

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

Form C-101
Revised July 18, 2013

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|---|--|
| ¹ Operator Name and Address MORNINGSTAR OPERATING LLC, 400 W 7TH ST, FORT WORTH, TX 76102 | | ² OGRID Number 330132 |
| | | ³ API Number 30-025-51203 |
| ⁴ Property Code 331870 | ⁵ Property Name CENTRAL VACUUM UNIT | ⁶ Well No. 262 |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| H | 31 | 17S | 35E | | 2174 | N | 1089 | E | LEA |

8. Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| H | 31 | 17S | 35E | | 1824 | N | 1290 | E | LEA |

9. Pool Information

| Pool Name | Pool Code |
|-----------------------------|-----------|
| VACUUM; GRAYBURG-SAN ANDRES | 62180 |

Additional Well Information

| | | | | |
|--------------------------------|---|--|-----------------------------------|--|
| ¹¹ Work Type NEW | ¹² Well Type O | ¹³ Cable/Rotary | ¹⁴ Lease Type STATE | ¹⁵ Ground Level Elevation 3975 |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 5145' TVD | ¹⁸ Formation SAN ANDRES | ¹⁹ Contractor | ²⁰ Spud Date 04/15/2023 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|-------------------|-----------------|---------------|
| SURF | 12 1/4 | 9 5/8 | 36# | 1514 TVD, 1517 MD | 506 | 0 |
| PROD | 8 3/4 | 5 1/2 | 17# | 5145 TVD, 5162 MD | 800 | 0 |
| | | | | | | |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| DOUBLE RAM | 3000 | 3000 | SHAFFER |

| | | | |
|---|---------------------|----------------------------------|------------------|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: <i>Connie Blaylock</i> | | OIL CONSERVATION DIVISION | |
| Printed name: CONNIE BLAYLOCK | | Approved By: | |
| Title: REGULATORY ANALYST | | Title: | |
| E-mail Address: cblaylock@txoenergy.com | | Approved Date: | Expiration Date: |
| Date: 03/06/2023 | Phone: 817-334-7882 | Conditions of Approval Attached | |

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Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|---|
| API Number 30-025-51203 | Pool Code 62180 | Pool Name VACUUM, GRAYBURG-SAN ANDRES |
| Property Code 331870 | Property Name CENTRAL VACUUM UNIT | Well Number 262 |
| OGRID No. 330132 | Operator Name MORNINGSTAR OPERATING, LLC | Elevation 3975' |

Surface Location

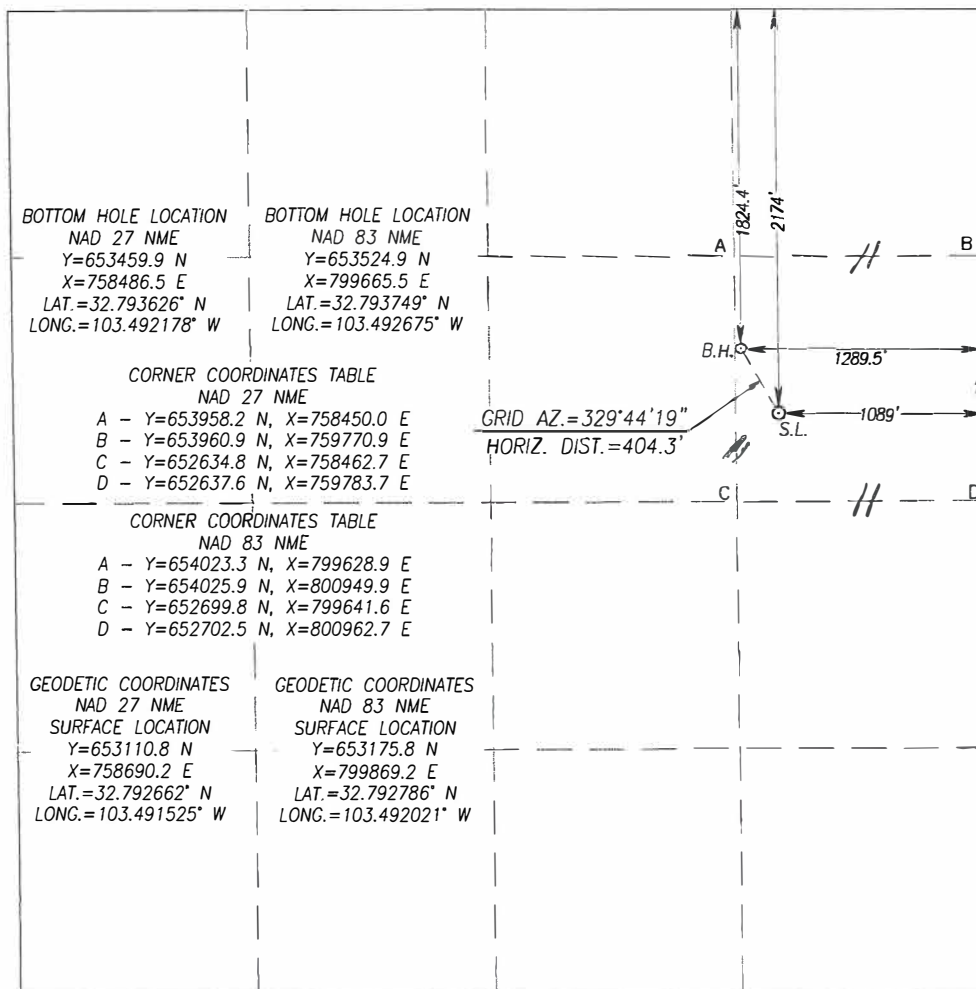
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 31 | 17-S | 35-E | | 2174 | NORTH | 1089 | EAST | LEA |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 31 | 17-S | 35-E | | 1824.4 | NORTH | 1289.5 | EAST | LEA |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| | | | |

