State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

. . . .

Ken McQueen Cabinet Secretary **David R. Catanach, Division Director**Oil Conservation Division



Matthias Sayer
Deputy Cabinet Secretary

New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-4 or 3160-5 form.

Operator Signature Date: 11/8/2017

Well information:

API WELL#	Well Name	Well #	Operator Name	Туре	Stat	County	Surf_Owner	UL	Sec	Twp	N/S	Rng W/E
30-039-31362- 00-00	CARRACAS 32 5 24		SOUTHLAND ROYALTY COMPANY LLC	G	N	Rio Arriba	F	L	24	32	N	5 W

Drilling/Casing Change

Conditions of Approval:

(See the below checked and additional conditions)

- ✓ File C-104 and completion report for the Basin Mancos for review and approval before returning to production ✓ If the Dakota is returned to production and is produced with the Mancos, file DHC prior to producing. ☐ Notify Aztec OCD 24hrs prior to casing & cement. ☐ Hold C-104 for directional survey & "As Drilled" Plat☐ Hold C-104 for ☐ NSL, ☐ NSP, ☐ DHC ☐ Spacing rule violation. Operator must follow up with change of status notification on other well to be shut in or abandoned Ensure compliance with 19.15.17 Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string Regarding Hydraulic Fracturing, review EPA Underground Injection Control Guidance 84 U Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.
- ✓ Well-bore communication is regulated under 19.15.29 NMAC. This requires well-bore Communication to be reported in accordance with 19.15.29.8.

Additional requirements

Ketheric Park

NMOCD Approved by Signature

11/20/17 Date Final document (C-102) for review and approval of this sundry was rec'd on 12/11/17. Official date of approval should be 12/11/17. NMOCD AV

Form 3160-5 (June 2015)

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

RECEIVED

FORM APPROVED OMB NO. 1004-0137 Expires: January 31, 2018

NOV 15 2017 5. Lease Serial No. NMNM30586

SUNDRY Do not use thi abandoned we	NMNM30586 6. If Indian, Allottee or Tribe Name						
SUBMIT IN	7. If Unit or CA/Agreement, Name and/or No.						
Type of Well Oil Well	8. Well Name and No. CARRACAS 32-5 24 1						
Name of Operator SOUTHLAND ROYALTY CON	Contact:	ROBBIE A C	GRIGG		9. API Well No. 30-039-31362		
	WPANT LEAMail: rgrigg@ms						
3a. Address 400 WEST 7TH STREET FORT WORTH, TX 76102		Ph: 817-3	o. (include area code) 34-7842		10. Field and Pool or I MANCOS	Exploratory Area	
4. Location of Well (Footage, Sec., T	., R., M., or Survey Description	1)			11. County or Parish,	State	
Sec 24 T32N R05W Mer NMF 36.965641 N Lat, 107.319504		VL		¥	RIO ARRIBA COUNTY, NM		
12. CHECK THE AI	PPROPRIATE BOX(ES)	TO INDICA	TE NATURE OF	NOTICE,	REPORT, OR OTH	HER DATA	
TYPE OF SUBMISSION			TYPE OF	ACTION			
☑ Notice of Intent	☐ Acidize	□ Dee	epen	☐ Product	ion (Start/Resume)	☐ Water Shut-Off	
	☐ Alter Casing	☐ Hy	draulic Fracturing	☐ Reclam	ation	■ Well Integrity	
☐ Subsequent Report	☐ Casing Repair	□ Nev	w Construction	Recomp Re	olete	☐ Other	
☐ Final Abandonment Notice	☐ Change Plans	☐ Plu	g and Abandon	☐ Tempor	arily Abandon		
BR	☐ Convert to Injection	☐ Plu	g Back	☐ Water I	Disposal		
13. Describe Proposed or Completed Op If the proposal is to deepen direction. Attach the Bond under which the wo following completion of the involved testing has been completed. Final Al determined that the site is ready for f	ally or recomplete horizontally, rk will be performed or provide operations. If the operation re pandonment Notices must be fil	give subsurface	e locations and measur	ed and true vo	ertical depths of all pertin	nent markers and zones.	
SRC REQUESTS APPROVA 1. SET CIBP W/10' CMT OVI 2. PERF AD ACIDIZE MANC 3. RETURN WELL TO PROD	ER EXISTING DAKOTA F OS B	PERFS.			ACTION DOES NOT	OR ACCEPTANCE OF T RELIEVE THE LESSE OBTAINING ANY OTH	
SEE ATTACHED PROCEDU	RE AND WELLBORE DIA	AGRAMS FO	R YOUR APPRO	/AL.	AUTHORIZATION R	EQUIRED FOR OPER	
		S. DIV DIST. 3		ON FEDERAL AND I	NDIAN LANDS		
		NOV	17 2017				
* Set minimum	50' of come	١ ١	ve CIBF	at	8740	·	
14. I hereby certify that the foregoing is	true and correct. Electronic Submission # For SOUTHLAND RC						
Name (Printed/Typed) ROBBIE A	A GRIGG	Title SUPVR REGULATORY REPORTING					
Signature (Electronic S	Submission)	Date 11/08/20	17				
	THIS SPACE FO	OR FEDERA	AL OR STATE (OFFICE U	SE		
Approved By Troy Salve	rs		Title Engir	reer		Date 11 15 17	
Conditions of approval, if any, are attache certify that the applicant holds legal or equivalent would entitle the applicant to conditions.	uitable title to those rights in the	s not warrant or e subject lease	Office FFO				

