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|--------------------------------|--|--|
| Well Name: QUINTANA MESA | Well Location: T32N / R5W / SEC 28 / NESW / 36.950531 / -107.370163 | County or Parish/State: RIO ARRIBA / NM |
| Well Number: 100 | Type of Well: OTHER | Allottee or Tribe Name: |
| Lease Number: NMNM68141 | Unit or CA Name: QUINTANA MESA | Unit or CA Number: NMNM80045 |
| US Well Number: 300392445400S1 | Operator: MORNINGSTAR OPERATING LLC | |

Notice of Intent

Sundry ID: 2814132

| | |
|--|---------------------------------------|
| Type of Submission: Notice of Intent | Type of Action: Temporary Abandonment |
| Date Sundry Submitted: 09/27/2024 | Time Sundry Submitted: 09:50 |
| Date proposed operation will begin: 09/27/2024 | |

Procedure Description: MorningStar Operating requests the extension of TA/POW status for the Quintana Mesa Com 100 and submits the attached recent internal geologic and reservoir review in support of the extended status. The well was converted to a POW on 6/5/2009. An expiration date of 9/30/2025 and an effective date of 9/27/2024 is proposed. Pressure tests will be submitted annually by October and an MIT run every 5 years to show wellbore integrity. A passing MIT was run 5/30/2024 and has been submitted separately.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

2024_Review_for_TA_Status_Extension_Request_20240927094934.pdf

Received by OCD: 9/27/2024 2:01:57 PM

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Unit or CA Name: QUINTANA MESA

Unit or CA Number: NMNM80045

US Well Number: 300392445400S1

Operator: MORNINGSTAR OPERATING LLC

Conditions of Approval

Specialist Review

Quitana_Mesa_100_ID_2814132_TA_COAs_MHK_9.27.2024_20240927103121.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: SEP 27, 2024 09:49 AM

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@txopartners.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: 09/27/2024

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>



September 27, 2024

CONDITIONS OF APPROVAL

Sundry Notice of Intent ID # 2814132 Request to Extend Temporary Abandonment/Pressure Observation Well Status