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 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 hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Connie Blaylock 02/27/2023
Signature Date

CONNIE BLAYLOCK
Printed Name

cblaylock@txoenergy.com
E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat 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 belief.

Gary G. Eidson 02/13/2023
Date of Survey Signature & Seal of Professional Surveyor
12641
3239

Certificate Number Gary G. Eidson 12641
Ronald J. Eidson 3239

ACK REL W.O. 23110015 JWSC W.O. 23.13.0049

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description

Effective May 25, 2021

I. Operator: MORNINGSTAR OPERATING LLC **OGRID:** 330132 **Date:** 02/27/23

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

| Well Name | API | ULSTR | Footages 2174 FNL | Anticipated Oil BBL/D | Anticipated Gas MCF/D | Anticipated Produced Water BBL/D |
|-------------------------|---------------------|----------|----------------------|--------------------------|--------------------------|--|
| CENTRAL VACUUM UNIT 262 | H / 31 / 17S / 35E | 1089 FEL | 70 | 300 | 400 | |
| | 30-025-51203 | | | | | |

IV. Central Delivery Point Name: CENTRAL VACUUM UNIT BATTERY [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

| Well Name | API | Spud Date | TD Reached Date | Completion Commencement Date | Initial Flow Back Date | First Production Date |
|-------------------------|---------------------|------------|--------------------|---------------------------------|---------------------------|--------------------------|
| CENTRAL VACUUM UNIT 262 | 04/15/2023 | 04/22/2023 | 07/01/2023 | 07/12/2023 | 07/15/2023 | |
| | 30-025-51203 | | | | | |

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan**EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

| Well | API | Anticipated Average Natural Gas Rate MCF/D | Anticipated Volume of Natural Gas for the First Year MCF |
|------|-----|--|--|
| | | | |
| | | | |

X. Natural Gas Gathering System (NGGS):

| Operator | System | ULSTR of Tie-in | Anticipated Gathering Start Date | Available Maximum Daily Capacity of System Segment Tie-in |
|----------|--------|-----------------|----------------------------------|---|
| | | | | |
| | | | | |

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

If Operator checks this box, Operator will select one of the following:

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

| | |
|--|-------------------------|
| Signature: | <i>Connie Blaylock</i> |
| Printed Name: | CONNIE BLAYLOCK |
| Title: | REGULATORY ANALYST |
| E-mail Address: | cblaylock@txoenergy.com |
| Date: | 02/27/2023 |
| Phone: | 817-334-7882 |
| OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form) | |
| Approved By: | |
| Title: | |
| Approval Date: | |
| Conditions of Approval: | |

MorningStar Operating LLC

VI. Separation Equipment: Attach a complete description of how Operator will size separation equipment to optimize gas capture.

Each well will full stream produce to a satellite location. At each satellite, bulk and test measurements for unit allocation are performed. Liquids are then sent on to the battery for lact sales. All vessels are sized based on historical well performance, and historical volumes were generally higher than what we now process and produce.

Satellite (gas venting is minimal to none in this satellite bulk and test transport to central battery). Test – 2 phase test vessel and Coriolis measurement on liquid and gas phases. Bulk – 2 phase vessel for gas separation from liquids. All gas from the satellite is sent to the plant for processing and reinjection into the unit. All liquids from the satellite are sent to the Central Vacuum Unit Battery.

Central Vacuum Unit Battery (all gas and vapors are collected and compressed to the plant to minimize any venting). Gas scrubber and FWKO are utilized to remove any excess gas. This gas is gathered by our GRU compression to be sent to the gas plant for processing and reinjection into the unit. Water is moved from holding tanks to suction tanks to be reinjected into the unit. In the event of an emergency, gas can be routed to a flare on location.

VII. Operational Practices: Attach a complete description of the action Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

- **Drilling Operations:** Any natural gas produced during drilling operations will be combusted with a flare line. A properly sized flare stack will be located a minimum of 100 feet from the nearest surface hole location. If flaring isn't possible or poses a risk, Operator will vent natural gas to avoid any safety or environmental risks and report natural gas.
- **Completion Operations:** Hydrocarbon production will be minimized during completion and flowback operations. No flowback will occur until the well is connected to a properly sized system. When feasible, natural gas will be flared rather than vented. When sustained producible volumes are obtained, operations will turn to separation facilities and gathering pipeline.
- **Production Operations:** Efforts will be made to minimize waste. Process equipment (separator and tanks) is designed for efficient separation and routing produced gas to the sales pipeline. Flaring rather than venting will be the preferred method to handle emergencies and malfunctions. Equipment will be properly maintained with routine inspections and preventative maintenance. Weekly AVOs will be performed at facilities.

