

Well Name: CARRACAS 17B	Well Location: T32N / R4W / SEC 17 / SWSE / 36.98119 / -107.27559	County or Parish/State: RIO ARRIBA / NM
Well Number: 15	Type of Well: OTHER	Allottee or Tribe Name:
Lease Number: NMNM28277	Unit or CA Name:	Unit or CA Number:
US Well Number: 300392442300S1	Operator: MORNINGSTAR OPERATING LLC	

Notice of Intent

Sundry ID: 2802431

Type of Submission: Notice of Intent	Type of Action: Temporary Abandonment
Date Sundry Submitted: 07/23/2024	Time Sundry Submitted: 10:26
Date proposed operation will begin: 07/01/2024	

**Procedure Description:** MorningStar Operating requests approval for TA status extension with an effective date of 7/1/2024, and an expiration date of 7/1/2025. TA status extension will allow the well to be evaluated for reactivation based on results of 80-acre offset well performance. The offset well was successfully returned to production in November of 2021 and has provided useful data for economic consideration. The intension is to utilize this initial data in conjunction with converting the well to rod lift to better dewater the formation, allowing additional data to quantify the economic and productive feasibility of further 80 acre well reactivation. Currently, there are multiple producing wells on this lease. Attached are the findings of a recent internal geologic and reservoir review in support of keeping the Carracas 17B15 a candidate for return to production as soon as economically possible. A passing 5 year MIT and a proposed Timeline are included. The Timeline takes into consideration approximate Forest closing / re-opening dates. MorningStar welcomes further discussion or clarification of intent.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

2024\_Review\_for\_TA\_Extension\_\_MIT\_Carr\_17B15\_20240723102529.pdf

Received by OCD: 8/7/2024 12:36:57 PM

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Conditions of Approval

Specialist Review

Carracas\_17B\_15\_ID\_2802431\_\_TA\_COAs\_MHK\_7.24.2024\_20240724124215.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: JUL 23, 2024 10:25 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@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: 07/24/2024
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>



July 24, 2024

## CONDITIONS OF APPROVAL

### Sundry Notice of Intent ID # 2802431 Request to Extend Temporary Abandonment

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**Operator:** Morningstar Operating LLC  
**Lease:** NMNM 28277  
**Well(s):** Carracas 17B 15, API # 30-039-24423  
**Location:** SWSE Sec 17 T32N R4W (Rio Arriba County, NM)

The request to extend the temporary abandonment (TA) is approved with the following conditions:

1. No well shall be TA'd without prior approval from the authorized officer or representative.
2. This approval is granted for a 12-month period until July 1, 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 status with engineering and/or economic justification for another 12-month period. Continue to provide information on the 80-acre infill if that will still be the proposed plan going forward. Provide the gas price necessary to move forward with returning the well to production. Provide a timeline to notate what progress has been made over the past year and what will happen over the next several years. If there is no engineering and/or economic justification attached and/or no verifiable progress is being made, the next TA request will be denied, and the well will be ordered to be plugged. This office gave Morningstar an opportunity to fix mistakes following the updated 43 CFR 3162.3-4 regulations in 2024, but moving forward everything will need to be included.
  - b. A sundry notice (Notification – Resume Production) with resumption of production reported within 5 business days after the well is returned to 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 July 1, 2025, a sundry notice must be submitted prior to that date. Plugging will have to occur within six months of 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.

