

Well Name: CARRACAS 21B	Well Location: T32N / R4W / SEC 21 / SWNW / 36.97487 / -107.26442	County or Parish/State: RIO ARRIBA / NM
Well Number: 5	Type of Well: OTHER	Allottee or Tribe Name:
Lease Number: NMNM30014	Unit or CA Name: 2H CARRACAS 14B - FRCL	Unit or CA Number: NMNM112654
US Well Number: 300392442100S1	Operator: MORNINGSTAR OPERATING LLC	

Notice of Intent

Sundry ID: 2808260

Type of Submission: Notice of Intent	Type of Action: Temporary Abandonment
Date Sundry Submitted: 08/23/2024	Time Sundry Submitted: 01:19
Date proposed operation will begin: 08/24/2024	

Procedure Description: MorningStar Operating submits the attached 5 yr MIT and requests extension of TA/POW status for the Carracas 21B 15, with a proposed expiration date of 8/24/2025, and an effective date of 8/24/2024. The well was converted to a POW on 10/14/2009. Pressure test reports will be submitted annually and an MIT run every 5 years to show wellbore integrity. It is proposed that 2025 Pressure Test Reports will be submitted by October 2025. There are multiple producing wells on the lease. Also attached are the findings of a recent internal geologic and reservoir review in support of extended TA/POW status.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

- 2024_Review_for_TA_Status_Extension_Request_20240823131814.pdf
- MIT_Report__OCD__20240823131805.pdf
- MIT_Chart_2024_Carracas_21B_5_20240823131754.pdf

Received by OCD: 8/26/2024 8:14:32 AM

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US Well Number: 300392442100S1

Operator: MORNINGSTAR OPERATING LLC

Conditions of Approval

Specialist Review

Carracas_21B_5_ID_2808260_TA_COAs_MHK_8.23.2024_20240826072112.pdf

Operator

I certify that the foregoing is true and correct. 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. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: CONNIE BLAYLOCK

Signed on: AUG 23, 2024 01:18 PM

Name: MORNINGSTAR OPERATING LLC

Title: Regulatory Technician

Street Address: 400 W 7th St.

City: Forth Worth

State: TX

Phone: (817) 334-7882

Email address: CBLAYLOCK@MSPARTNERS.COM

Field

Representative Name: Amy Byars

Street Address:

City:

State:

Zip:

Phone:

Email address: abyars@mspartners.com

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 08/26/2024

Signature: Matthew Kade



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Farmington District Office
6251 College Boulevard, Suite A
Farmington, New Mexico 87402
<http://www.blm.gov/nm>