VIII. Best Management Practices: Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

- Best management practices are used to minimize venting and flaring during downhole operations.

- Flaring will be used in lieu of venting when feasible.
- Adequate well control during completion operations will be employed to minimize oil and gas production.
- Tanks and vessels are isolated from their respective facilities prior to inspection, maintenance, and repairs.
- The preventive maintenance program includes weekly AVO inspections, identification of failures or malfunctions, and repairs as needed.
- Coordinate with third-party gathering and sales operators to minimize downtime and the need for venting/flaring during downstream pipeline and gas plant events.

MorningStar Operating LLC

CVU #262

| Sec 31, T17S, R34E Lea County, NM | | | API number 30-025-????? AFE 22????? | | | | | | ENG: John Marschall RIG: United Drilling GLE: 3,975' RKBE: 3,987' Rig KB: 12' | | | |
|--------------------------------------|------------------------------------|-----------------------------|--|------------------|-------------------|--|--|--|---|--|---|---|
| MWD LWD | Logging Program | Estimated Formation Tops | DEPTH | | CASING PROFILE | | | | HOLE SIZE/MD | CASING/CEMENT SPECS | MW MUD TYPE | DEVIATION INFORMATION |
| | | | MD | TVD | | | | | | | | |
| | | | 40' | 40' | | | | | | 20" | | |
| | | | | | | | | | 12 1/4" | 9 5/8" 36# J55 LTC Centralizer every 3rd No DV Tool Lead to Surface 330 sks, 12.5 ppg, 2.23 yld 100% Excess 0.25 lb/sk Celloflake LCM Tail to 1,229' 176 sks, 14.8 ppg, 1.34 yld 100% Excess 0.25 lb/sk Celloflake LCM ?? bbls (?? sx) to surface | Spud Mud 8.4 - 8.8 ppg | No Hardlines No Anti collision issues Start nudge at 400' Nudge ~ 404' NW Keep DLS under 2° Hold angle to TD (no drop) |
| Warning H2S in San Andres | Mud Loggers out from surface | Rustler Casing Point | 1,467' 1,517' | 1,464' 1,514' | | | | | | 5 1/2" 17# L80 LTC Centralizer every 3rd | WBM (Brine) CO2 Flood | Hold angle to TD |
| | | Yates | 2,741' | 2,733' | | | | | | Lead to Surface 700 sks, 11.0 ppg, 2.64 yld 200% Excess 0.25 lb/sk Cello LCM 0.25 lb/sk KOL LCM | 9.5 - 10.0 ppg | |
| | | Seven Rivers | 3,067' | 3,058' | | | | | | Tail to 3,900' 100 sks, 13.2 ppg, 1.23 yld 100% Excess 0.25 lb/sk Cello LCM 0.25 lb/sk KOL LCM | San Andres Pre-Treat H2S Possible Losses | |
| | | Queen | 3,647' | 3,636' | | | | | | | | |
| | | Grayburg | 4,020' | 4,007' | | | | | | | | |
| | | Premier San Andres | 4,263' 4,324' | 4,249' 4,310' | | | | | | | | |
| | | Lovington | 4,449' | 4,435' | | | | | | | | |
| | | L. San Andres | 4,492' | 4,478' | | | | | | | | |
| | | TD | 5,162' | 5,145' | | | | | | Confirm Volume with Fluid Caliper | | |

NOTES: Schematic Not to scale



MORNING STAR OPERATING, LLC

LEA CO., NW (NAD-27 / NME)

CVU

#262

Wellbore #1

Plan: PLAN #1

Standard Planning Report

21 February, 2023



MORNING STAR OPERATING, LLC

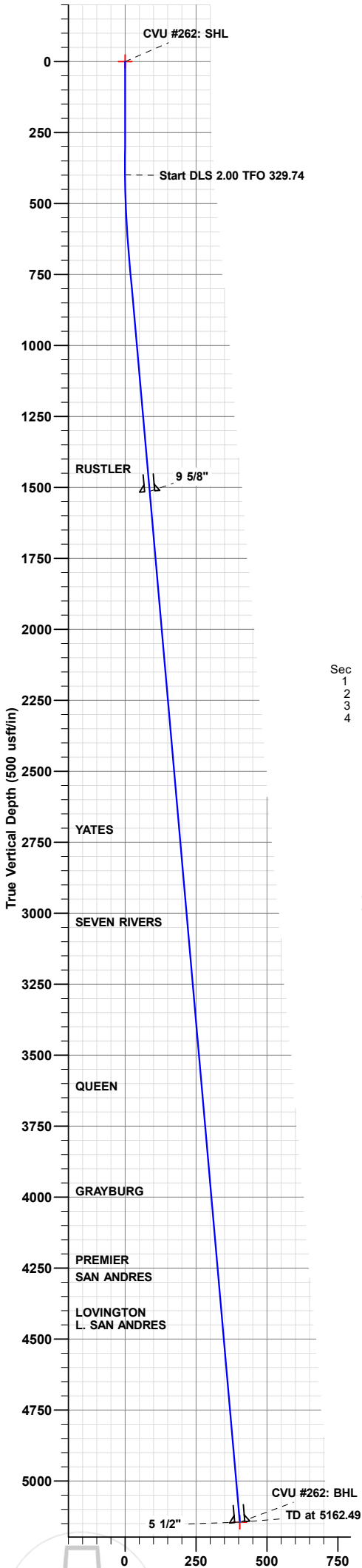
Project: LEA CO., NW (NAD-27 / NME)
Site: CVU
Well: #262
Wellbore: Wellbore #1
Design: PLAN #1