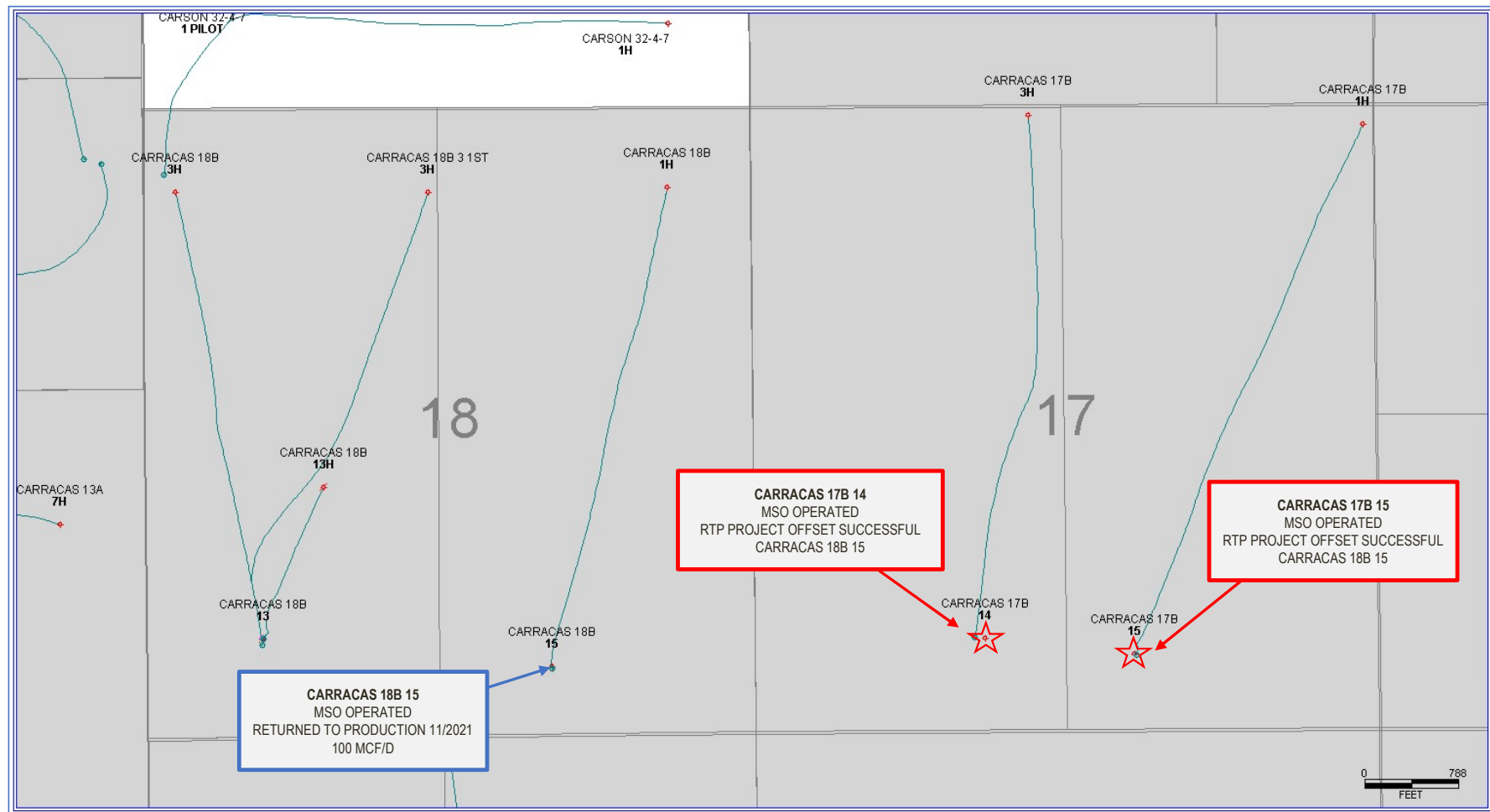
Operator: Morningstar Operating LLC
Lease: NMNM 68141
Agreement: NMNM 80045
Well(s): Quitana Mesa 100, API # 30-039-24454
Location: NESW Sec 28 T32N R5W (Rio Arriba County, NM)

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 September 30, 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 September 30, 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



