

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Well Name: CARRACAS UNIT FR	Well Location: T32N / R5W / SEC 11 / NESE / 36.99194 / -107.326	County or Parish/State: RIO ARRIBA / NM
Well Number: 102	Type of Well: OTHER	Allottee or Tribe Name:
Lease Number: NMNM29760	Unit or CA Name: CARRACAS CANYON UNIT-FC"B	Unit or CA Number: NMNM78384G
US Well Number: 300392434900S1	Operator: MORNINGSTAR OPERATING LLC	

Notice of Intent

Sundry ID: 2802109

Type of Submission: Notice of Intent

Type of Action: Temporary Abandonment

Date Sundry Submitted: 07/22/2024

Time Sundry Submitted: 09:57

Date proposed operation will begin: 07/18/2024

Procedure Description: MorningStar Operating submits the attached 5 yr MIT and requests extension of TA/POW status for the Carracas Unit FR #102, with a proposed expiration date of 7/18/2025, and an effective date of 7/18/2024. The well was converted to a POW on 8/20/2008. Pressure tests reports will be submitted annually and a MIT run every 5 years to show wellbore integrity. 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_20240722095619.pdf

MIT_Chart_2024_Carracas_Unit_FR_102_20240722095449.pdf

MIT_Report__OCD__20240722095435.pdf

Well Name: CARRACAS UNIT FR

Well Location: T32N / R5W / SEC 11 / NESE / 36.99194 / -107.326

County or Parish/State: RIO ARRIBA / NM

Well Number: 102

Type of Well: OTHER

Allottee or Tribe Name:

Lease Number: NMNM29760

Unit or CA Name: CARRACAS CANYON UNIT-FC"B

Unit or CA Number: NMNM78384G

US Well Number: 300392434900S1

Operator: MORNINGSTAR OPERATING LLC

Conditions of Approval

Specialist Review

Carracas_Unit_FR_102_ID_2802109_TA_COAs_MHK_7.23.2024_20240723093744.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 22, 2024 09:56 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@mspartner.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 23, 2024

CONDITIONS OF APPROVAL

Sundry Notice of Intent ID # 2802109

Request to Extend Temporary Abandonment/Pressure Observation Well Status

Operator: Morningstar Operating LLC
Lease: NMNM 29760
Agreement: NMNM 78384G
Well(s): Carracas Unit FR 102, API # 30-039-24349
Location: NESE Sec 11 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 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/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 July 18, 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.

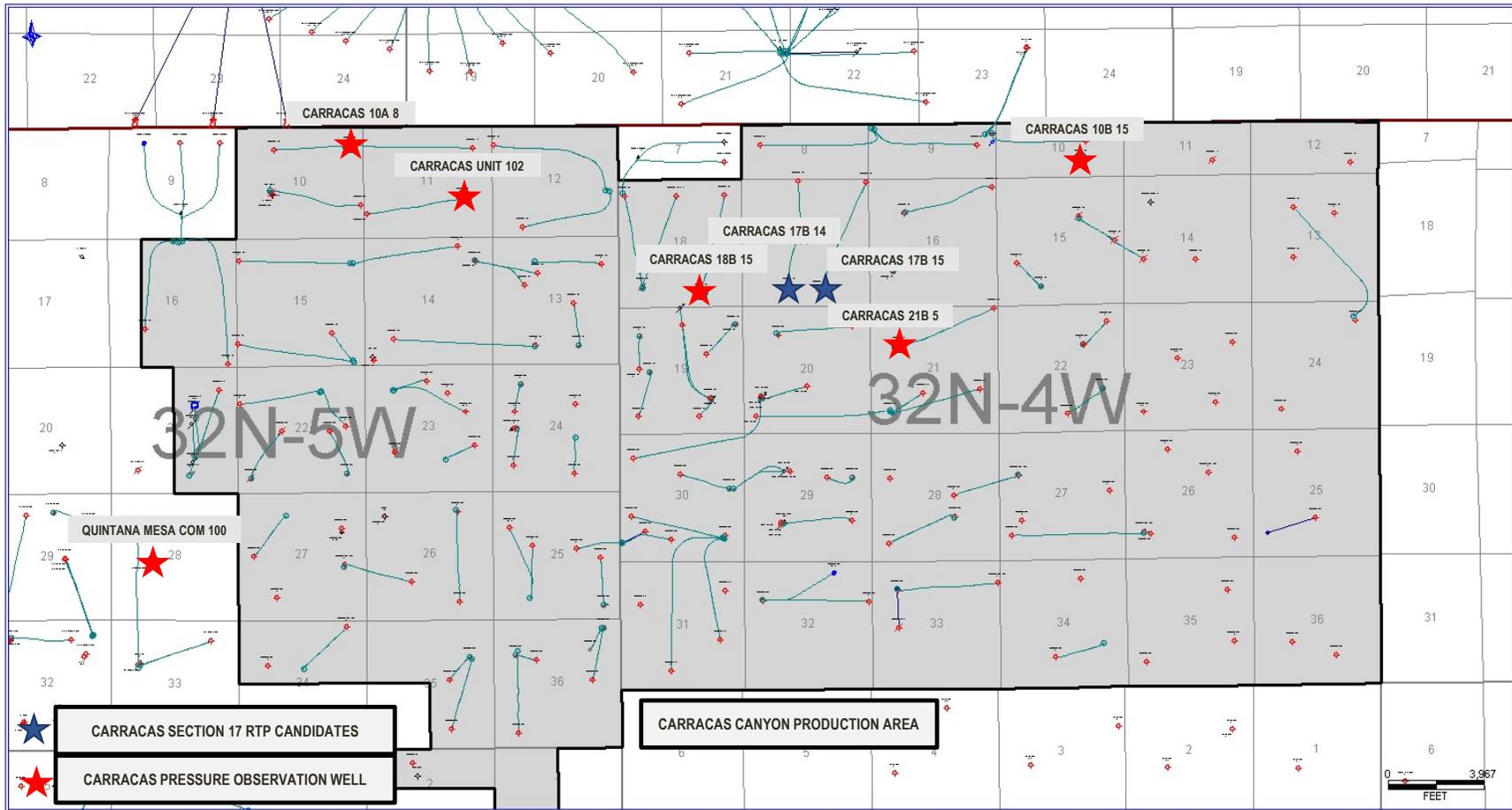
Carracas 17B #14 & Carracas 17B #15 Discussion