August 26, 2024

CONDITIONS OF APPROVAL

Sundry Notice of Intent ID # 2808260

Request to Extend Temporary Abandonment/Pressure Observation Well Status

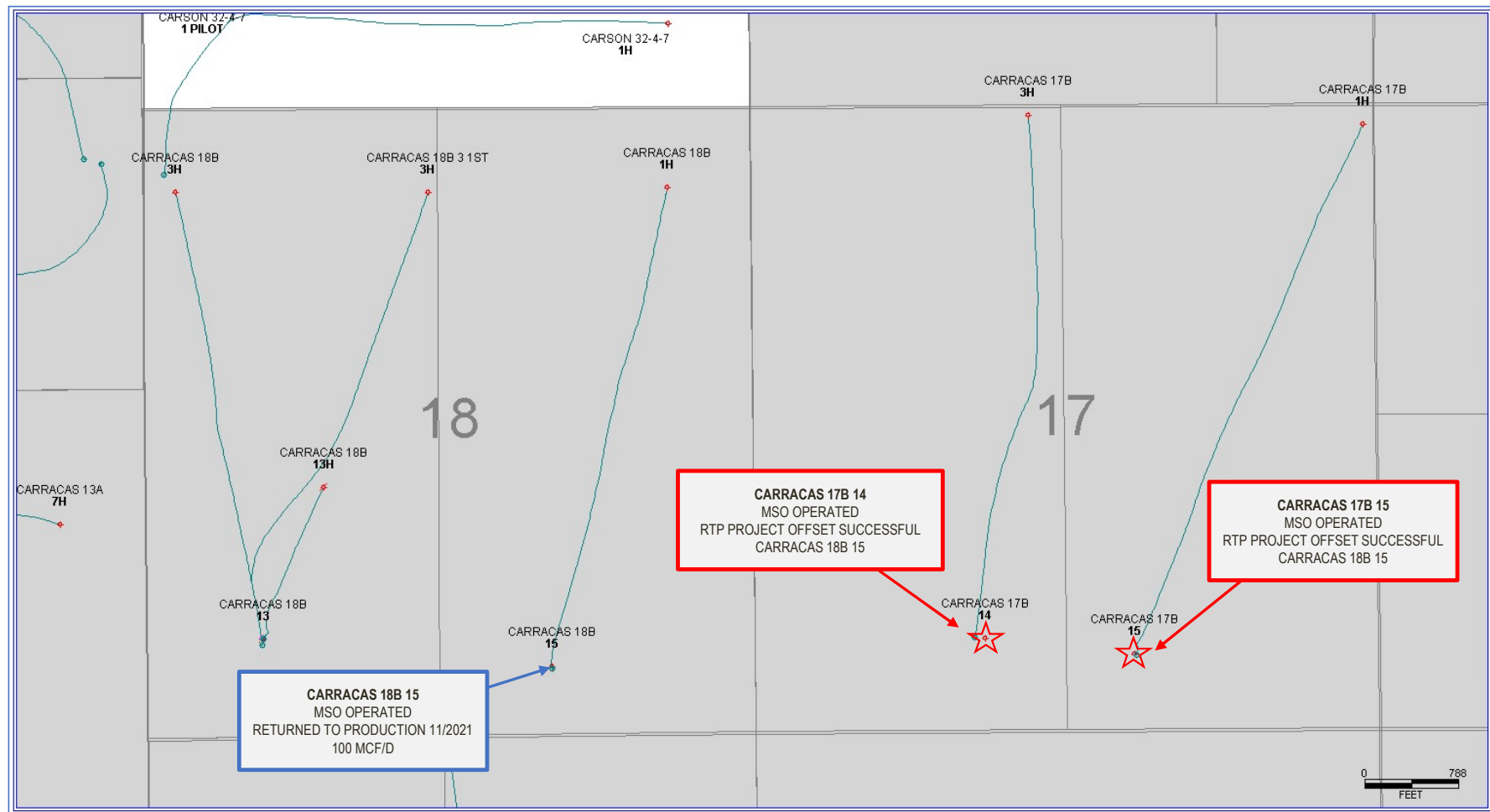
Operator: Morningstar Operating LLC
Lease: NMNM 30014
Agreement: NMNM 112654
Well(s): Carracas 21B 5, API # 30-039-24421
Location: SWNW Sec 21 T32N R4W (Rio Arriba County, NM)

The request to extend the temporary abandonment (TA)/Pressure Observation Well (MW) status is approved with the following conditions:

1. No well shall be TA without prior approval from the authorized officer or representative.
2. This approval is granted for a 12-month period until August 24, 2025. **Before this approval expires** one of the following shall be submitted:
 - a. A sundry notice (Notice of Intent – Temporary Abandonment) to keep the well in TA/MW status with engineering and/or economic justification for another 12-month period. Include the most recent set of pressure test reports.
 - b. A sundry notice (Notice of Intent – Workover) to put the well on production or convert to injection/disposal. Following workover submit a Notification – Resume Production sundry within 5 business days after the well is put on production.
 - c. A sundry notice (Notice of Intent – Plug and Abandonment) to plug and abandon (P&A) the well. While not necessary to P&A before August 24, 2025, a sundry notice must be submitted prior to that date. The well will then need to be plugged within one year after approval.
3. This agency reserves the right to modify or rescind approval. A plug or produce order may still be issued at the discretion of the authorized officer.
4. The lease is currently held by allocated production from other wells. Should production from the lease cease, the BLM will require this well be returned to production or P&A, regardless of the amount of time the TA status is still approved for.

For questions concerning this matter, please contact Matthew Kade, Petroleum Engineer at the BLM Farmington Field Office, at (505) 564-7736 or mkade@blm.gov.

