

Well Name: CARRACAS 17B	Well Location: T32N / R4W / SEC 17 / SESW / 36.981599 / -107.280437	County or Parish/State: RIO ARRIBA / NM
Well Number: 14	Type of Well: OTHER	Allottee or Tribe Name:
Lease Number: NMNM28277	Unit or CA Name:	Unit or CA Number:
US Well Number: 300392648500S1	Operator: MORNINGSTAR OPERATING LLC	

Notice of Intent

Sundry ID: 2801810

Type of Submission: Notice of Intent	Type of Action: Temporary Abandonment
Date Sundry Submitted: 07/18/2024	Time Sundry Submitted: 01:30
Date proposed operation will begin: 07/18/2024	

Procedure Description: MorningStar Operating requests approval for TA status extension with an effective date of 7/18/2024, and an expiration date of 7/18/2025. 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 17B14 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_Status_Extension_Request_20240718132815.pdf

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US Well Number: 300392648500S1

Operator: MORNINGSTAR
OPERATING LLC

Conditions of Approval

Specialist Review

Carracas_17B_14_ID_2801810__TA_COAs_MHK_7.22.2024_20240723091235.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 18, 2024 01:29 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: 07/23/2024

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 22, 2024

CONDITIONS OF APPROVAL

Sundry Notice of Intent ID # 2801810 Request to Extend Temporary Abandonment

Operator: Morningstar Operating LLC
Lease: NMNM 28277
Well(s): Carracas 17B 14, API # 30-039-26485
Location: SESW Sec 17 T32N R4W (Rio Arriba County, NM)

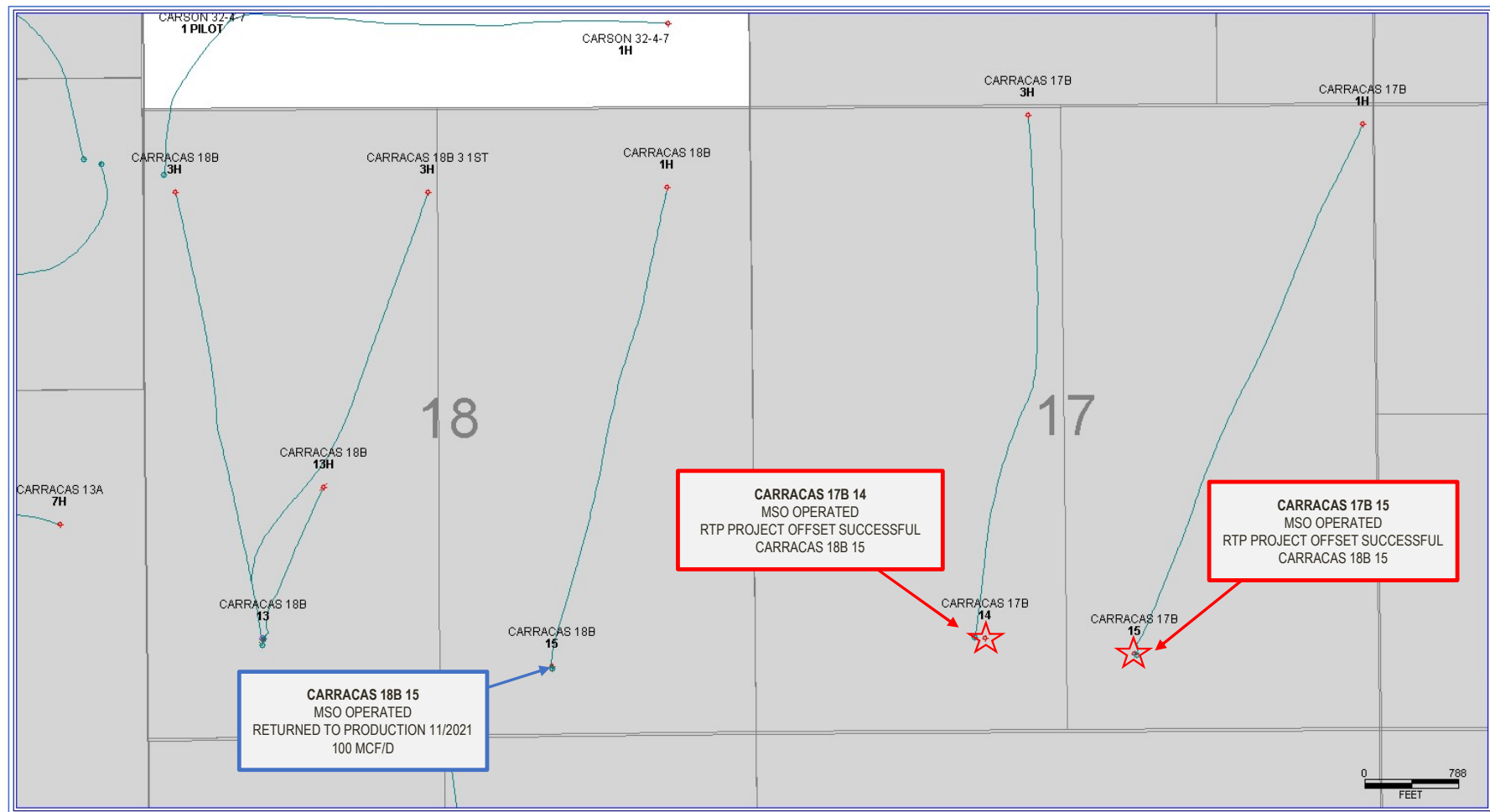
The request to extend the temporary abandonment (TA) is approved with the following conditions:

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 18, 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 18, 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.

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



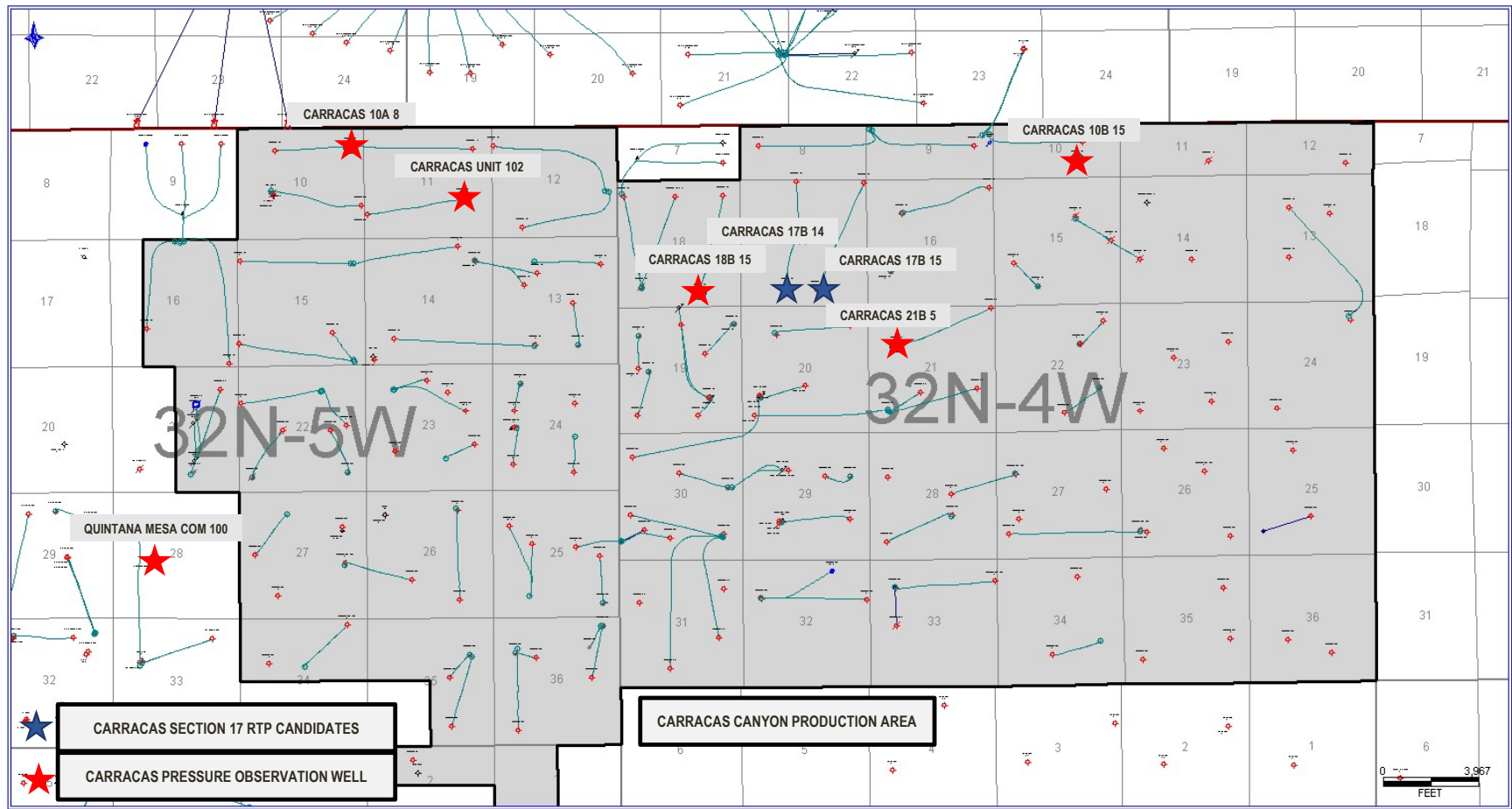
Carracas 17B #14 & Carracas 17B #15 Discussion