- 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.

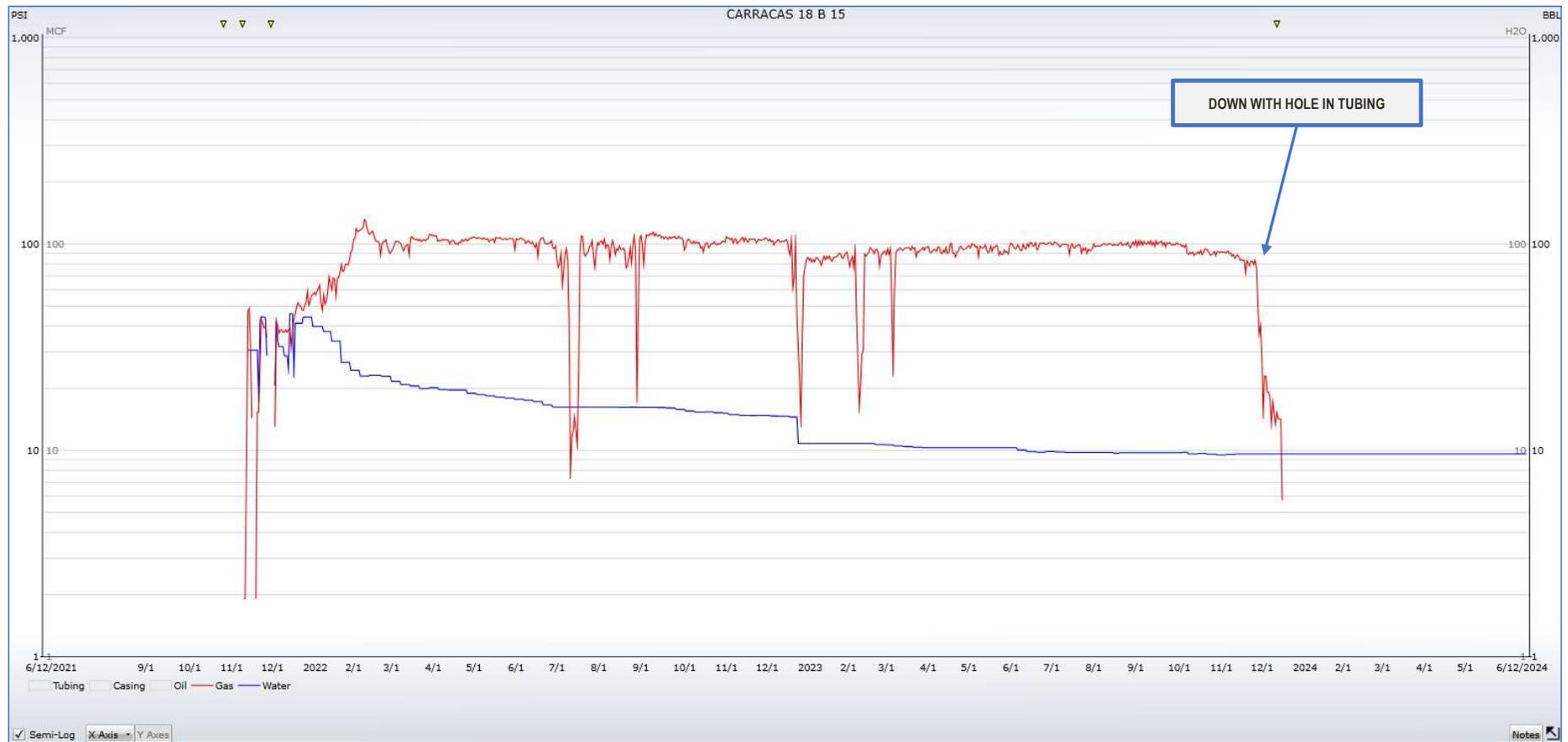
Well	PSI
Carracas 10A 8	944
Carracas 10B 15	872
Carracas 18B 15 - RTP'd	801
Carracas 21B 5	1284
Carracas Unit FR 102	809
Quintana Mesa Com 100	1297