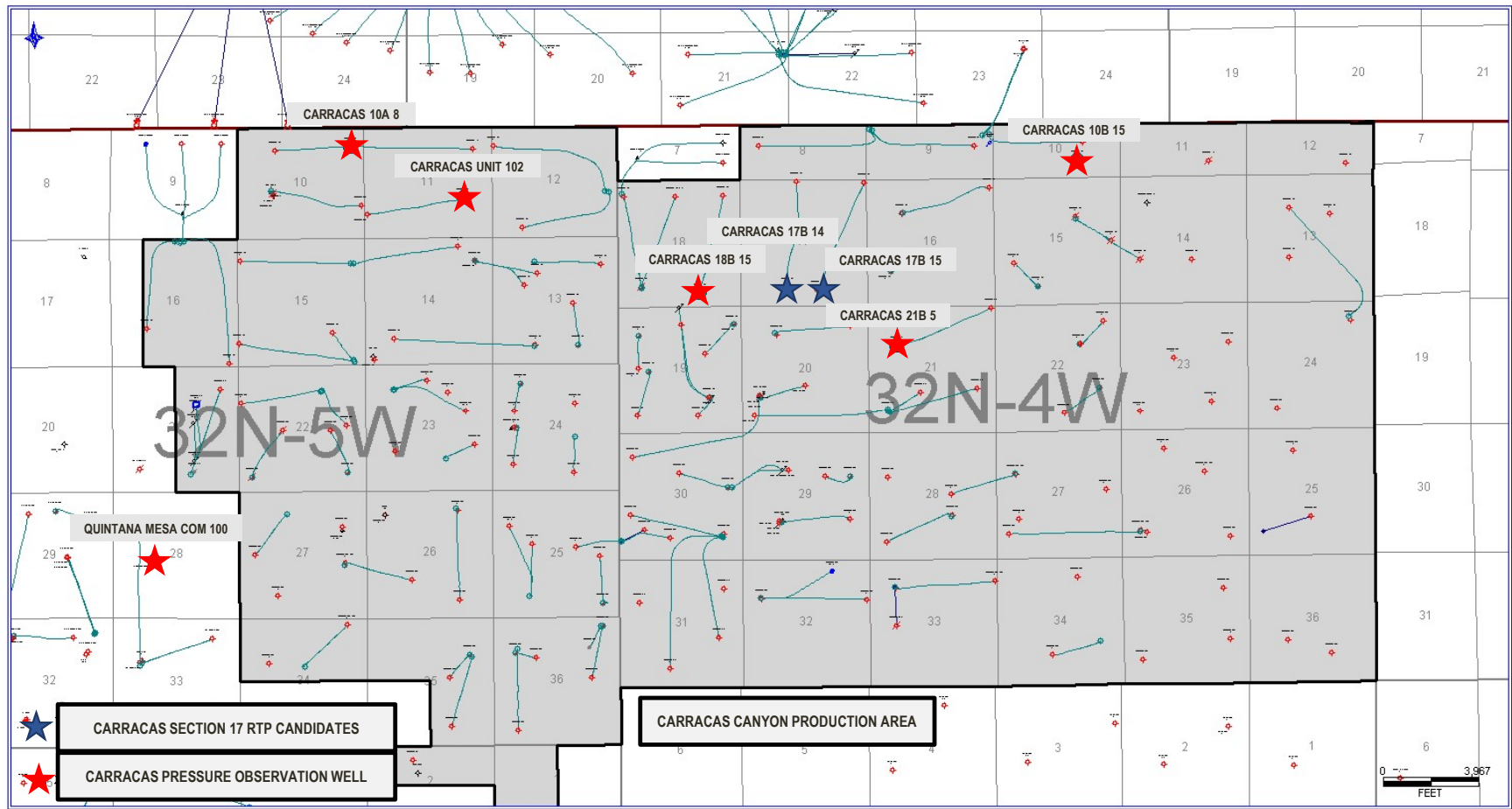
Carracas 17B #14 & Carracas 17B #15 Discussion

- 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.