- 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.

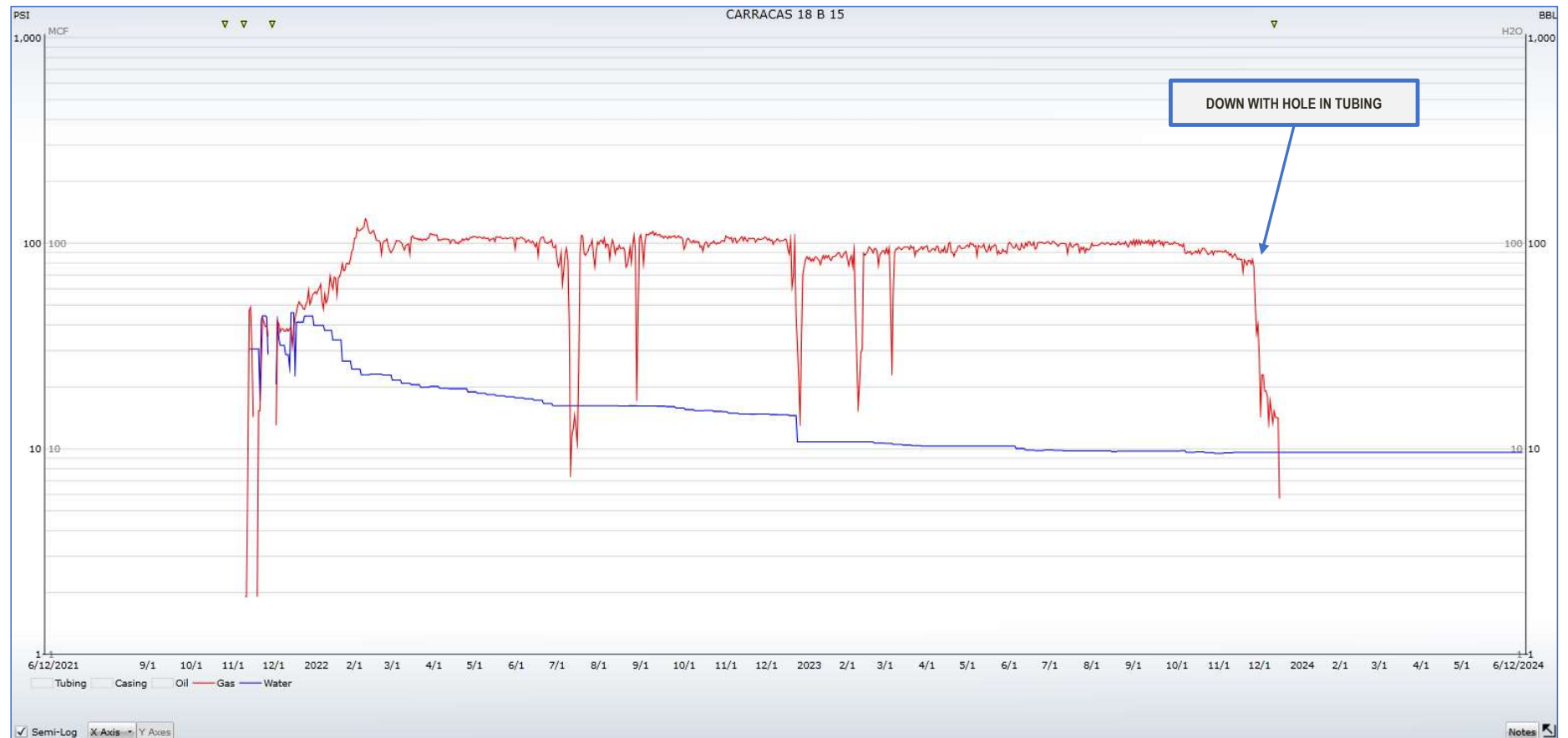
Well	PSI
Carracas 10A 8	944
Carracas 10B 15	872
Carracas 18B 15 - RTP'd	801
Carracas 21B 5	1284
Carracas Unit FR 102	809
Quintana Mesa Com 100	1297