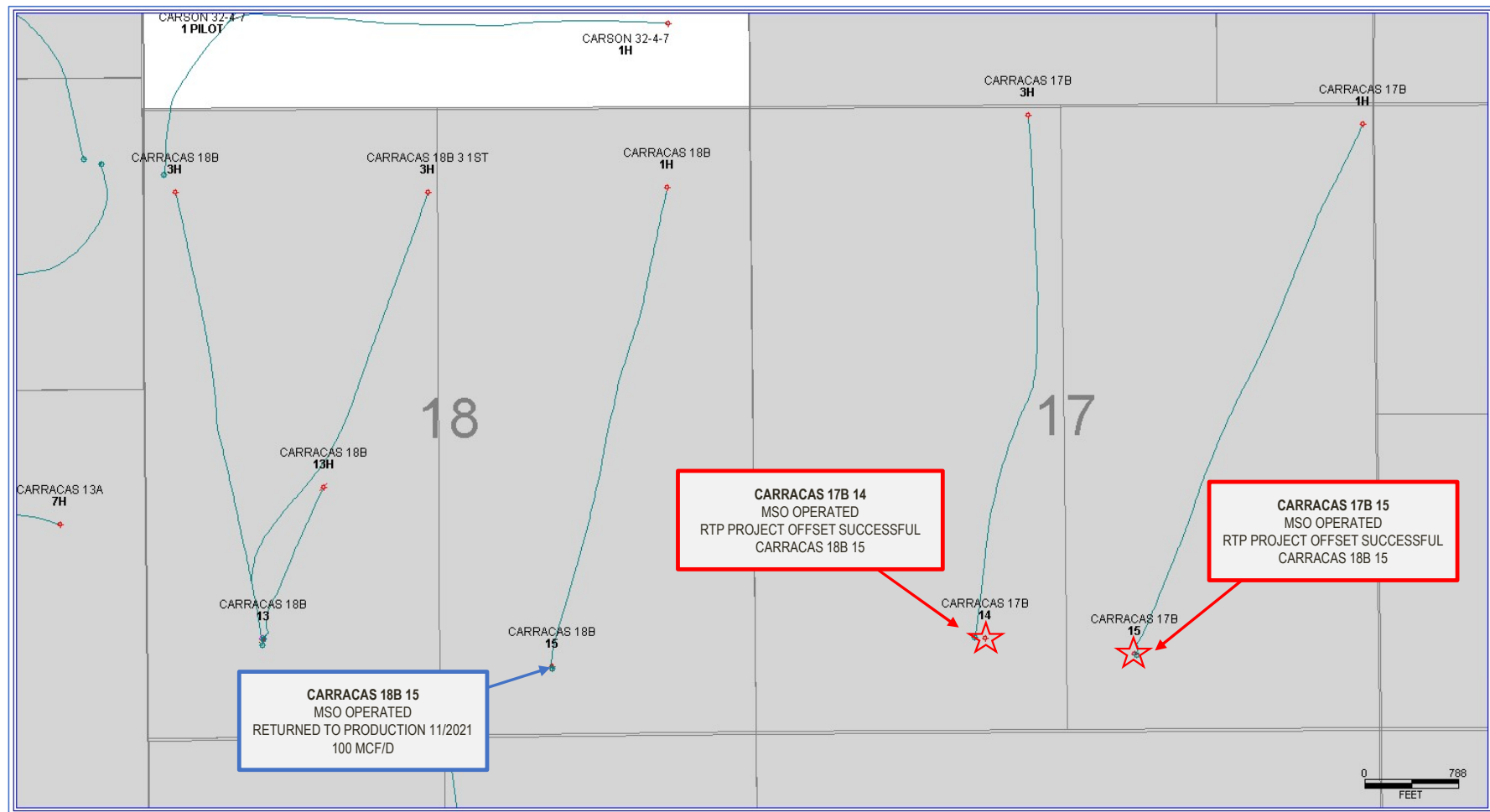
4. The lease is currently held by production from other wells. Should production from the lease cease, the BLM will require this well be returned to production or P&A, regardless of the length of time the TA status is still approved for.

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](mailto:mkade@blm.gov).