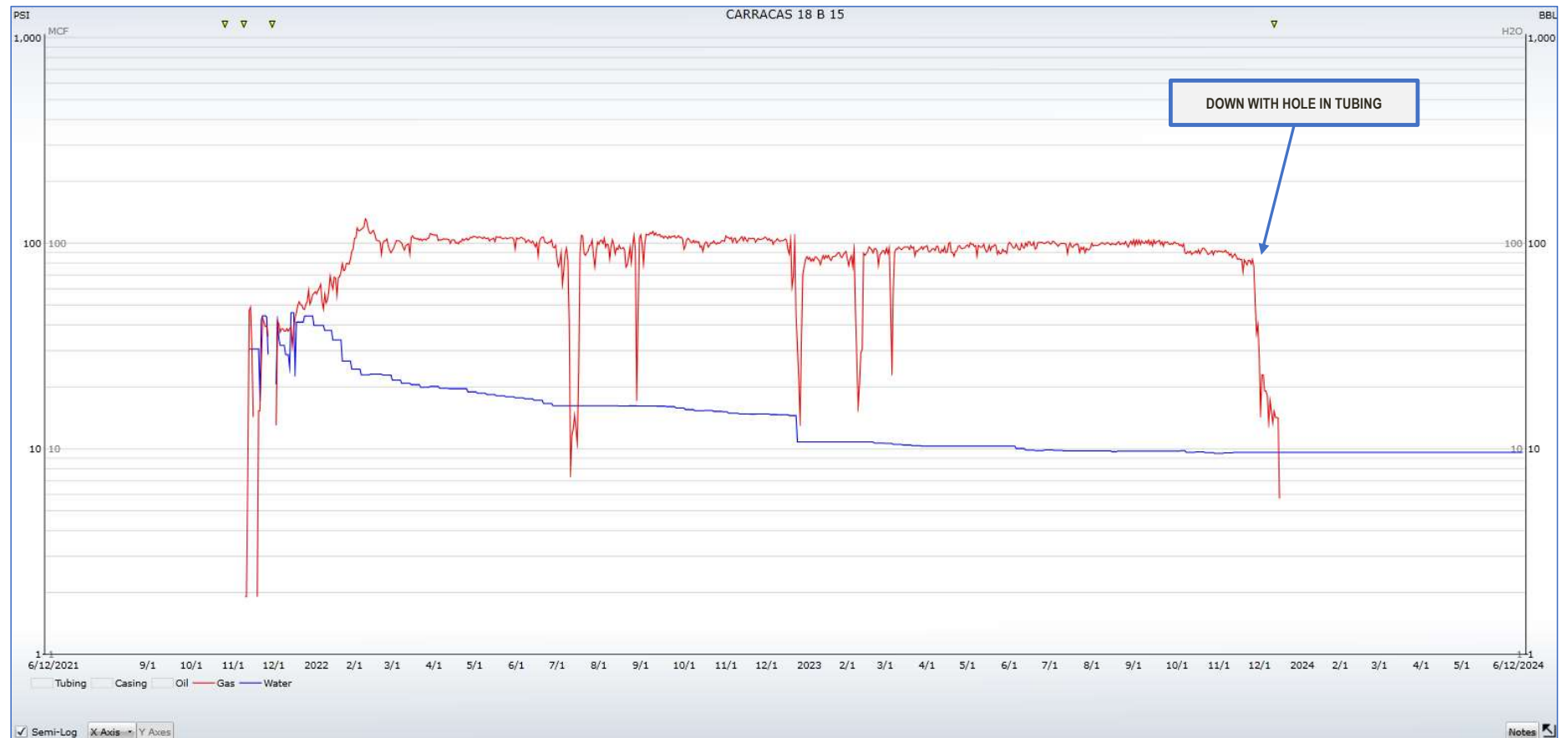
| Well | PSI |
|-------------------------|------|
| Carracas 10A 8 | 944 |
| Carracas 10B 15 | 872 |
| Carracas 18B 15 - RTP'd | 801 |
| Carracas 21B 5 | 1284 |
| Carracas Unit FR 102 | 809 |
| Quintana Mesa Com 100 | 1297 |