- 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

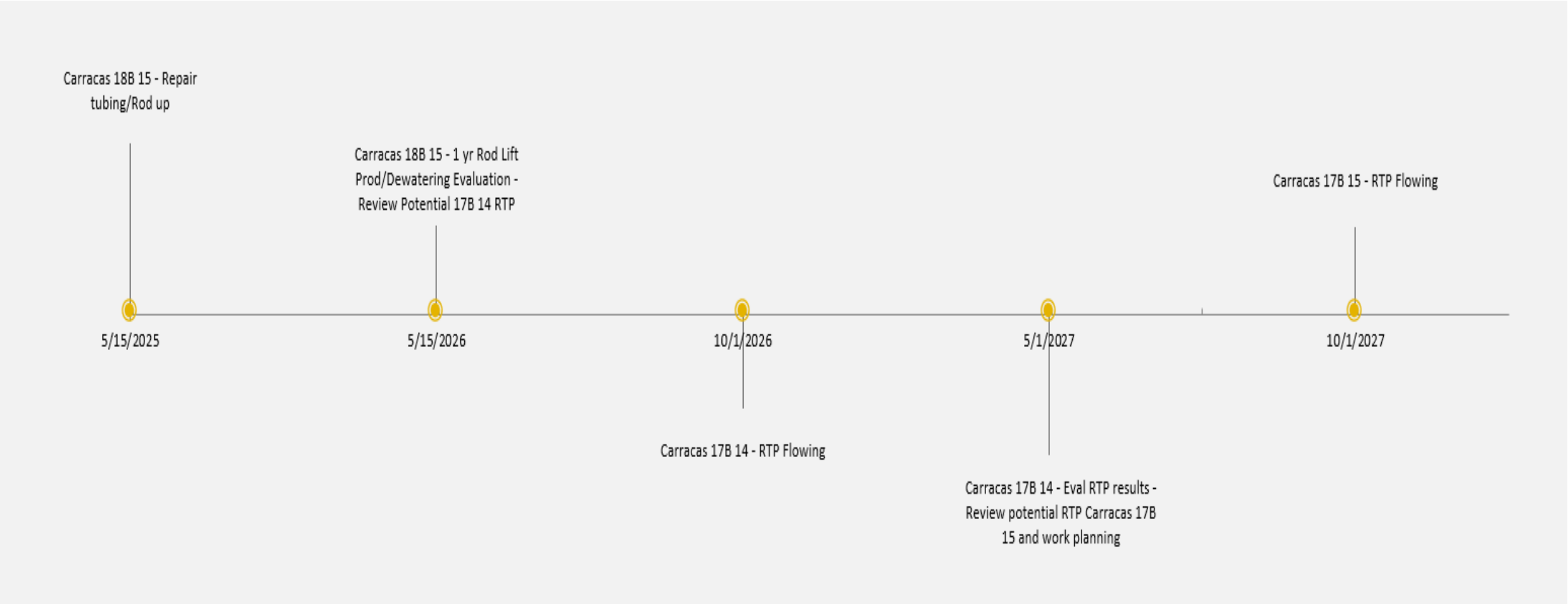


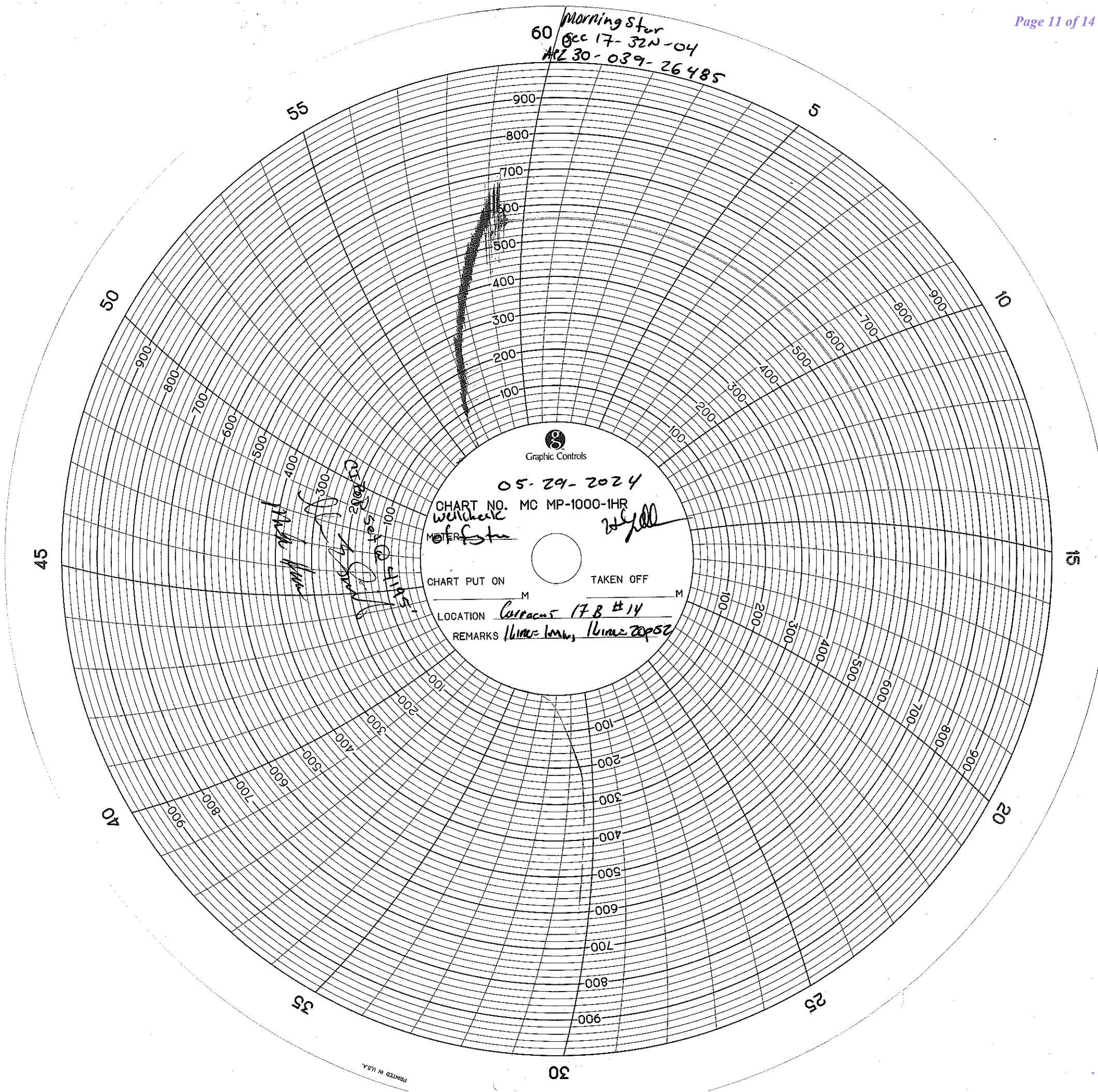
Carracas 18B 15 RTP production



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 # 30-039-26485
 Property Name CARRACAS 17B Well # 14 Location: Unit N Sec 17 Twn 32N Rge 04W
 Land Type: State _____ Well Type: _____
 Federal ✓ Water Injection _____
 Private _____ Salt Water Disposal _____
 Indian _____ Gas Injection _____
 Producing Oil/Gas ✓
 Pressure observation _____