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

## Discussion

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



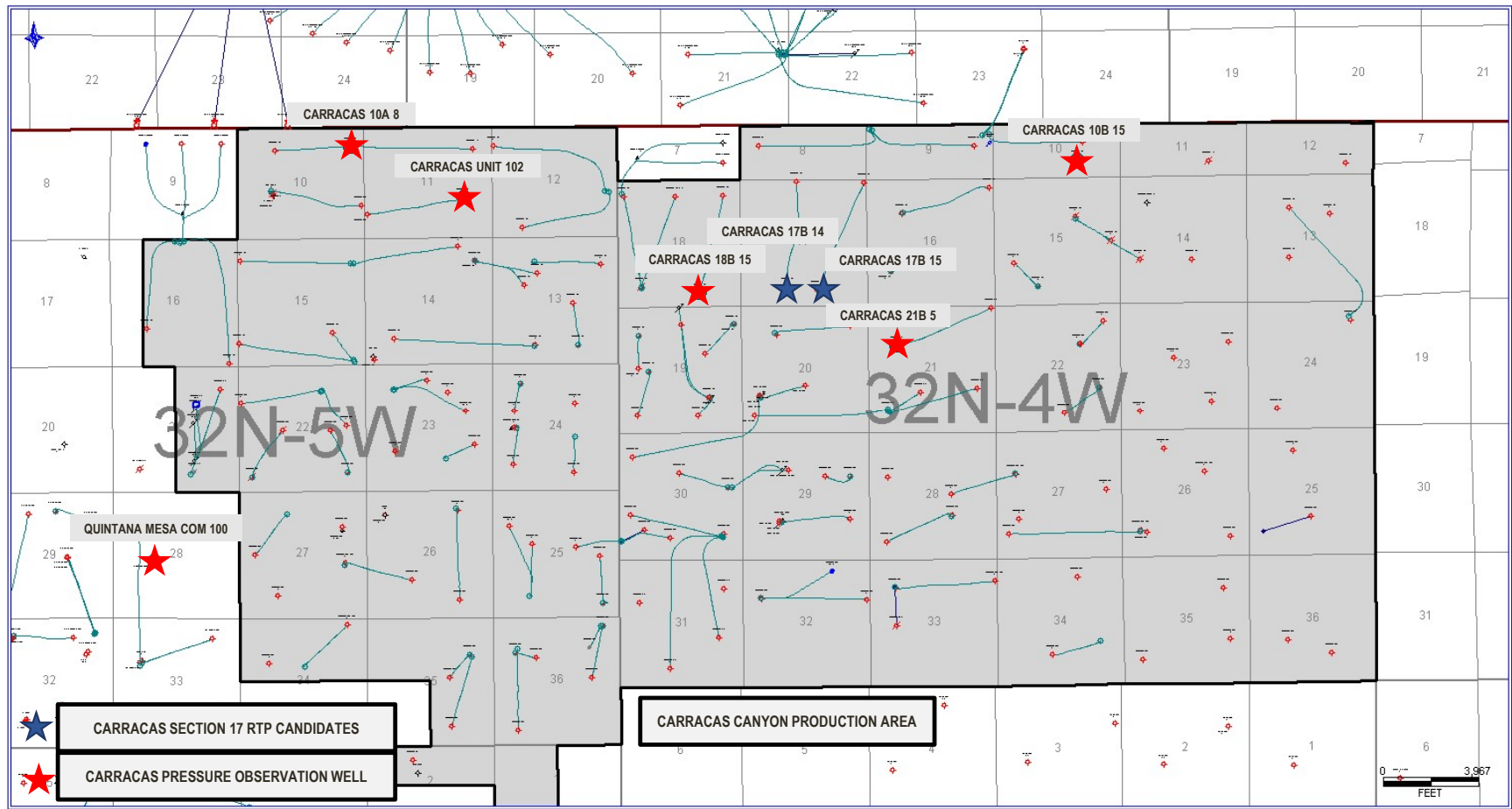
## Carracas 17B #14 & Carracas 17B #15 Discussion

