

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

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

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Operator: MORNINGSTAR OPERATING LLC

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@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: 07/24/2024

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

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.

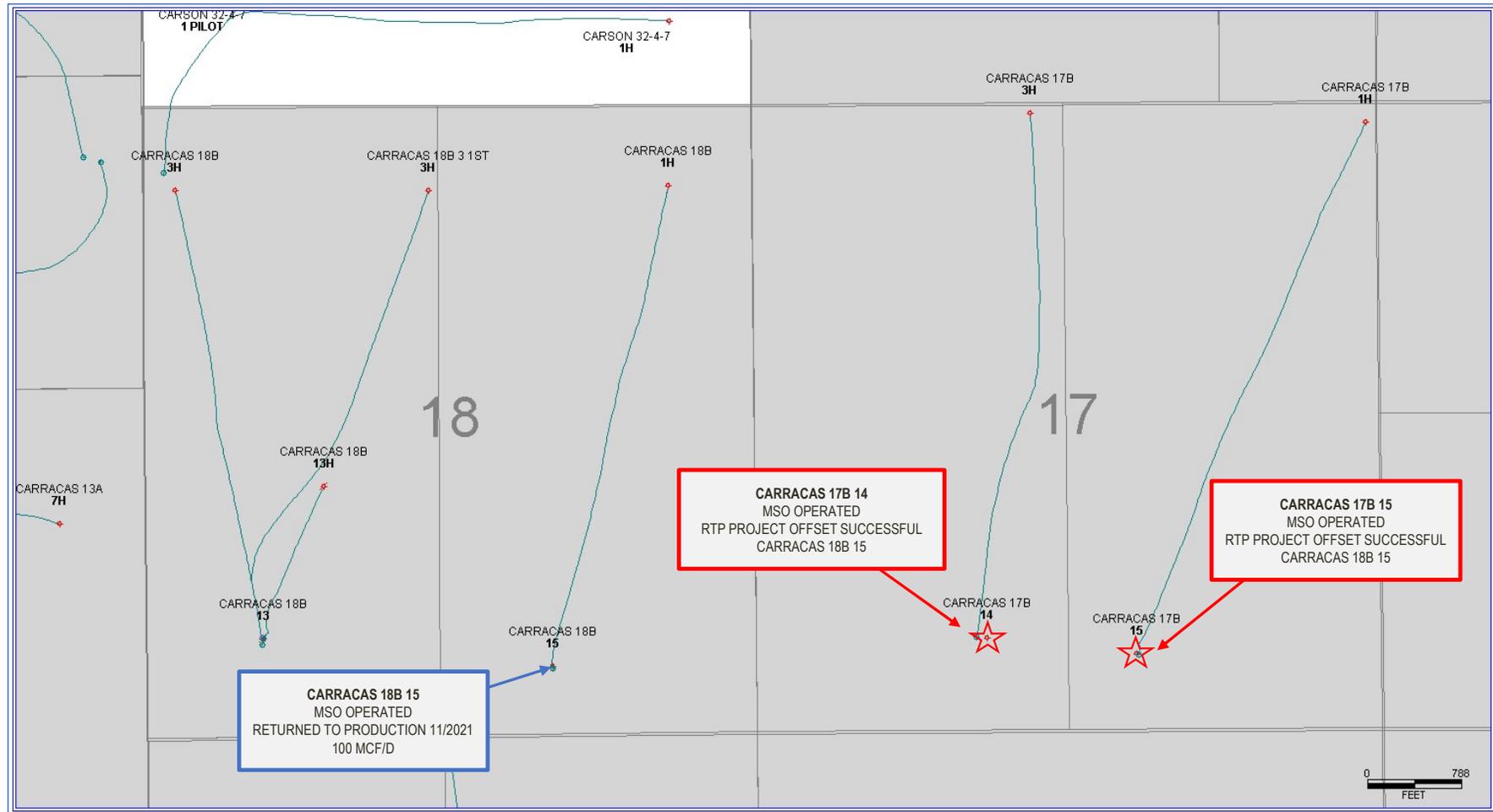
4. The lease is currently held by production from other wells. Should production from the lease cease, the BLM will require this well be returned to production or P&A, regardless of the length of time the TA status is still approved for.