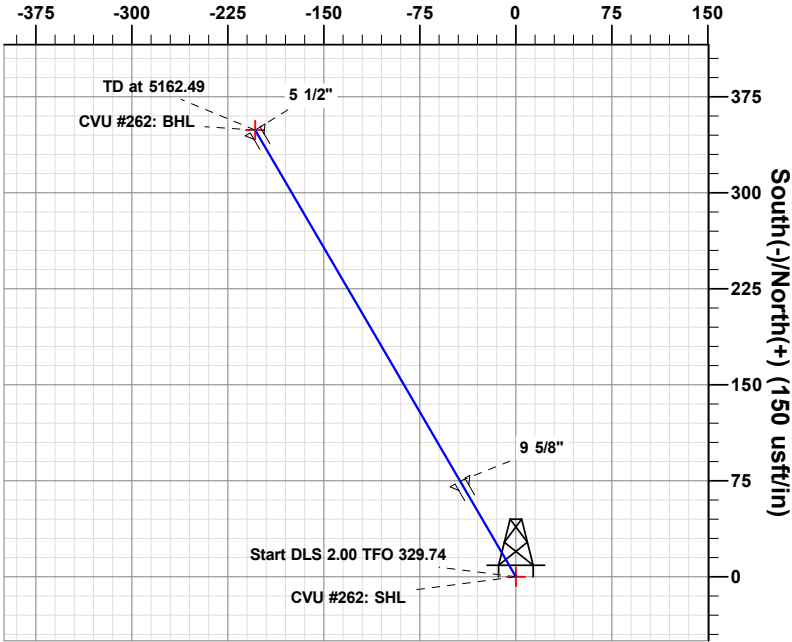
WELL DETAILS: #262

Rig Name: TBD
RKB = 12' @ 3987.00usft (TBD)
Ground Level: 3975.00
Easting: 758690.20
Latitude: 32.7926622
Longitude: -103.4915248

+N/-S 0.00 +E/-W 0.00 Northing 653110.80 Easting 758690.20 Latitude 32.7926622 Longitude -103.4915248



West(-)/East(+) (150 usft/in)



SECTION DETAILS

| Sec | MD | Inc | Azi | TVD | +N/-S | +E/-W | Dleg | TFace | VSect | Target |
|-----|---------|------|--------|---------|--------|---------|------|--------|--------|---------------|
| 1 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 2 | 400.00 | 0.00 | 0.00 | 400.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 3 | 650.00 | 5.00 | 329.74 | 649.68 | 9.42 | -5.49 | 2.00 | 329.74 | 10.90 | |
| 4 | 5162.49 | 5.00 | 329.74 | 5145.00 | 349.10 | -203.70 | 0.00 | 0.00 | 404.18 | CVU #262: BHL |

DESIGN TARGET DETAILS

| Name | TVD | +N/-S | +E/-W | Northing | Easting | Latitude | Longitude |
|---------------|---------|--------|---------|-----------|-----------|------------|--------------|
| CVU #262: SHL | 0.00 | 0.00 | 0.00 | 653110.80 | 758690.20 | 32.7926622 | -103.4915248 |
| CVU #262: BHL | 5145.00 | 349.10 | -203.70 | 653459.90 | 758486.50 | 32.7936262 | -103.4921786 |

MAGNETIC CORRECTION DATA:

MAGNETIC NORTH IS 5.90° EAST OF GRID NORTH (MAGNETIC CONVERGENCE)
TO CONVERT A MAGNETIC DIRECTION TO A GRID DIRECTION, ADD 5.90°

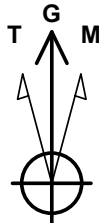
MAGNETIC DECLINATION: 6.35°
GRID CONVERGENCE: 0.46° WEST

FORMATION TOP DETAILS

| TVDPath | Formation |
|---------|---------------|
| 1464.00 | RUSTLER |
| 2733.00 | YATES |
| 3058.00 | SEVEN RIVERS |
| 3636.00 | QUEEN |
| 4007.00 | GRAYBURG |
| 4249.00 | PREMIER |
| 4310.00 | SAN ANDRES |
| 4435.00 | LOVINGTON |
| 4478.00 | L. SAN ANDRES |