- 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

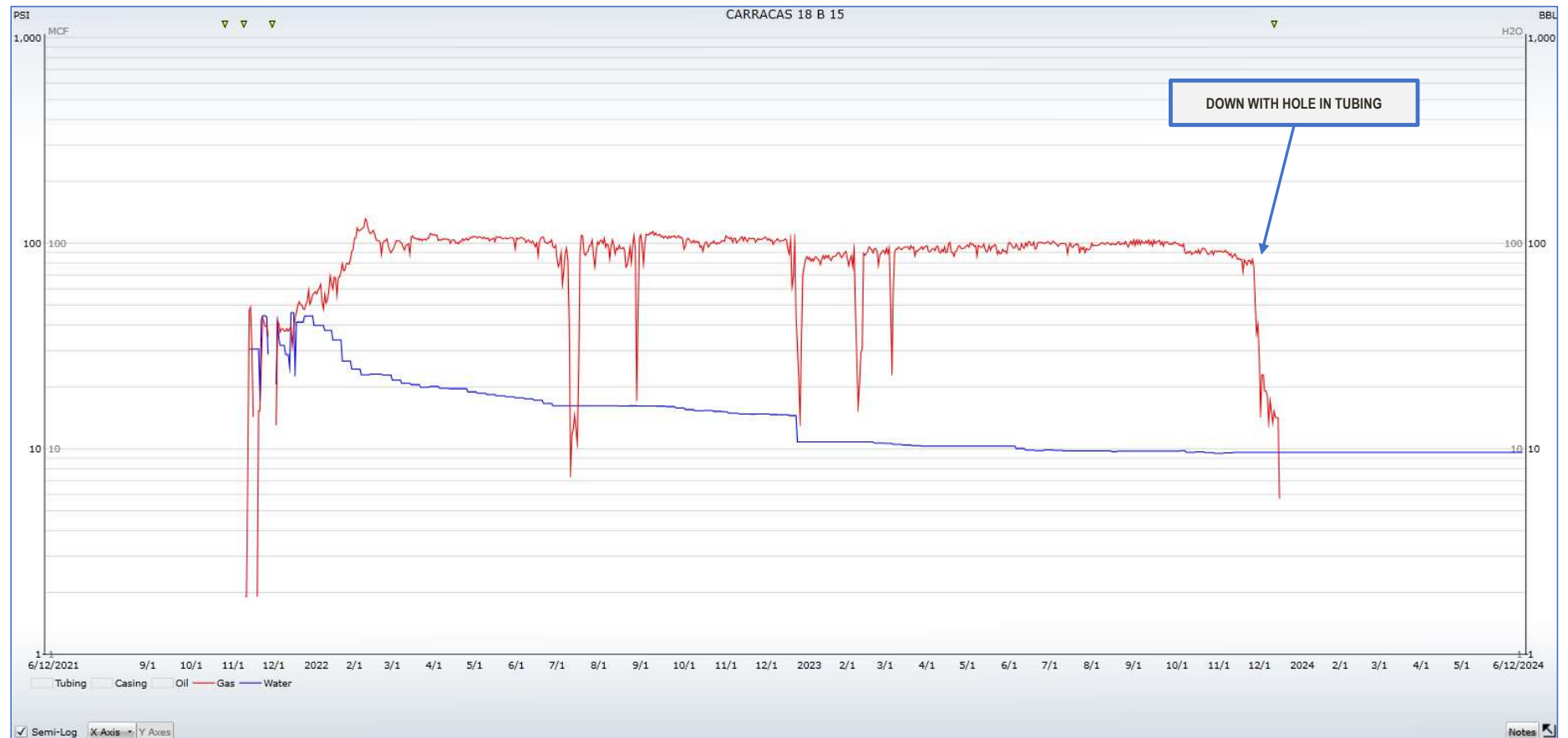
- Carracas 18B #15 RTP successful with sustained production of 100 mcf/d
- Carracas 18B #15 requires artificial lift upgrades to better dewater the localized water volumes for better gas desorption and recovery
- Carracas 17B #14 & Carracas 17B #15 will likely need artificial lift making them high capital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