Carracas 17B #14 & Carracas 17B #15 Map



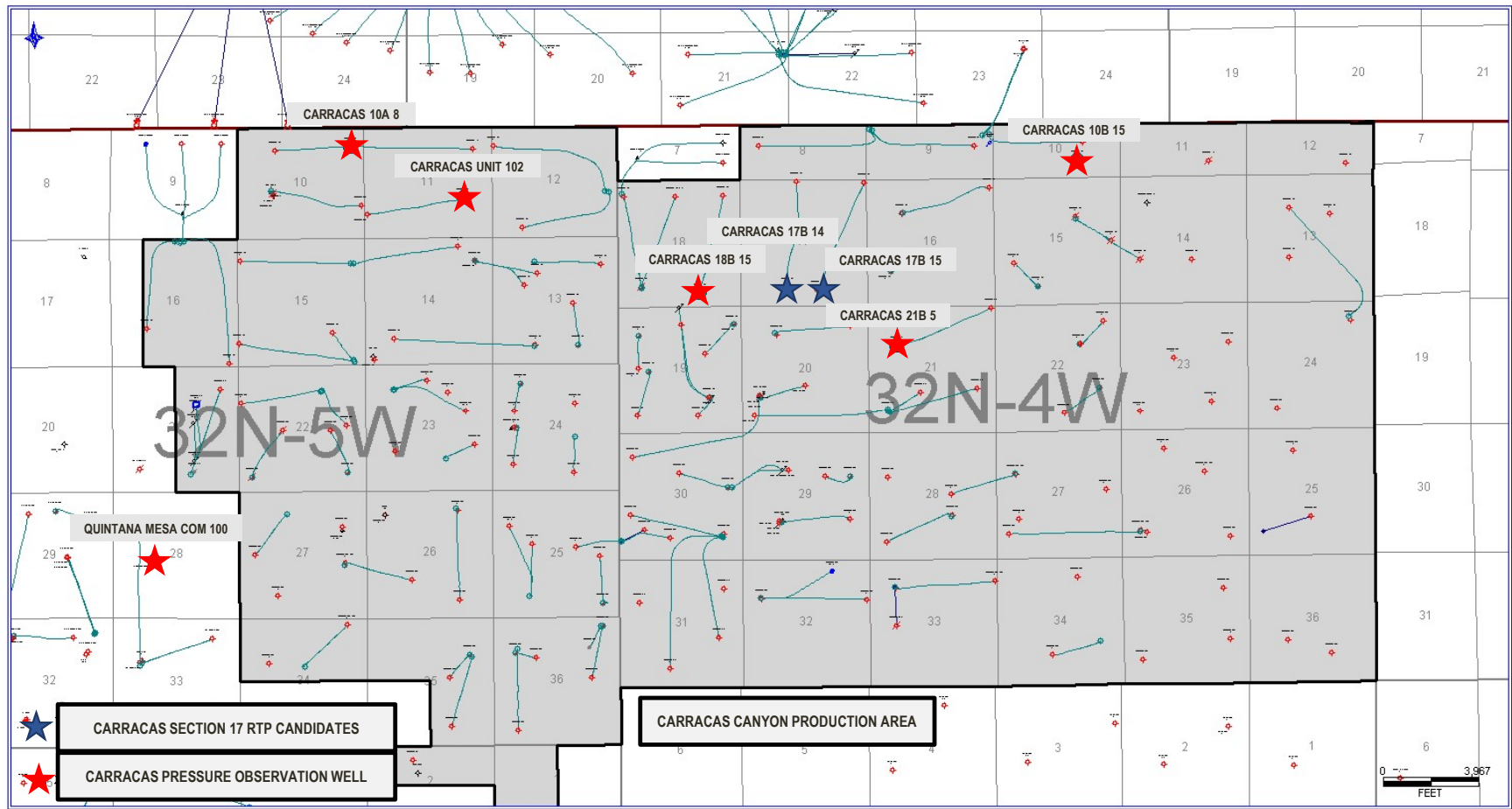
Carracas 17B #14 & Carracas 17B #15 Discussion

- Carracas 17B #14 & Carracas 17B #15 show great promise to return to production
 - Nearby pressures from pressure observation wells from most recent pressure data indicate remaining reserves across Carracas Area.

