	—	—	$160.05	$160.05	$160.05	$160.05	$160.05	$160.05
Operating Costs (TX Base)	—	—	—	—	($32.01)	($32.01)	($32.01)	($32.01)	($32.01)	($32.01)
Net Operating Cash Flow	**($4.50)**	**($9.00)**	**($75.00)**	**($75.00)**	**$128.04**	**$128.04**	**$128.04**	**$128.04**	**$128.04**	**$128.04**
Cumulative Net Cash Flow	($4.50)	($13.50)	($88.50)	($163.50)	($35.46)	$92.58	$220.62	$348.66	$476.70	$604.74

4. Return Metrics & Sensitivity Summary

Valuation Metric	Texas Execution Base Case	California Upside Case	Sensitivity Notes
Net Present Value (NPV at 10.5%)	**~$300M**	**~$500M**	Driven by a +$2.00 per kg premium on hydrogen
Internal Rate of Return (IRR)	**~38%**	**~52%**	Robust downside buffer provided by helium sales
Discounted Payback Period (DPP)	**~6.7 Years**	**~5.7 Years**	Incorporates the 4-year development phase
Helium Revenue Contribution	**54.5%**	**41.9%**	Represents ~3.8% of product volume but over half of base revenue

Transaction Structuring & Partnership Terms

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- **Financing Target:** $13.5M technical exploration financing.
- **Entity Structure:** Project-level special purpose vehicle (SPV) / asset-level partnership covering the Texas perimeter.
- **Cap Table Split:**
    - **80% Project Equity:** Allocated to the incoming investor syndicate against $13.5M cash commitments.
    - **20% Sponsor Equity:** Held by the management founding entity in consideration of in-kind technical IP, proprietary geological algorithms, and desktop studies.
- **Syndicate Target:** Seeking a lead investor commitment of **$3.5M+** to set board governance, pacing, and tranche clearance criteria, supported by participating co-investors and corporate strategics from **$1.0M+**.

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