## Carracas Area Pressure Observation wells



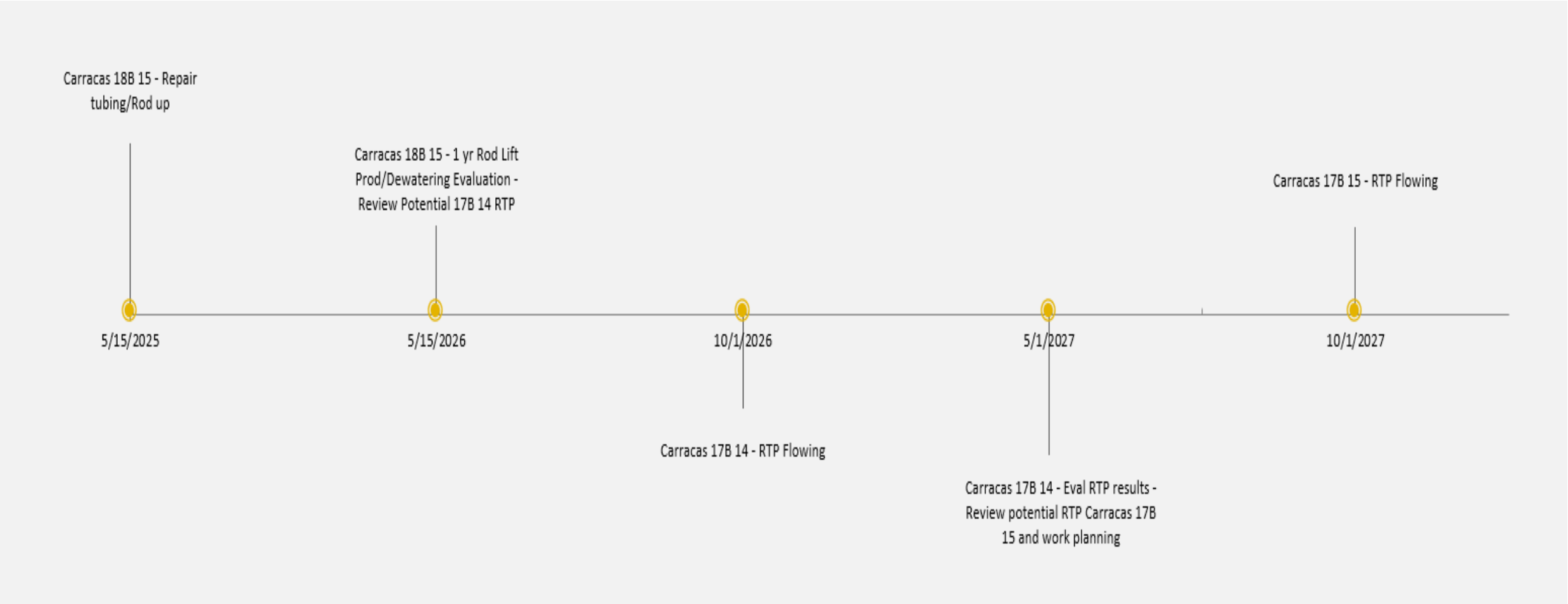


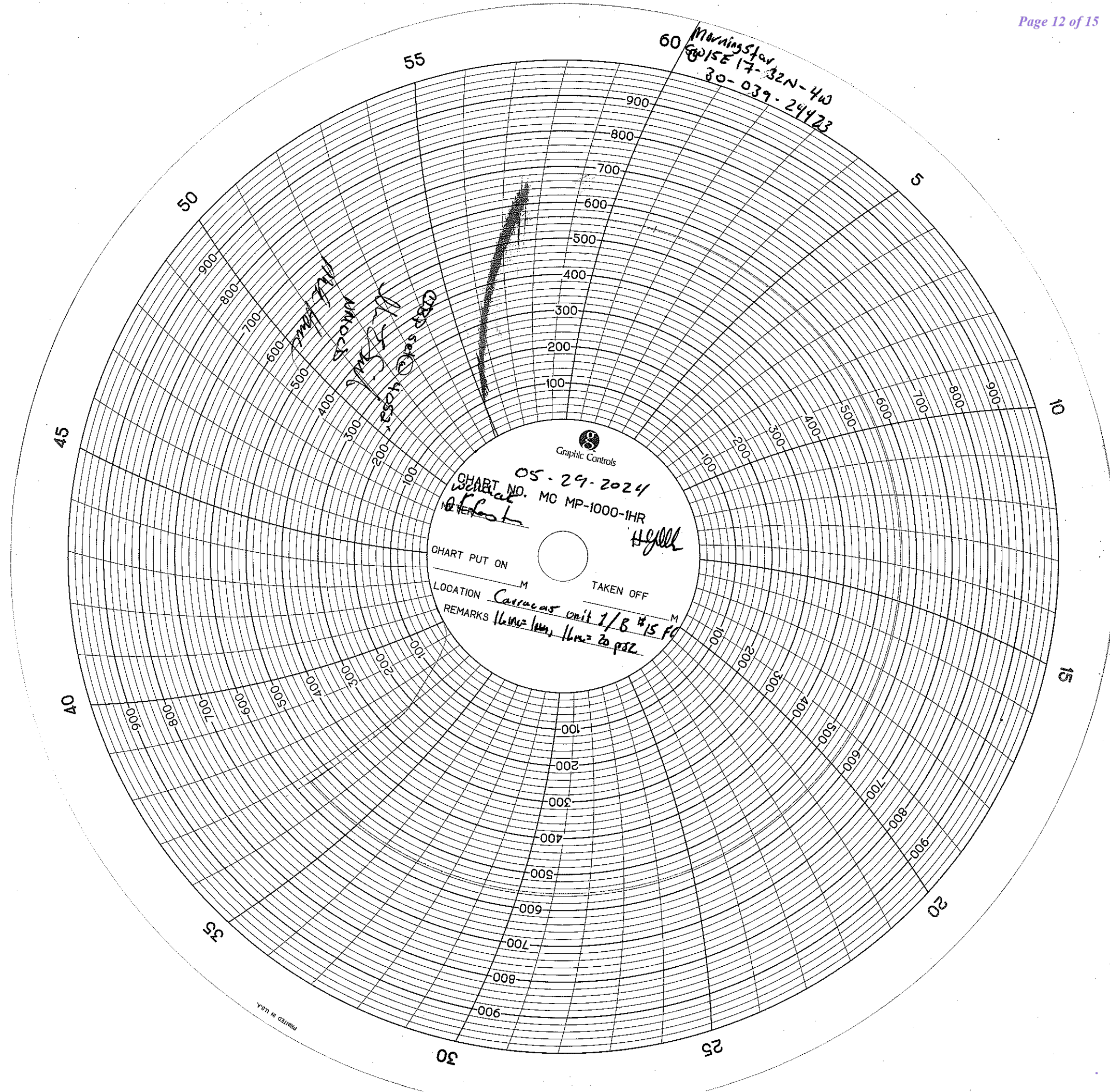
## Carracas 18B 15 RTP production



## 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 Morningstar API # 30-039-24423  
 Property Name CATACAS 17B Well # 15 Location: Unit 0 Sec 17 Twn 32N Rge 04W  
 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): Y TA Expires: \_\_\_\_\_

Casing Pres. 0 Tbg. SI Pres. \_\_\_\_\_ Max. Inj. Pres. \_\_\_\_\_  
 Bradenhead Pres. 0 Tbg. Inj. Pres. \_\_\_\_\_  
 Tubing Pres. 0  
 Int. Casing Pres. N/A

Pressured annulus up to 560 psi. for 40 mins. Test passed/failed

REMARKS: CIRP set @ 4052' Test to surface.