(Instructions on page 2)

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



District 1
1025 N. French Dr., Hobbs. NM 85240
Phone. (575) 393-0101 Fax. (575) 393-0720
District 11
St. S. Frist St., Artesia, NM 88210
Phone. (375) 748-1263 Fax. (575) 748-9720

<u>Distract III</u> 1000 Rio Brazus Road, Aziec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 <u>Distract IV</u>

1220 S. St. Francis Dr., Santa Fc. NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462 State of New Mexico

Energy, Minerals & Natural Resources
Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102 Revised August 1, 2011

Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

Property Code

Property Code

Togrid No.

Property Name

CARRACAS 32–5 24

Property Name

SOUTHLAND ROYALTY, LLC

Property Name

CARRACAS 32–5 24

Property Name

CARRACAS 32–5 24

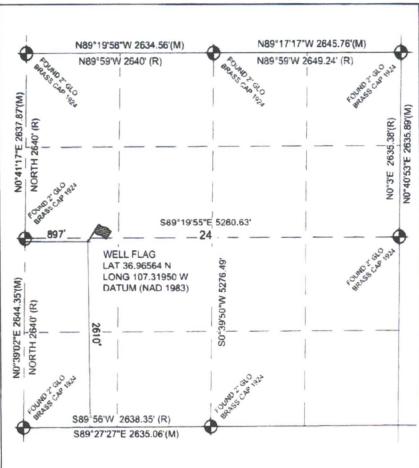
Property Name

SOUTHLAND ROYALTY, LLC

Property Name

Surface Location East/West lin 24 32N 5W 2610 SOUTH 897' WEST RIO ARRIBA P "Bottom Hole Location If Different From Surface ant/West line **5W** 897 WEST 24 32N L 2610 SOUTH RIO ARRIBA 13 Order No. W/2, 320t AC. 1

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



'OPERATOR CERTIFICATION
I hereby certify that the information contained
herein is true and complete to the best of my
knowledge and belief, and that this organization
either owns a working interest or unleased
mineral interest in the land including the
proposed bottom-hale location or has a right
to drill this well at this location pursuant to a
contract with an owner of such a mineral or
working interest, or to a voluntary pooling
agreement or a compalsory pooling order
hersetofere entered by the division.

Signature Robbie A Grigg

Printed Name rgrigg@mspartners.com

E-mail Address

"SURVEYOR CERTIFICATION
I hereby certify that the well location shown
on this plot was plotted from field notes of
actual surveys made by me or under my
supervision, and that the same is true and
correct to the best of my behalf.

Survey Date: MAY 15. 2017

Signature and Seal of Professional Surveyor



*File complete a correct





AFE#

177198

11/8/2017

TA Dakota, Complete Mancos B Carracas 32-5 24 #1 Rio Arriba County, NM

- 1. Stop N2 Injection and wait ~24 hours for well to die.
- 2. MIRU PU. Install 5k BOP and flowback spool.
- 3. POOH w/ tbg
- 4. MU and RIH w/ mech set CIBP on tbg and set @ 8,740'
- 5. Roll Hole w/ Clay Stabilized Wtr and POOH w/ tbg
- 6. NU 10K Wellhead Isolation Tool and pressure test casing to 7,500 psi
- 7. ND Isolation Tool for WL
- 8. MIRU WL Unit
- 9. RIH and run CCL to corelate, POOH.
- 10. RIH and dump bail 2 sx cmt on top of CIBP @ 8,740.
- 11. Perforate Mancos B w/ 1spf, 0.42" dia, 90° Phase as follows:

Mancos B Perfs							
8108-8111'	3', 4 Holes						
8119-8122'	3', 4 Holes						
8146-8149'	3', 4 Holes						
8153-8156'	3', 4 Holes						
8178-8181'	3', 4 Holes						
8203-8206'	3', 4 Holes						

8108-8206'

18' Net Perfs, 24 Holes

- 12. RIH w/ 30' Acid Bailer and dump 18 gal 15% HCL on lower perfs @ 8178'
- 13. RDMO WL Unit.
- 14. NU Isolaion Tool.
- 15. MIRU frac equipment
- 16. Acid Stimulation of Mancos B

Acid - 15% HCL = 2,000 Gals

Fresh H2O = 46,200 Gals

Average Rate = 30 bpm

- 17. Start Pumping Acid @ 6-8 bpm and drop 36 bio balls to breakdown formation.
- 18. Pump 1000 Gal Acid and then drop 1 ball every 5 seconds for remainder of acid. Flush w/ 188.1 bbls to top perf
- 19. Shut in Well for ISIP, 5, 10, 15 on acid. Wait 30 minutes, surge balls off perfs and continue pumping.
- 20. Pump clay stabilized water for remainder of job @ 30 bpm if attainable.
- 21. Get ISIP, 5, 10, 15.
- 22. Rig up well to flow thru choke and into Separator. Flare produced gas as necessary.
- 23. Obtain Flowback supervisor for overnight monitoring. No need for additional iron as no sand is being pumped.
- 24. Attempt to flow well up casing over weekend.
- 25. Blow down well. Kill well with treated water if necessary.
- 26. RIH w/ 2.375" prod tbg and land @ 8,100'
- 27. ND BOPs.
- 28. NU Prod tree and test.
- 29. Sawb well as necessary.
- 30. RDMO workover rig. Turn well to sales.

Carracas 32-5 24 #1 Rio Arriba County, NM AFE# 177198

D&J#3

API# 30-039-31362 Spud Date 8/31/2017 Rig Release 9/20/2017 GL 7340 ft KB = 16 KB 7356 ft

TD 8953 ft

Days to Drill

Surface Casing 13 3/8" 54.5 lb/ft J-55 ST&C 17 jts

20

 Setting Depth @
 620 ft

 Float Shoe
 2.00 ft

 Shoe Joint(s)
 32.05 ft

 Float Collar
 2.00 ft

r 2.00 ft @ 584 ft

days from Spud to Rig Release

Cement

Lead 475 sx 13.5# 1.85 yield

Circulated 85 bbls cement to surface

Intermediate Casing 8 5/8" 32 lb/ft N-80 LT&C 102 jts

Setting Depth @ 4509 ft
Float Shoe 1.4 ft
Shoe Joint 44.65 ft
Float Collar 1 ft

Toat Collar 1 ft @ 4462 ft

DV Tool @ 3400 ft

Cement

Stage 1 Lead 300 sx 12.3# 1.97 yield Tail 140 sx 13.5# 1.3 yield

Circulated 50 bbls good cmt off DV Tool

Open DV-Stage 2 Lead 875 sx 12.3# 1.95 yield Lead 145 sx 13.5# 1.31 yield

Circulated 70 bbls good cmt to surface.

Production Casing 5 1/2" 17 lb/ft P-110 LT&C 201 jts

Setting Depth 8938 ft
Float Shoe 1.3
Shoe Joint 44.4
Float Collar 1 ft

oat Collar 1 ft @ 8891 f

PBTD 8891 ft

Cement

Lead 715 sx 13.3# 1.36 yield
Bumped plug, flushed with freshwater + clay web.