- 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

Carracas 18B 15 - Repair
tubing/Rod up

Carracas 18B 15 - 1 yr Rod Lift
Prod/Dewatering Evaluation -
Review Potential 17B 14 RTP

Carracas 17B 15 - RTP Flowing

5/15/2025

5/15/2026

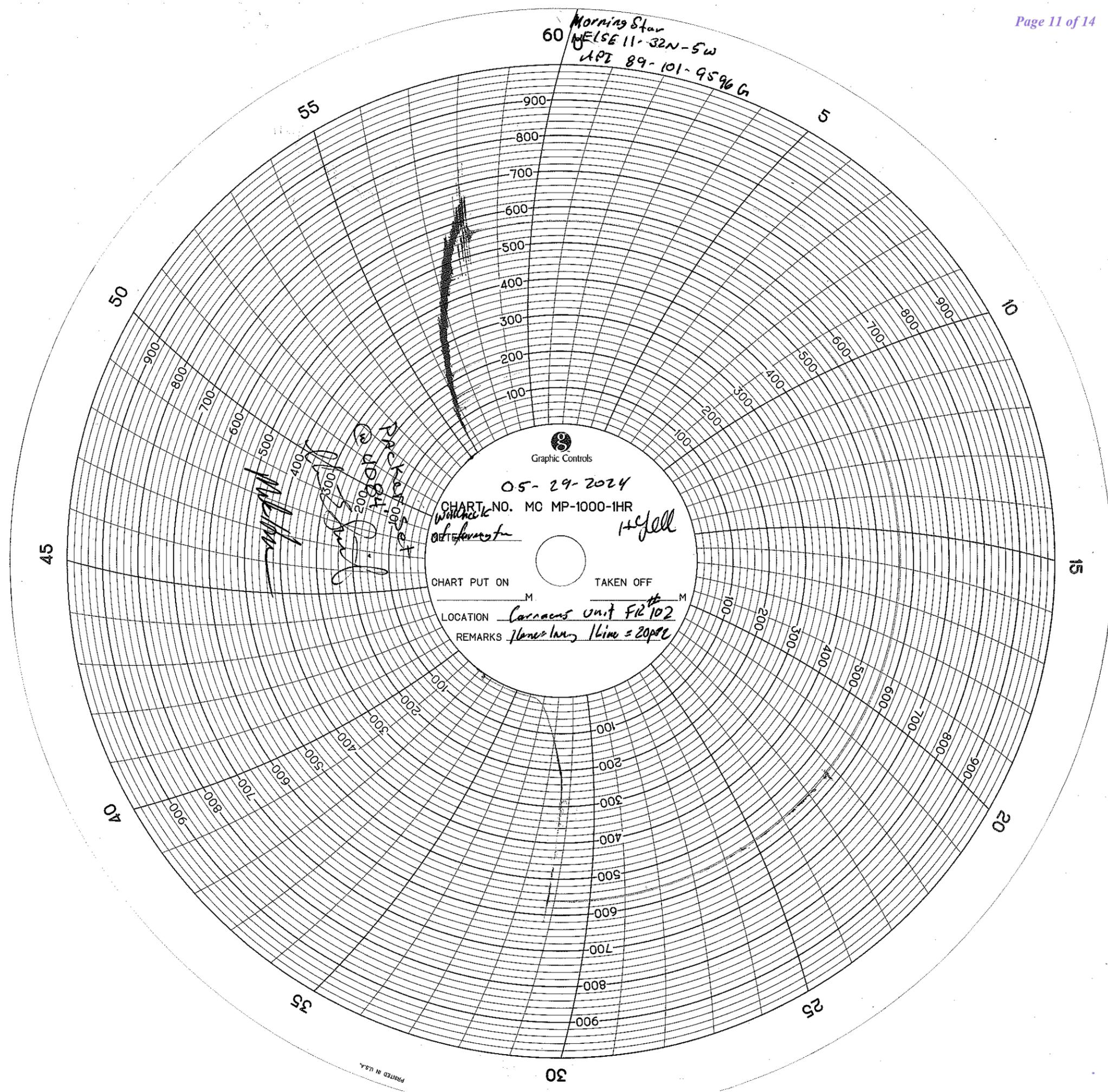
10/1/2026

5/1/2027

10/1/2027

Carracas 17B 14 - RTP Flowing

Carracas 17B 14 - Eval RTP results -
Review potential RTP Carracas 17B
15 and work planning