By [Signature]  
(Operator Representative)

Witness [Signature]  
(NMOCD)

(Position)

Revised 02-11-02

# MorningStar Operating, LLC

**Carracas 17B 15**  
**O - S17 T32N R04W**  
**Rio Arriba County, NM**

TD – 4,300'; PBTD – 4,207'

12-1/4" hole to 349'  
 Surface Csg: 9 jts 9-5/8" 36# J55  
 Setting Depth: 352'

Cement  
 50 sx 65/35, 100 sx Class B  
 Total volume: 218 ft<sup>3</sup>  
 Circulated cmt to surface

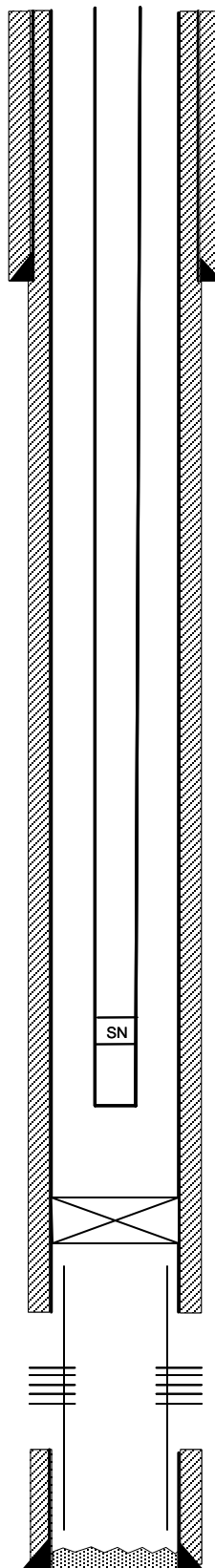
8 3/4" hole to 4,300'  
 Prod Csg: 106 jts 5-1/2" 15.5# K55 LTC  
 Setting Depth: 4,290'

Cement  
 Lead: 540sx 65/35 poz  
 Tail: 100sx 50/50 poz  
 Total volume: 1553 ft<sup>3</sup>  
 Circulated 20 bbls cmt to surface

**Composite Plug Set 4052' –**  
**load hole with inhibited**  
**packer fluid (10/2009)**

**Under-ream Csg (1999):**  
 4164-4191'  
 3 1/2" 9.3# J-55 liner  
 Set 4092-4189'

Frac (1989):  
 1766 bbls fluid, 48klbs 40/70 sand,  
 170klbs 20/40 sand  
Cavitate (1999)



Prepared by: BBerry  
 Date: 02/26/2024

KB = 13 ft  
 GL = 7,370 ft  
 API# 30-039-24423

Spud Date: 06/01/1989  
 Ready to Produce: 07/15/1989  
 Section Mill, Cavitate, Run Liner: 08/23/1999  
 Convert to POW well: 10/12/2009

**MIT 08/20/2014 – Passed (start 570 psig, drop and hold for 30 min @ 565 psig)**

**MIT 07/01/2019 – Passed (Pressure to 560 and held 30 min)**

**Kill String 10/12/2009:**

2 3/8" 4.7# J-55 tbg:  
 126 jts tubing, 1.78" SN, 1 jt tubing  
 Est EOT 4027'

Perforations (FC) 1989:

4166-4189', 4 spf 0.50" EHD 92 total Perfs

Perforations (FC) 1999:

4158-4180' 4 spf 88 holes 0.33" EHD

**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 371341

CONDITIONS

Operator:  MorningStar Operating LLC 400 W 7th St Fort Worth, TX 76102	OGRID:  330132
	Action Number:  371341
	Action Type:  [C-103] Sub. Temporary Abandonment (C-103U)

CONDITIONS

Created By	Condition	Condition Date
mkuehling	MIT required on or before 5/29/2029 -	8/21/2024