CASING DETAILS

| TVD | MD | Name |
|---------|---------|--------|
| 1514.00 | 1517.62 | 9 5/8" |
| 5145.00 | 5162.49 | 5 1/2" |



Azimuths to Grid North
True North: -0.46°
Magnetic North: 5.90°

Magnetic Field
Strength: 47657.2snT
Dip Angle: 60.37°
Date: 02/21/2023
Model: IGRF2020

PROJECT DETAILS: LEA CO., NW (NAD-27 / NME)

Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001
System Datum: Mean Sea Level

Plan: PLAN #1 (#262/Wellbore #1)

Created By: Matthew May Date: 12:11, February 21 2023

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Form C-102

Revised August 1, 2011

Submit one copy to appropriate
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| API Number | Pool Code | Pool Name |
|---------------|---|--------------------|
| Property Code | Property Name CVU | Well Number 262 |
| OGRID No. | Operator Name MORNINGSTAR OPERATING, LLC | Elevation 3975' |

Surface Location

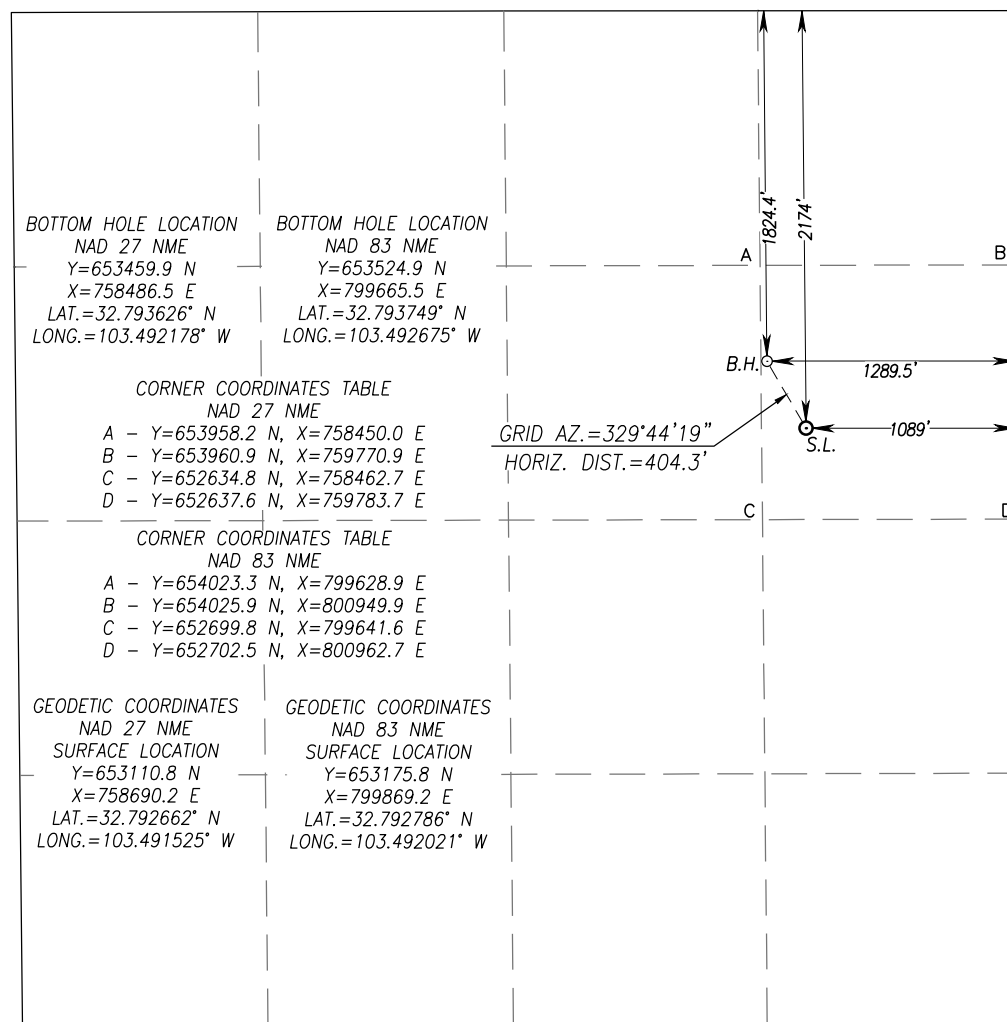
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 31 | 17-S | 35-E | | 2174 | NORTH | 1089 | EAST | LEA |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 31 | 17-S | 35-E | | 1824.4 | NORTH | 1289.5 | EAST | LEA |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| | | | |

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 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 hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat 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 belief.