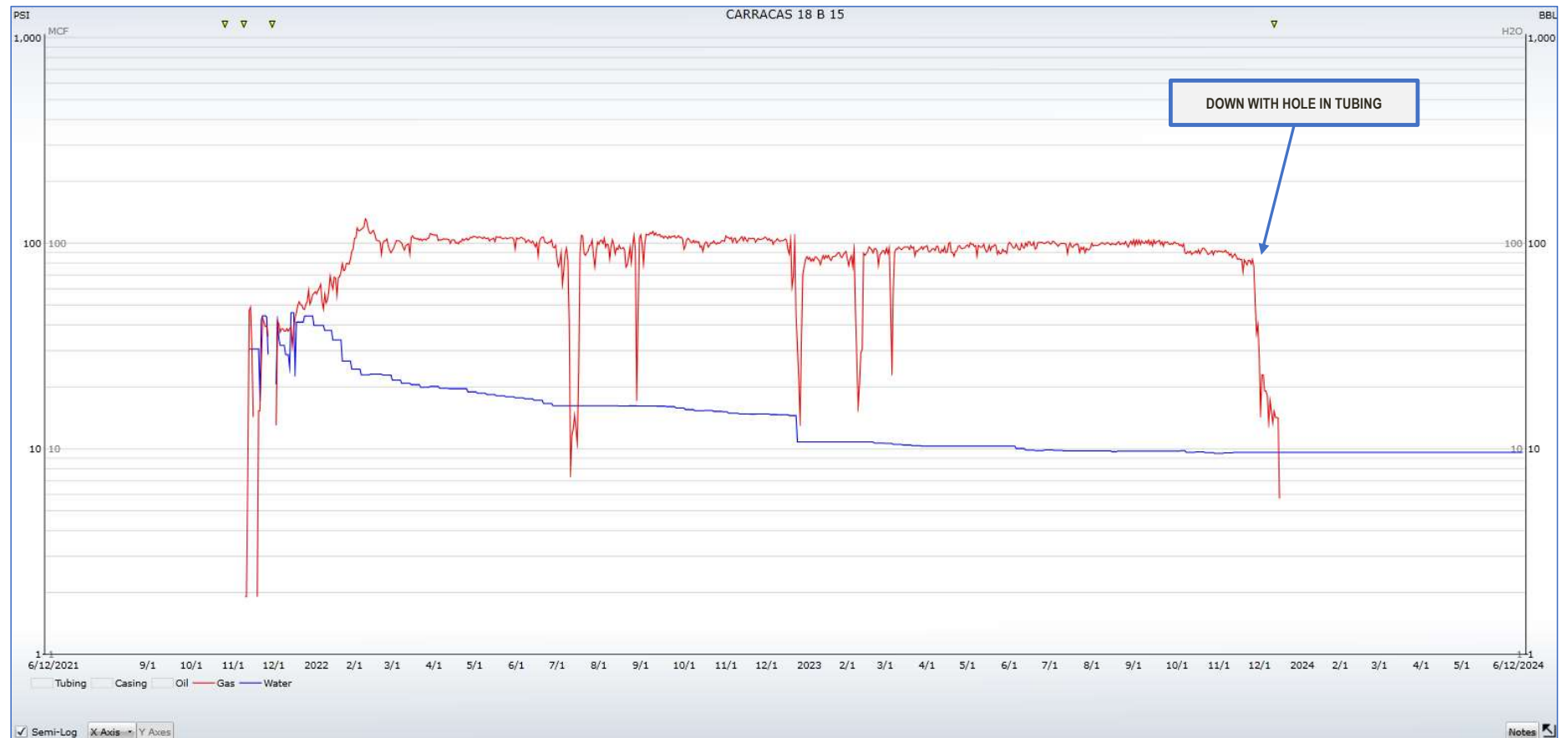
Well	PSI
Carracas 10A 8	944
Carracas 10B 15	872
Carracas 18B 15 - RTP'd	801
Carracas 21B 5	1284
Carracas Unit FR 102	809
Quintana Mesa Com 100	1297

- Carracas 18B #15 RTP successful with sustained production of 100 mcf/d
- Carracas 18B #15 requires artificial lift upgrades to better dewater the localized water volumes for better gas desorption and recovery
- Carracas 17B #14 & Carracas 17B #15 will likely need artificial lift making them high capital projects suitable for a higher price environment