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

Casing Pres. 0 Tbg. SI Pres. _____ Max. Inj. Pres. _____
 Bradenhead Pres. 0 Tbg. Inj. Pres. _____
 Tubing Pres. 0
 Int. Casing Pres. 0

Pressured annulus up to 562 psi. for 35 mins. Test passed/failed

REMARKS: PCIBP set @ 4195' test to surface

By [Signature]
(Operator Representative)

Witness [Signature]
(NMOCD)

(Position)

Revised 02-11-02

MorningStar Operating, LLC

Carracas 17 B #14
Rio Arriba County, NM

TD – 4,360 ft MD

14-3/4" hole to 233'
Surface Csg: 10-3/4" 40.5# J-55
Setting Depth: 208 ft

Cement
381sx Class G
Circulated cement to surface

8-7/8" hole to 2272'
Int Csg: 7-5/8" 26.4# J-55
Setting Depth: 2152 ft

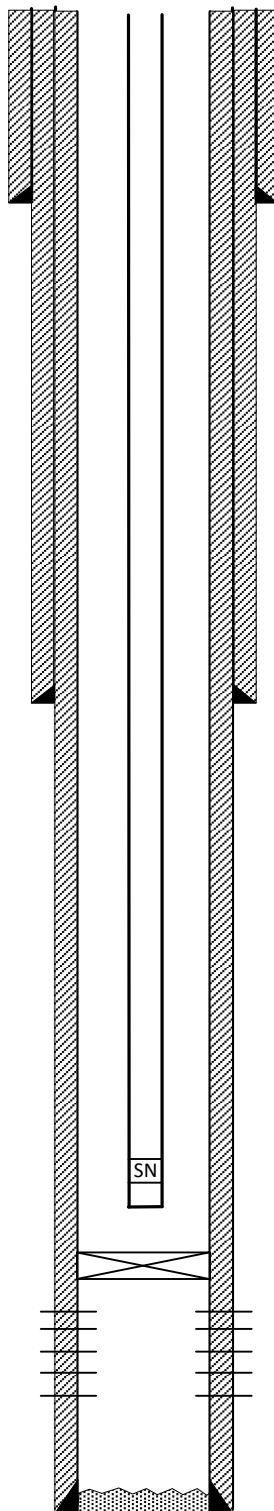
Cement
Lead: 295sx Class G
Tail: 125sx Class G
Circulated cement to surface

6-3/4" hole to 4360'
Prod Csg: 5-1/2" 15.5# J-55 LT&C
Setting Depth: 4356'

Cement
240sx Class G
Circulate 1 bbl cement to surface

Perfs FC: 4spf 100 holes:
4,238'-4,262'

Frac:
3088 bbls fluid
265,856# 16/30 sand



PBTB: 4,310 ft MD

Prepared by: JRyza
Date: 02/28/2022

KB = 12 ft
GL = 7,439 ft
API# 30-039-26485

Spud Date: 07/13/2001
Ready to Produce: 09/07/2001
Install rod lift: 07/28/2005
Convert to TA: 08/31/2009

Prod Tbg 08/28/2009:

2-3/8" 4.7# J-55 tbg;
128 jts tbg,
SN, 1 jt tbg w/ notched collar on bottom
EOT=4,097' ; SN=4,064'

NOTE: Hole loaded with 2% KCL
inhibited fluid above BP

Bridge plug @ 4,195'
Noted as CBP, (maybe CIBP?)

Fruitland perfs: 4,238' – 4,262'

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 371317

CONDITIONS

Operator: MorningStar Operating LLC 400 W 7th St Fort Worth, TX 76102	OGRID: 330132
	Action Number: 371317
	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