- 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

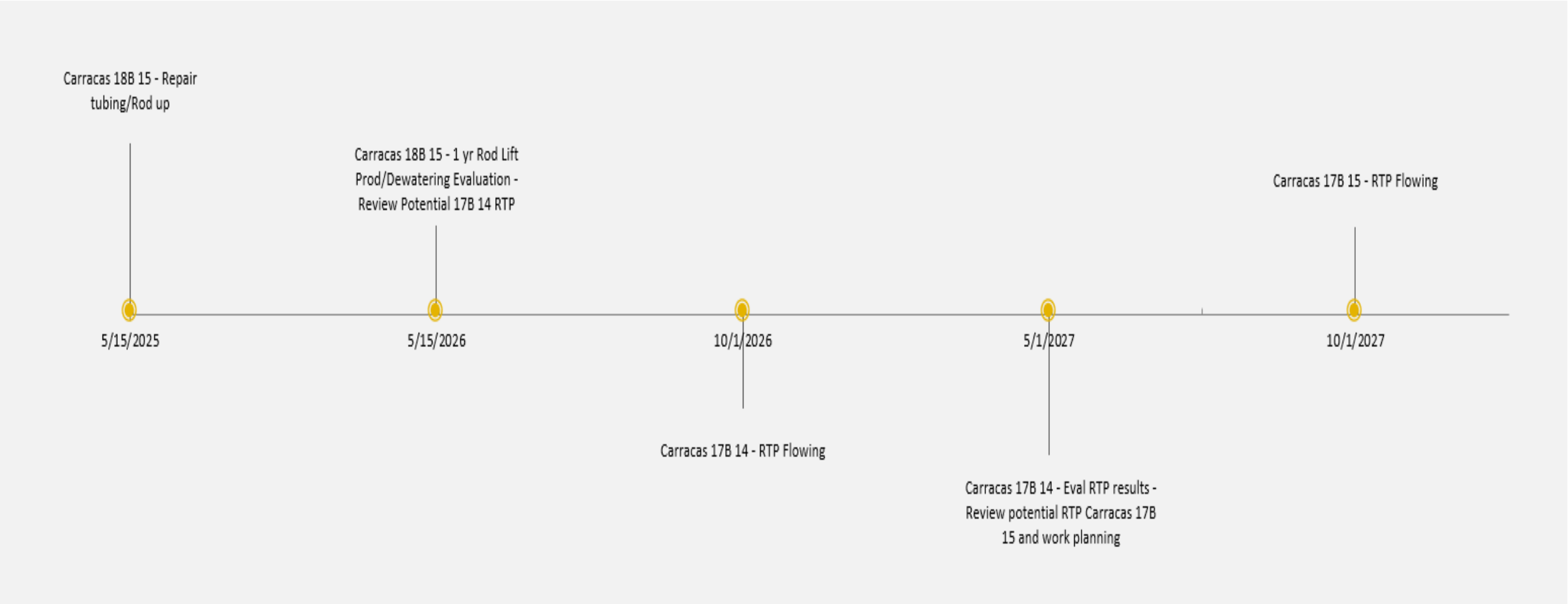


Carracas 18B 15 RTP production



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



MorningStar Operating, LLC

Prepared by: BBerry
Date: 04/22/2024

KB = 14 ft
GL = 7,160 ft
API# 30-039-24454

Spud Date: 05/30/1989
Ready to produce: 06/22/1989

Quintana Mesa Com 100
Rio Arriba County, NM
T32N R05W S28

Mainbore: TD – 3,940' MD; PBTD – 3,940' MD

12-1/4" hole to 250'
Surface Csg: 9-5/8" 36# K-55
Setting Depth: 245'

Cement
150 sx Class B (177 cu ft)
Circulated 7 bbls cmt to surface

8-3/4" hole to 3,822'
Intermediate Csg: 7" 23# K-55
Setting Depth: 3,821'

Cement
Lead: 540 sx 65/35 Class B (1200 cu ft)
Tail: 100 sx Class B (157 cu ft)
Circulated 35 bbls cmt to surface

6-1/4" hole to 3,931'
Production Liner: 5-1/2" 15.5# K-55
Setting Depth: 3,910'
TOL @ 3,757' (new liner set Sep 2003)
Liner not cemented