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

MECHANICAL INTEGRITY TEST REPORT (TA OR UIC)

Date of Test 5/29/24 Operator Morningstar API # 30-0 39-24349

Property Name CUFR Well # 102 Location: Unit I Sec 11 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): Y TA Expires: _____

Casing Pres. 20 Tbg. SI Pres. _____ Max. Inj. Pres. _____
Bradenhead Pres. 0 Tbg. Inj. Pres. _____
Tubing Pres. 750
Int. Casing Pres. NIA

Pressured annulus up to 562 psi. for 30 mins. Test passed/failed

REMARKS: Packer set @ 4084' Test to surface.

By [Signature]
(Operator Representative)

Witness [Signature]
(NMOCD)

(Position)

Revised 02-11-02

MorningStar Operating, LLC

Prepared by: BBerry
Date: 04/23/2024

KB = 7,519 ft
GL = 7,506 ft
API# 30-039-24349

Spud Date: 06/19/1989
Ready to produce: 09/15/1989

Carracas Unit FR 102
Rio Arriba County, NM
T32N R05W S11

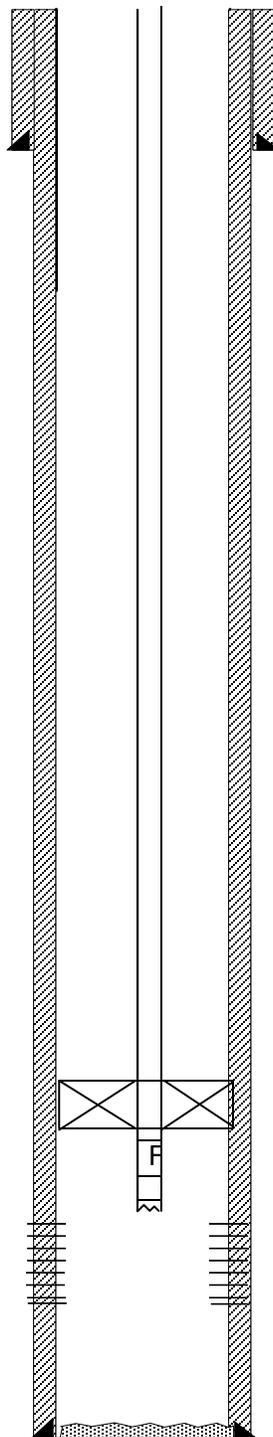
TD – 4,255' MD; PBTD – 4,210' MD

12-1/4" hole
Surface Csg: 9-5/8" 36# J-55
Setting Depth: 331'

Cement
25 sx 35/65 Poz
105 sx Class B (total 174 cu ft)
Circulated 5 bbls cmt to surface

8-3/4" hole to 4,255'
Intermediate Csg: 5 1/2" 15.5# J-55
Setting Depth: 4,255'

Cement
Lead: 447 sx 65/35 Poz (1170 cu ft)
Tail: 100 sx 50/50 Poz Class B (139 cu ft)
Circulated 31 bbls cmt to surface



POW Tbg 06/2009

NOTCH COLLAR W/ PIN, 2-3/8"X8' TUBING SUB, BAKER 5-1/2"
LOCK SET PACKER, 1.78" ID F-NIPPLE AND 129 JTS 2-3/8"
TUBING. SET PACKER IN 12K TENSION
F Nipple ~4,083'
Packer ~4,084'
EOT ~4,092'

5 1/2" Lokset packer
~4,084'

Fruitland Coal Perfs
4,136-4,162' 4 spf
Total 104 holes
Add perfs/reperf 4 spf 0.42" 06/26/2000
4,136-4,163'

Frac 2040 bbls GWX-30# Fluid – 48klbs 40/
70 sand – 170 klbs 20/40 sand
500 gal 15% HCl
Refrac – 06/2000 500 gal 10% formic acid
86 klbs 25#/20# Delta Frac 140 gel
Sandwedge 1820 sx 20/40 Brady sand

PBTD: 4,210' 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 371321

CONDITIONS

Operator: MorningStar Operating LLC 400 W 7th St Fort Worth, TX 76102	OGRID: 330132
	Action Number: 371321
	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