JANUARY 20, 2023

Date of Survey _____
Signature _____ Seal of Professional Surveyor

Gary B. Eidson 02/13/2023

Certificate Number Gary G. Eidson 12641
Ronald J. Eidson 3239

ACK REL. W.O.:23110015 JWSC W.O.: 23.13.0049



Planning Report

| | | | |
|------------------|------------------------------|-------------------------------------|-------------------------------|
| Database: | EDM 5000.1.13 Single User Db | Local Co-ordinate Reference: | Well #262 |
| Company: | MORNING STAR OPERATING, LLC | TVD Reference: | RKB = 12' @ 3987.00usft (TBD) |
| Project: | LEA CO., NW (NAD-27 / NME) | MD Reference: | RKB = 12' @ 3987.00usft (TBD) |
| Site: | CVU | North Reference: | Grid |
| Well: | #262 | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | Wellbore #1 | | |
| Design: | PLAN #1 | | |

| | | | |
|--------------------|--------------------------------------|----------------------|----------------|
| Project | LEA CO., NW (NAD-27 / NME) | | |
| Map System: | US State Plane 1927 (Exact solution) | System Datum: | Mean Sea Level |
| Geo Datum: | NAD 1927 (NADCON CONUS) | | |
| Map Zone: | New Mexico East 3001 | | |

| Site | | CVU | | | |
|-----------------------|-----------|--------------|-----------------|-------------------|--------------|
| Site Position: | | Northing: | 653,042.20 usft | Latitude: | 32.7925706 |
| From: | Map | Easting: | 754,218.70 usft | Longitude: | -103.5060760 |
| Position Uncertainty: | 0.00 usft | Slot Radius: | 13-3/16 " | Grid Convergence: | 0.45 |

| | | | | | | |
|----------------------|-------|---------------|---------------------|-----------------|---------------|---------------|
| Well | #262 | | | | | |
| Well Position | +N/-S | 68.60 usft | Northing: | 653,110.80 usft | Latitude: | 32.7926622 |
| | +E/-W | 4,471.50 usft | Easting: | 758,690.20 usft | Longitude: | -103.4915248 |
| Position Uncertainty | | 0.00 usft | Wellhead Elevation: | 0.00 usft | Ground Level: | 3,975.00 usft |

| | | | | | |
|------------------|-------------------|--------------------|------------------------|----------------------|----------------------------|
| Wellbore | Wellbore #1 | | | | |
| Magnetics | Model Name | Sample Date | Declination (°) | Dip Angle (°) | Field Strength (nT) |
| | IGRF2020 | 02/21/23 | 6.35 | 60.37 | 47,657 |

| | | | | |
|--------------------------|--------------------------------|---------------------|----------------------|----------------------|
| Design | PLAN #1 | | | |
| Audit Notes: | | | | |
| Version: | Phase: | PLAN | Tie On Depth: | 0.00 |
| Vertical Section: | Depth From (TVD) (usft) | +N/-S (usft) | +E/-W (usft) | Direction (°) |
| | 0.00 | 0.00 | 0.00 | 329.74 |

| Plan Sections | | | | | | | | | | |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|------------------------|-----------------------|---------|---------------|
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) | TFO (°) | Target |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 400.00 | 0.00 | 0.00 | 400.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 650.00 | 5.00 | 329.74 | 649.68 | 9.42 | -5.49 | 2.00 | 2.00 | -12.11 | 329.74 | |
| 5,162.49 | 5.00 | 329.74 | 5,145.00 | 349.10 | -203.70 | 0.00 | 0.00 | 0.00 | 0.00 | CVU #262: BHL |



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| Company: | MORNING STAR OPERATING, LLC | TVD Reference: | RKB = 12' @ 3987.00usft (TBD) |
| Project: | LEA CO., NW (NAD-27 / NME) | MD Reference: | RKB = 12' @ 3987.00usft (TBD) |
| Site: | CVU | North Reference: | Grid |
| Well: | #262 | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | Wellbore #1 | | |
| Design: | PLAN #1 | | |