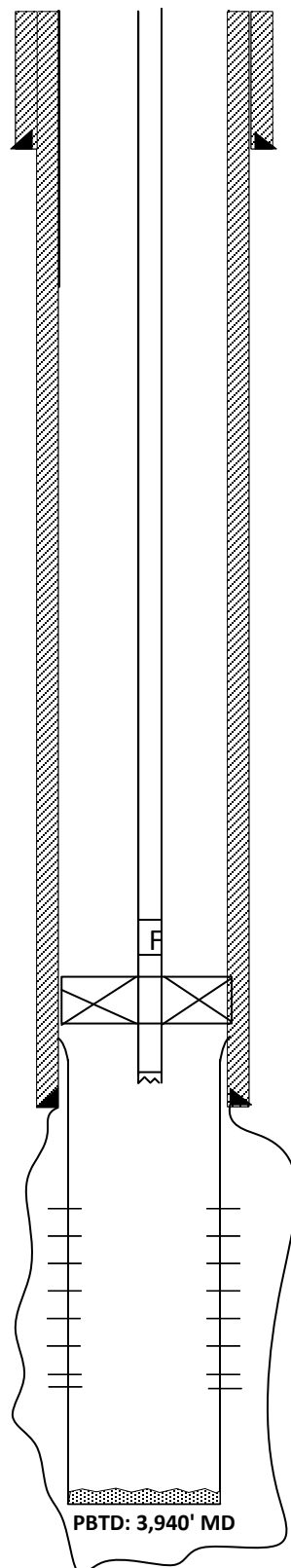
POW Tbg 06/2009

2-3/8" 4.7# tbg
Notched 2 3/8" Pin Collar, 2 3/8" X 8' tbg sub, XO, Baker
A-3 Lok-set 7" packer set 18k tension, XO, 1.78" F
nipple, 120 jts 2 3/8" tubing to surface
EOT @ ~3,756', packer ~3,749', F Nipple ~3,740'

7" Baker A-3 Lokset
packer ~3,749'

Frac N/A, Cavitated
Recavitated 8/2003

Fruitland Coal Perfs
3897'-3904' 4 spf
3848'-3872' 4 spf
134 holes total



PBTD: 3,940' MD

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Subsequent Report

Sundry ID: 2814139

Type of Submission: Subsequent Report

Date Sundry Submitted: 09/27/2024

Date Operation Actually Began: 05/30/2024

Type of Action: Mechanical Integrity Test

Time Sundry Submitted: 10:00

Actual Procedure: MorningStar Operating submits the attached MIT chart and report, run 5/30/2024.

SR Attachments

Actual Procedure

- MIT_Report__OCD__20240927095932.pdf
- MIT_Chart_2024_Quintana_Mesa_Com_100_20240927095922.pdf

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Operator

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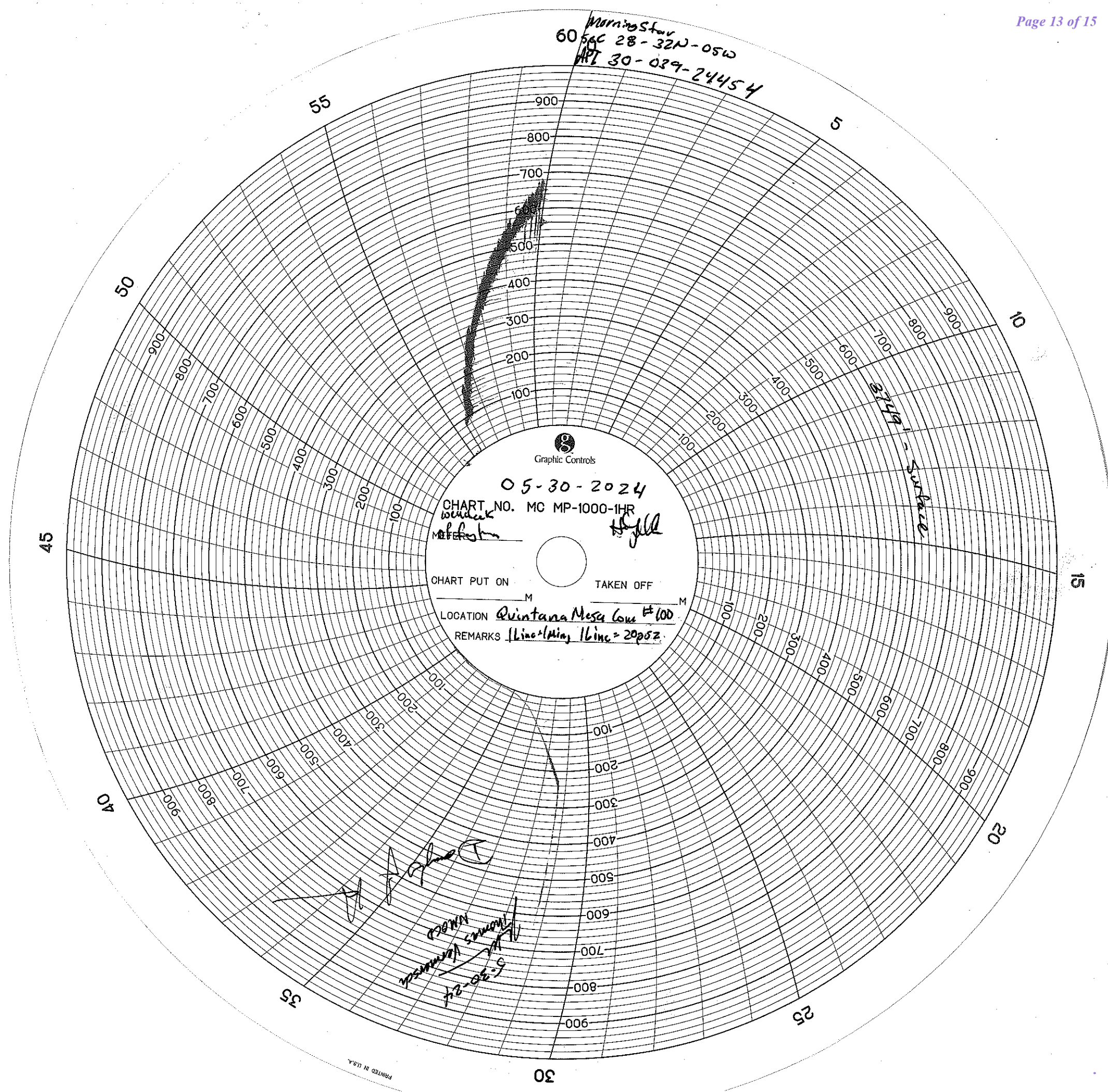
| | |
|--|----------------------------------|
| Operator Electronic Signature: CONNIE BLAYLOCK | Signed on: SEP 27, 2024 09:59 AM |
| Name: MORNINGSTAR OPERATING LLC | |
| Title: Regulatory Technician | |
| Street Address: 400 W 7th St. | |
| City: Forth Worth | State: TX |
| Phone: (817) 334-7882 | |
| Email address: CBLAYLOCK@MSPARTNERS.COM | |