Proposed Perfs

Top Perforation Limit 8108 ft
Bottom Perforation Limit 8206 ft

Completed Length of Vertical 98 ft (Top to bottom perf)

Perf Diameter 0.42 in Perf Phasing 90 deg

	Тор	Bottom	Stage	Shot/Ft	#	
	ft MD	ft MD	Length ft	#	Holes	TVD
Stage 1	8108	8111	3	1	4	
	8119	8122	3	1	4	
	8146	8149	3	1	4	
	8153	8156	3	1	4	
	8178	8181	3	1	4	
	8203	9206	2	4	1	

Total Holes 24

Proposed Perforations

Well Name

Carracas 32-5 24 #1

Formation

Rio Arriba County, NM

Proposed Perforations

Top Perf		Btm Perf	SPF	Phasing	Perf Diam (in)	No. Holes	
8,108	-	8,111	1	90	0.42	4	Holes
8,119	•	8,122	1	90	0.42	4	Holes
8,146		8,149	1	90	0.42	4	Holes
8,153		8,156	1	90	0.42	4	Holes
8,178	-	8,181	1	90	0.42	4	Holes
8,203	-	8,206	1	90	0.42	4	Holes ·
						0.4	Total Halas

24 Total Holes

Carracas 32-5 24 #1 Rio Arriba County, NM

Contact Information

Contacts	Email	Phone				
Contacts	Email	(Business)	(Cell)			
MorningStar Partners - Ft. Worth Office		817 - 334 - 7800				
Chris Arnold - Operations Engineeer	carnold@mspartners.com	817 - 334 - 8033	214 - 708 - 2908			
Brodie Savage - Operations Engineer	bsavage@mspartners.com	817 - 334 - 7745	817 - 965 - 3532			
Bill Frey - Operations Manager	bfrey@mspartners.com	817 - 334 - 7709				
Paten Morrow - Geology Manager	pmorrow@mspartners.com	817 - 334 - 7705				
Robert Cepero - Geologist	rcepero@mspartners.com	817 - 334 - 8025				
Mike Williams - Reservoir Manager	mwilliams@mspartners.com	817 - 334 - 7821				
Brandon Hudson - Reservoir Engineer	bhudson@mspartners.com	817 - 334 - 7843				
George Ramsey - Drilling Engineer	gramsey@mspartners.com	817 - 334 - 7704				
Aztec Field Office		505 - 333 - 4869				
John Hampton - Lead Foreman	JHampton@ctfieldsvcs.com		505 - 330 - 4377			
Mike Howe - Foreman	MHowe@ctfieldsvcs.com		505 - 330 - 3058			
Jason Peace - Foreman	JPeace@ctfieldsvcs.com		505 - 419 - 6055			
Eric Thomas - Foreman	EThomas@ctfieldsvcs.com		505 - 330 - 4366			
David Goodwin - Automation Technician	DGoodwin@ctfieldsvcs.com		505 - 330 - 0762			
Henry Valdez - Consultant	hvaldez@consultant.com		505 - 320 - 5740			



OIL CONS. DIV DIST. 3

NOV 17 2017

Prepared by: CAmold Date: 11/6/2017

KB = 16 ft GL = 7.340 ftKB = 7.356 ftAPI# 30-039-31362

Spud Date: 08/31/2017 DK Frac Date: 10/07/2017

Carracas 32-5 24 #1 Rio Arriba County, NM

TD - 8.953 ft MD

17 1/2" hole to 620'. Surface Csg: 17jts 13 3/8" 54.5# lb/ft J-55 ST&C Setting Depth: 618 ft kb

Cement 475sx 13.5# 1.85vield surface cmt. Circulate 85 bbls good cmt to surface

12 1/4" hole to 4,533'. Int Csg: 102jts 8 5/8" 32# N-80 LT&C Setting Depth, FS: 4,509 ft Float Collar: 4,462 ft Hyd DV Tool: 3400 ft

Cement

Stage 1: Lead-300sx 12.3# 1.97yield.

Tail-140sx 13.5# 1.3yield

Circ 50 bbls good cmt off DV tool

Stage 2: Lead-875sx 12.3# 1.95yleld Tall-145sx 13.5# 1.31vield.

Circ 70 bbls good cmt to surface.