| Planned Survey | | | | | | | | | |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 100.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 200.00 | 0.00 | 0.00 | 200.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 300.00 | 0.00 | 0.00 | 300.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 400.00 | 0.00 | 0.00 | 400.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 500.00 | 2.00 | 329.74 | 499.98 | 1.51 | -0.88 | 1.75 | 2.00 | 2.00 | 0.00 |
| 600.00 | 4.00 | 329.74 | 599.84 | 6.03 | -3.52 | 6.98 | 2.00 | 2.00 | 0.00 |
| 650.00 | 5.00 | 329.74 | 649.68 | 9.42 | -5.49 | 10.90 | 2.00 | 2.00 | 0.00 |
| 700.00 | 5.00 | 329.74 | 699.49 | 13.18 | -7.69 | 15.26 | 0.00 | 0.00 | 0.00 |
| 800.00 | 5.00 | 329.74 | 799.11 | 20.71 | -12.08 | 23.97 | 0.00 | 0.00 | 0.00 |
| 900.00 | 5.00 | 329.74 | 898.73 | 28.23 | -16.48 | 32.69 | 0.00 | 0.00 | 0.00 |
| 1,000.00 | 5.00 | 329.74 | 998.35 | 35.76 | -20.87 | 41.41 | 0.00 | 0.00 | 0.00 |
| 1,100.00 | 5.00 | 329.74 | 1,097.97 | 43.29 | -25.26 | 50.12 | 0.00 | 0.00 | 0.00 |
| 1,200.00 | 5.00 | 329.74 | 1,197.59 | 50.82 | -29.65 | 58.84 | 0.00 | 0.00 | 0.00 |
| 1,300.00 | 5.00 | 329.74 | 1,297.21 | 58.35 | -34.04 | 67.55 | 0.00 | 0.00 | 0.00 |
| 1,400.00 | 5.00 | 329.74 | 1,396.83 | 65.87 | -38.44 | 76.27 | 0.00 | 0.00 | 0.00 |
| 1,500.00 | 5.00 | 329.74 | 1,496.45 | 73.40 | -42.83 | 84.98 | 0.00 | 0.00 | 0.00 |
| 1,600.00 | 5.00 | 329.74 | 1,596.07 | 80.93 | -47.22 | 93.70 | 0.00 | 0.00 | 0.00 |
| 1,700.00 | 5.00 | 329.74 | 1,695.69 | 88.46 | -51.61 | 102.41 | 0.00 | 0.00 | 0.00 |
| 1,800.00 | 5.00 | 329.74 | 1,795.31 | 95.98 | -56.01 | 111.13 | 0.00 | 0.00 | 0.00 |
| 1,900.00 | 5.00 | 329.74 | 1,894.93 | 103.51 | -60.40 | 119.84 | 0.00 | 0.00 | 0.00 |
| 2,000.00 | 5.00 | 329.74 | 1,994.55 | 111.04 | -64.79 | 128.56 | 0.00 | 0.00 | 0.00 |
| 2,100.00 | 5.00 | 329.74 | 2,094.17 | 118.57 | -69.18 | 137.28 | 0.00 | 0.00 | 0.00 |
| 2,200.00 | 5.00 | 329.74 | 2,193.78 | 126.09 | -73.58 | 145.99 | 0.00 | 0.00 | 0.00 |
| 2,300.00 | 5.00 | 329.74 | 2,293.40 | 133.62 | -77.97 | 154.71 | 0.00 | 0.00 | 0.00 |
| 2,400.00 | 5.00 | 329.74 | 2,393.02 | 141.15 | -82.36 | 163.42 | 0.00 | 0.00 | 0.00 |
| 2,500.00 | 5.00 | 329.74 | 2,492.64 | 148.68 | -86.75 | 172.14 | 0.00 | 0.00 | 0.00 |
| 2,600.00 | 5.00 | 329.74 | 2,592.26 | 156.20 | -91.15 | 180.85 | 0.00 | 0.00 | 0.00 |
| 2,700.00 | 5.00 | 329.74 | 2,691.88 | 163.73 | -95.54 | 189.57 | 0.00 | 0.00 | 0.00 |
| 2,800.00 | 5.00 | 329.74 | 2,791.50 | 171.26 | -99.93 | 198.28 | 0.00 | 0.00 | 0.00 |
| 2,900.00 | 5.00 | 329.74 | 2,891.12 | 178.79 | -104.32 | 207.00 | 0.00 | 0.00 | 0.00 |
| 3,000.00 | 5.00 | 329.74 | 2,990.74 | 186.32 | -108.72 | 215.71 | 0.00 | 0.00 | 0.00 |
| 3,100.00 | 5.00 | 329.74 | 3,090.36 | 193.84 | -113.11 | 224.43 | 0.00 | 0.00 | 0.00 |
| 3,200.00 | 5.00 | 329.74 | 3,189.98 | 201.37 | -117.50 | 233.14 | 0.00 | 0.00 | 0.00 |
| 3,300.00 | 5.00 | 329.74 | 3,289.60 | 208.90 | -121.89 | 241.86 | 0.00 | 0.00 | 0.00 |
| 3,400.00 | 5.00 | 329.74 | 3,389.22 | 216.43 | -126.28 | 250.58 | 0.00 | 0.00 | 0.00 |
| 3,500.00 | 5.00 | 329.74 | 3,488.84 | 223.95 | -130.68 | 259.29 | 0.00 | 0.00 | 0.00 |
| 3,600.00 | 5.00 | 329.74 | 3,588.46 | 231.48 | -135.07 | 268.01 | 0.00 | 0.00 | 0.00 |
| 3,700.00 | 5.00 | 329.74 | 3,688.08 | 239.01 | -139.46 | 276.72 | 0.00 | 0.00 | 0.00 |
| 3,800.00 | 5.00 | 329.74 | 3,787.70 | 246.54 | -143.85 | 285.44 | 0.00 | 0.00 | 0.00 |
| 3,900.00 | 5.00 | 329.74 | 3,887.32 | 254.06 | -148.25 | 294.15 | 0.00 | 0.00 | 0.00 |
| 4,000.00 | 5.00 | 329.74 | 3,986.94 | 261.59 | -152.64 | 302.87 | 0.00 | 0.00 | 0.00 |
| 4,100.00 | 5.00 | 329.74 | 4,086.56 | 269.12 | -157.03 | 311.58 | 0.00 | 0.00 | 0.00 |
| 4,200.00 | 5.00 | 329.74 | 4,186.17 | 276.65 | -161.42 | 320.30 | 0.00 | 0.00 | 0.00 |
| 4,300.00 | 5.00 | 329.74 | 4,285.79 | 284.17 | -165.82 | 329.01 | 0.00 | 0.00 | 0.00 |
| 4,400.00 | 5.00 | 329.74 | 4,385.41 | 291.70 | -170.21 | 337.73 | 0.00 | 0.00 | 0.00 |
| 4,500.00 | 5.00 | 329.74 | 4,485.03 | 299.23 | -174.60 | 346.45 | 0.00 | 0.00 | 0.00 |
| 4,600.00 | 5.00 | 329.74 | 4,584.65 | 306.76 | -178.99 | 355.16 | 0.00 | 0.00 | 0.00 |
| 4,700.00 | 5.00 | 329.74 | 4,684.27 | 314.29 | -183.39 | 363.88 | 0.00 | 0.00 | 0.00 |
| 4,800.00 | 5.00 | 329.74 | 4,783.89 | 321.81 | -187.78 | 372.59 | 0.00 | 0.00 | 0.00 |
| 4,900.00 | 5.00 | 329.74 | 4,883.51 | 329.34 | -192.17 | 381.31 | 0.00 | 0.00 | 0.00 |
| 5,000.00 | 5.00 | 329.74 | 4,983.13 | 336.87 | -196.56 | 390.02 | 0.00 | 0.00 | 0.00 |
| 5,100.00 | 5.00 | 329.74 | 5,082.75 | 344.40 | -200.96 | 398.74 | 0.00 | 0.00 | 0.00 |
| 5,162.49 | 5.00 | 329.74 | 5,145.00 | 349.10 | -203.70 | 404.18 | 0.00 | 0.00 | 0.00 |