Carracas Area Pressure Observation wells

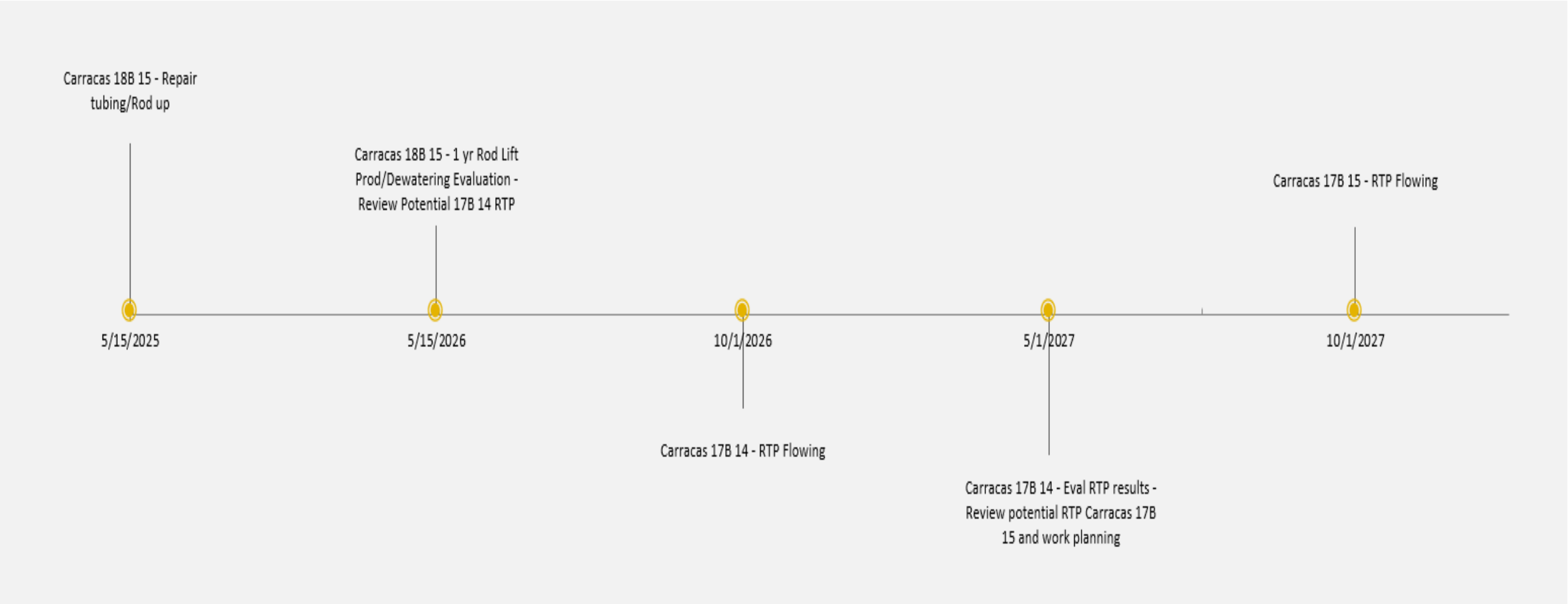


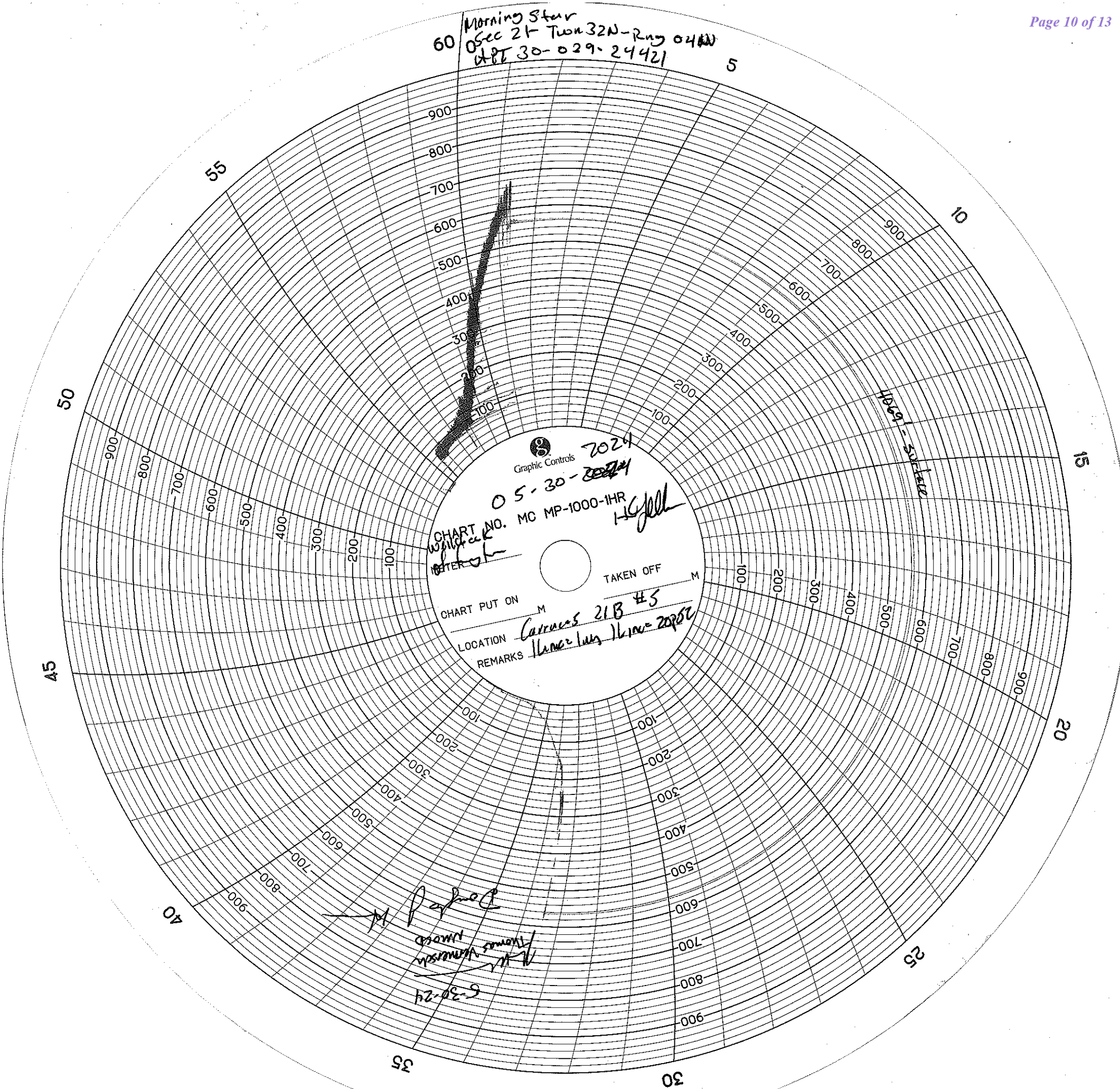
Carracas 18B 15 RTP production



Carracas 17B #14 & Carracas 17B #15 Economic Justification

- Previous operator never attempted to return the pressure observation wells back to production
- MSO has repeatedly tested and monitored BHP on all POWs
- MSO returned the Carracas 18B #15 to production with sustained production of 100 mcf/d
- Historically bad price environment has delayed the return to production of the remaining POWs and inactive wells
- The Carracas 18B #15 was the lowest pressure of the POWs and we expect the remaining projects to be similar or better results
- MSO intends to resume work on POWs and inactive wells as price recovers while continuing to monitor pressures and casing integrity







NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

MECHANICAL INTEGRITY TEST REPORT (TA OR UIC)

Date of Test 5/29/24 Operator MORNING STAR API # 30-0 39-24421
 Property Name CARRACAS 2/B Well # 5 Location: Unit E Sec 21 Twn 32N Rge 4W
 Land Type: State _____ Well Type: Water Injection _____
 Federal ☒ Salt Water Disposal _____
 Private _____ Gas Injection _____
 Indian _____ Producing Oil/Gas _____
 Pressure observation ☒

Temporarily Abandoned Well (Y/N): TA status test TA Expires: _____

Casing Pres. Ø Tbg. SI Pres. ✓ Max. Inj. Pres. ✓
 Bradenhead Pres. Ø Tbg. Inj. Pres. ✓
 Tubing Pres. 1170 psi
 Int. Casing Pres. NA

Pressured annulus up to 560 psi. for 30 mins. Test passed failed

REMARKS: Packer set @ 4069' Test to surface

Pressured up to 560 psi - 560 psi at 5 min - 565 psi at 10 min - 565 psi 15 min -
held at 565 psi for the remainder of test -