7 7/8" hole to 8,953'. Prod Csg: 201 jts 5.5" 17# P-110 LT&C Setting depth, FS: 8,938 ft PBTD, FC: 8,891 ft

Cement 715sx 13.3# 1.36 yield cmt. Top of cmt: ~ 4700 ft (based on CBL)

TOC - 4700 ft off CBL

FM Tops

Nacimiento - 1675 ft Ojo Alamo - 3326 ft

Kirtland Shale - 3531 ft

Fruitland Coal - 3842 ft Pictured Cliffs - 4056 ft

Lewis Shale - 4533 ft

Cliffhouse - 6152 ft

Menefee - 6430 ft

Point Lookout - 6567 ft

Mancos Shale - 7140 ft

Greenhorn - 8612 ft

Graneros - 8657 ft

Dakota - 8763 ft

RBP @ 8808' CICR @ 8854'

Frac DK - 10/07/2017 15% HCl (50 bioballs) - 2500 gal Water - 4,916 bbls

DV Tool @ 3400'

Prod Tbg 10/19/2017:

RBP Ret. Tool on EOT

EOT= 8,737'; SN= 8,701'

268 jts, 1.78" ID SN, 1 Jt w/

2.375" 4.7# L-80 tbg

100 Mesh - 38,900 lbs 40/80 Hydroprop LWC - 73,125 lbs 30/50 CRC - 27,180 lbs Total Prop - 139,205 lbs

ATR - 69.5 BPM

ATP - 4,950 psi MTR - 69.8 BPM MTP - 5,472 psi ISIP - 2,495 psi IFG - 0.716 psl/ft ISDP - 3,707 psi

FFG - 0.853 psl/ft

Perforations 09/26/2017 1spf, 0.42*, 60deg

8775-8789; 14 holes 8826'-8840'; 14 holes 8858'-8870'; 12 holes 40 total holes

Found PBTD at 8873 ft

PBTD: 8.891 ft

TD: 8,953 ft



PROPOSED

Prepared by: CArnold Date: 11/08/2017

KB = 16 ft GL = 7,340 ftKB = 7,356 ftAPI# 30-039-31362

Spud Date: 08/31/2017 DK Frac Date: 10/07/2017

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12 1/4" hole to 4.533'. Int Csg: 102jts 8 5/8" 32# N-80 LT&C Setting Depth, FS: 4,509 ft Float Collar: 4,462 ft Hvd DV Tool: 3400 ft

Stage 1: Lead-300sx 12.3# 1.97yield. Tail-140sx 13.5# 1.3yield Circ 50 bbls good cmt off DV tool Stage 2: Lead-875sx 12.3# 1.95yield Tail-145sx 13.5# 1.31yield. Circ 70 bbls good cmt to surface.

7 7/8" hole to 8.953'. Prod Csg: 201 jts 5.5" 17# P-110 LT&C Setting depth, FS: 8,938 ft PBTD, FC: 8,891 ft

Cement 715sx 13.3# 1.36 yield cmt. Top of cmt: ~ 4700 ft (based on CBL)

> **FM Tops** Nacimiento - 1675 ft Ojo Alamo - 3326 ft Kirtland Shale - 3531 ft Fruitland Coal - 3842 ft Pictured Cliffs - 4056 ft Lewis Shale - 4533 ft Cliffhouse - 6152 ft Menefee - 6430 ft Point Lookout - 6567 ft Mancos Shale - 7140 ft Greenhorn - 8612 ft Graneros - 8657 ft Dakota - 8763 ft

> > CIBP @ 8740' w/ 10' Cmt CICR @ 8854'

DV Tool @ 3400' TOC ~ 4700 ft off CBL PBTD: 8,891 ft TD: 8,953 ft

Proposed Prod Tbg 11/08/2017:

2.375" 4.7# L-80 tbg 268 jts, 1.78" ID SN, NC Tail Jt

EOT= 8,100'; SN= 8,069'

Proposed Mancos B Perforations 11/08/2017 1spf, 0.42", 90deg

8108'-8111': 4 holes 8119'-8122'; 4 holes 8146'-8149': 4 holes 8153'-8156'; 4 holes 8178'-8181': 4 holes 8203'-8206'; 4 holes 24 total holes

Dakota Perforations 09/26/2017 1spf, 0.42", 60deg

8775'-8789'; 14 holes 8826'-8840'; 14 holes 8858'-8870'; 12 holes 40 total holes

Found PBTD at 8873 ft

Frac DK - 10/07/2017 15% HCl (50 bioballs) - 2500 gal Water - 4,916 bbls

100 Mesh - 38,900 lbs 40/80 Hydroprop LWC - 73,125 lbs 30/50 CRC - 27,180 lbs Total Prop - 139,205 lbs

> ATR - 69.5 BPM ATP - 4,950 psi MTR - 69.8 BPM MTP - 5,472 psi ISIP - 2,495 psi IFG - 0.716 psi/ft ISDP - 3,707 psi FFG - 0.853 psi/ft