Field

| | | |
|---------------------------------------|--------|------|
| Representative Name: Amy Byars | | |
| Street Address: | | |
| City: | State: | Zip: |
| Phone: | | |
| Email address: abyars@txopartners.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: Accepted | Disposition Date: 09/27/2024 |
| Signature: Matthew Kade | |





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

MECHANICAL INTEGRITY TEST REPORT (TA OR UIC)

Date of Test 5/30/24 Operator Morningstar API # 30-0 39-24 ⁴⁵⁴ ~~219~~

Property Name Quintana Mesa Com Well # 160 Location: Unit K Sec 28 Twn 32N Rge 5W

Land Type: State _____
Federal ☒ _____
Private _____
Indian _____

Well Type: Water Injection _____
Salt Water Disposal _____
Gas Injection _____
Producing Oil/Gas ☒ _____
Pressure observation _____

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

Casing Pres. 0 Tbg. SI Pres. ✓ Max. Inj. Pres. ✓
Bradenhead Pres. 0 Tbg. Inj. Pres. ✓
Tubing Pres. 1160 psi
Int. Casing Pres. NA

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

REMARKS: Packer set @ 3749 Test to surface.

Pressured up to 560psi - pressure held at 560psi for entire 30min test

By Douglas J. A.
(Operator Representative)

Witness [Signature]
(NMOCD)

(Position)

Revised 02-11-02

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 387984

CONDITIONS

| | |
|--|---|
| Operator: MorningStar Operating LLC 400 W 7th St Fort Worth, TX 76102 | OGRID: 330132 |
| | Action Number: 387984 |
| | Action Type: [C-103] Sub. Temporary Abandonment (C-103U) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--------------------------------|----------------|
| mkuehling | MIT due on or before 5/20/2029 | 10/2/2024 |