By Danilo J. H. Witness [Signature] 1000# spring - 1hr Clock/chart last cal
 (Operator Representative) (NMOCD) 2-2-24

(Position)

Revised 02-11-02

MorningStar Operating, LLC

Carracas 21 B #5
Rio Arriba County, NM
T32N R04W S21

TD – 4,300 ft MD

12-1/4" hole to 311'

Surface Csg: 9-5/8" 36# J-55

Setting Depth: 311 ft

Cement

25 sx 65/35 Poz (50 cuft)

105 sx Class B cement (125 cuft)

Circulated 4 bbls cmt to surface

8.75" hole to 4,300'

Prod Csg: 5 1/2" 15.5# K-55 LTC

Setting Depth: 4,295 ft

Cement

Lead: 500 sx 65/35 Poz (1,311 cuft)

Tail: 100s x 50/50 Poz (139 cuft)

Circulated 20 bbls cement to surface

Section Mill casing:

4,162' – 4,196'

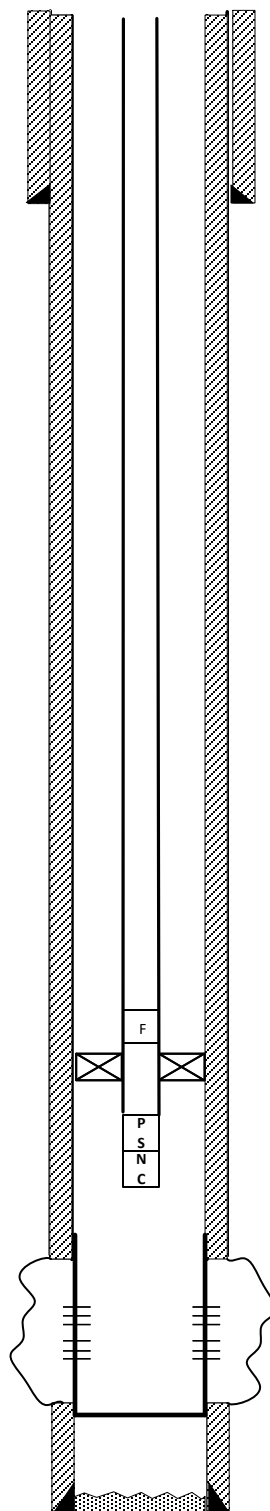
8.5" under-ream

3.5" Liner installed 4,092' top 4,196' bottom

New PBTD liner bottom @ 4,193'

Well back online after work 11/30/1999

Orig Fruitland perms: 4,166'-4,193' 4
 spf 0.50" EHD
 Section Mill and cavitate FC – 4166-
 4193'
 New Liner Perforations:
 4,166'-4,193'



Orig PBTD: 4,253 ft MD

Prepared by: JRyza

Date: 09/19/2022

Updated: Bberry

04/25/2024

KB = 13 ft (est)

GL = 7,333 ft

API# 30-039-24421

Spud Date: 07/06/1989

Ready to Produce: 09/12/1989

POW Tbg 10/13/2009:

NOTCH COLLAR W/ PIN, 2-3/8" X 8' PERF SUB, BAKER 5-
 1/2" LOCK-SET PACKER, 1.78" ID F-NIPPLE, 127 JTS 2-3/
 8" TUBING, 2 - 3/8" TUBING SUBS (10'&10') AND 1 JT 2-
 3/8" TUBING. SET PACKER IN 10K TENSION.
 F Nipple ~4,068' Packer ~4,069' EOT ~4,080'

Original Fruitland Frac:

500 gal 15%HCl
 1661 bbls GWX-30# gel
 48 klbs 40/70 sand
 102 klbs 20/40 sand

PBTD Liner: 4,193 ft MD

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 377386

CONDITIONS

Operator: MorningStar Operating LLC 400 W 7th St Fort Worth, TX 76102	OGRID: 330132
	Action Number: 377386
	Action Type: [C-103] Sub. Temporary Abandonment (C-103U)

CONDITIONS

Created By	Condition	Condition Date
mkuehling	Future testing needs red ink not black - MIT due on or before 5/30/2029	8/26/2024