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| Project: | LEA CO., NW (NAD-27 / NME) | MD Reference: | RKB = 12' @ 3987.00usft (TBD) |
| Site: | CVU | North Reference: | Grid |
| Well: | #262 | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | Wellbore #1 | | |
| Design: | PLAN #1 | | |

Design Targets

Target Name

| - hit/miss target | Dip Angle (°) | Dip Dir. (°) | TVD (usft) | +N/-S (usft) | +E/-W (usft) | Northing (usft) | Easting (usft) | Latitude | Longitude |
|---------------------------|------------------|-----------------|---------------|-----------------|-----------------|--------------------|-------------------|------------|--------------|
| - Shape | | | | | | | | | |
| CVU #262: SHL | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 653,110.80 | 758,690.20 | 32.7926622 | -103.4915248 |
| - plan hits target center | | | | | | | | | |
| - Point | | | | | | | | | |
| CVU #262: BHL | 0.00 | 0.00 | 5,145.00 | 349.10 | -203.70 | 653,459.90 | 758,486.50 | 32.7936262 | -103.4921786 |
| - plan hits target center | | | | | | | | | |
| - Point | | | | | | | | | |

Casing Points

| Measured Depth (usft) | Vertical Depth (usft) | Name | Casing Diameter (") | Hole Diameter (") |
|-----------------------------|-----------------------------|--------|---------------------------|-------------------------|
| 1,517.62 | 1,514.00 | 9 5/8" | 9-5/8 | 12-1/4 |
| 5,162.49 | 5,145.00 | 5 1/2" | 5-1/2 | 8-3/4 |

Formations

| Measured Depth (usft) | Vertical Depth (usft) | Name | Lithology | Dip (°) | Dip Direction (°) |
|-----------------------------|-----------------------------|---------------|-----------|------------|-------------------------|
| 1,467.43 | 1,464.00 | RUSTLER | | | |
| 2,741.27 | 2,733.00 | YATES | | | |
| 3,067.52 | 3,058.00 | SEVEN RIVERS | | | |
| 3,647.72 | 3,636.00 | QUEEN | | | |
| 4,020.14 | 4,007.00 | GRAYBURG | | | |
| 4,263.07 | 4,249.00 | PREMIER | | | |
| 4,324.30 | 4,310.00 | SAN ANDRES | | | |
| 4,449.78 | 4,435.00 | LOVINGTON | | | |
| 4,492.94 | 4,478.00 | L. SAN ANDRES | | | |

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 193713

CONDITIONS

| | |
|--|---|
| Operator: MorningStar Operating LLC 400 W 7th St Fort Worth, TX 76102 | OGRID: 330132 |
| | Action Number: 193713 |
| | Action Type: [C-101] Drilling Non-Federal/Indian (APD) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--|----------------|
| pkautz | Notify OCD 24 hours prior to casing & cement | 3/15/2023 |
| pkautz | Will require a File As Drilled C-102 and a Directional Survey with the C-104 | 3/15/2023 |
| pkautz | 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 | 3/15/2023 |
| pkautz | 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 | 3/15/2023 |
| pkautz | Cement is required to circulate on both surface and production strings of casing | 3/15/2023 |
| pkautz | The Operator is to notify NMOCDD by sundry (Form C-103) within ten (10) days of the well being spud | 3/15/2023 |