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.

Carracas 17B #14 & Carracas 17B #15

Discussion

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



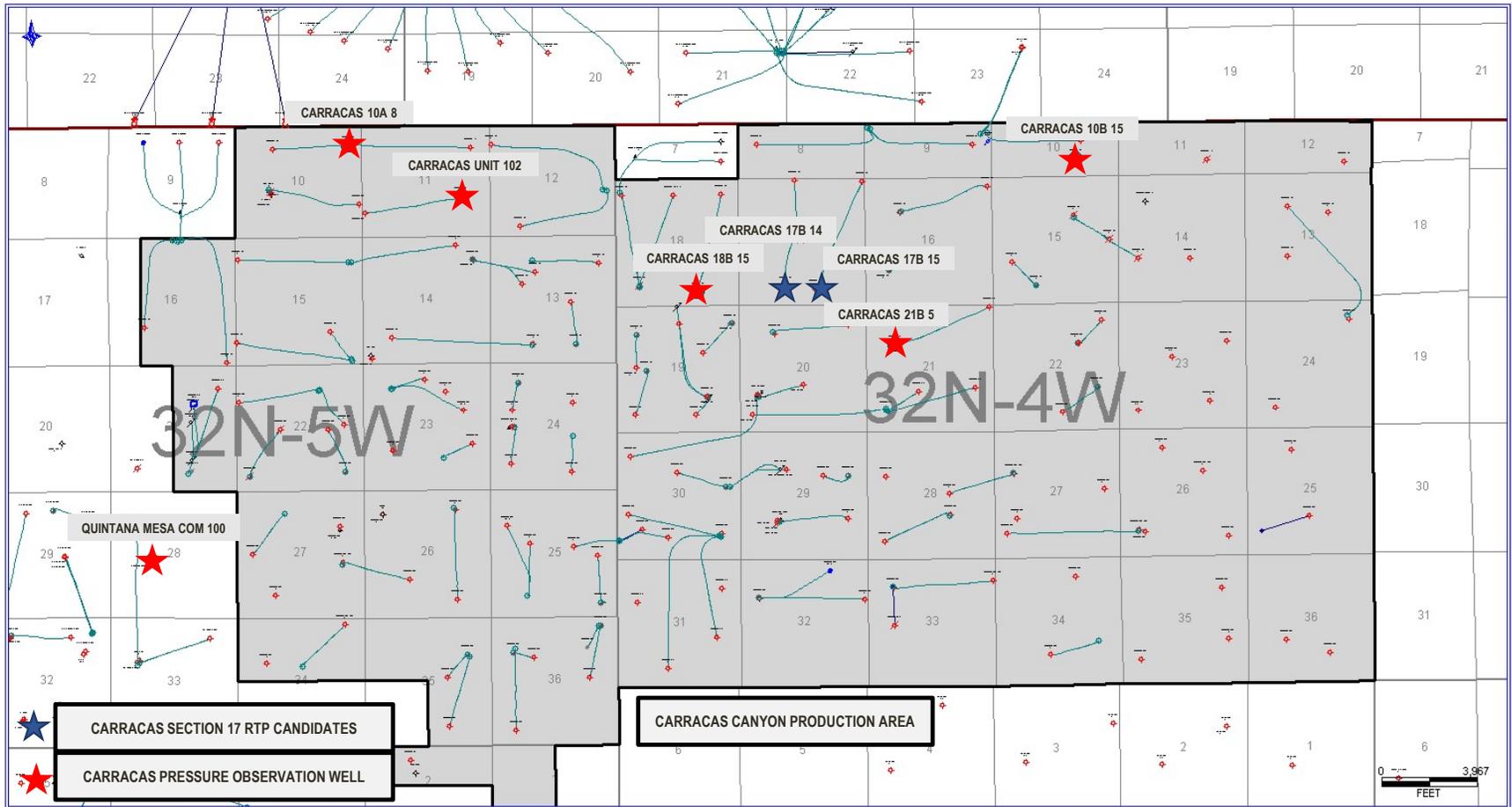
Carracas 17B #14 & Carracas 17B #15 Discussion

- 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.

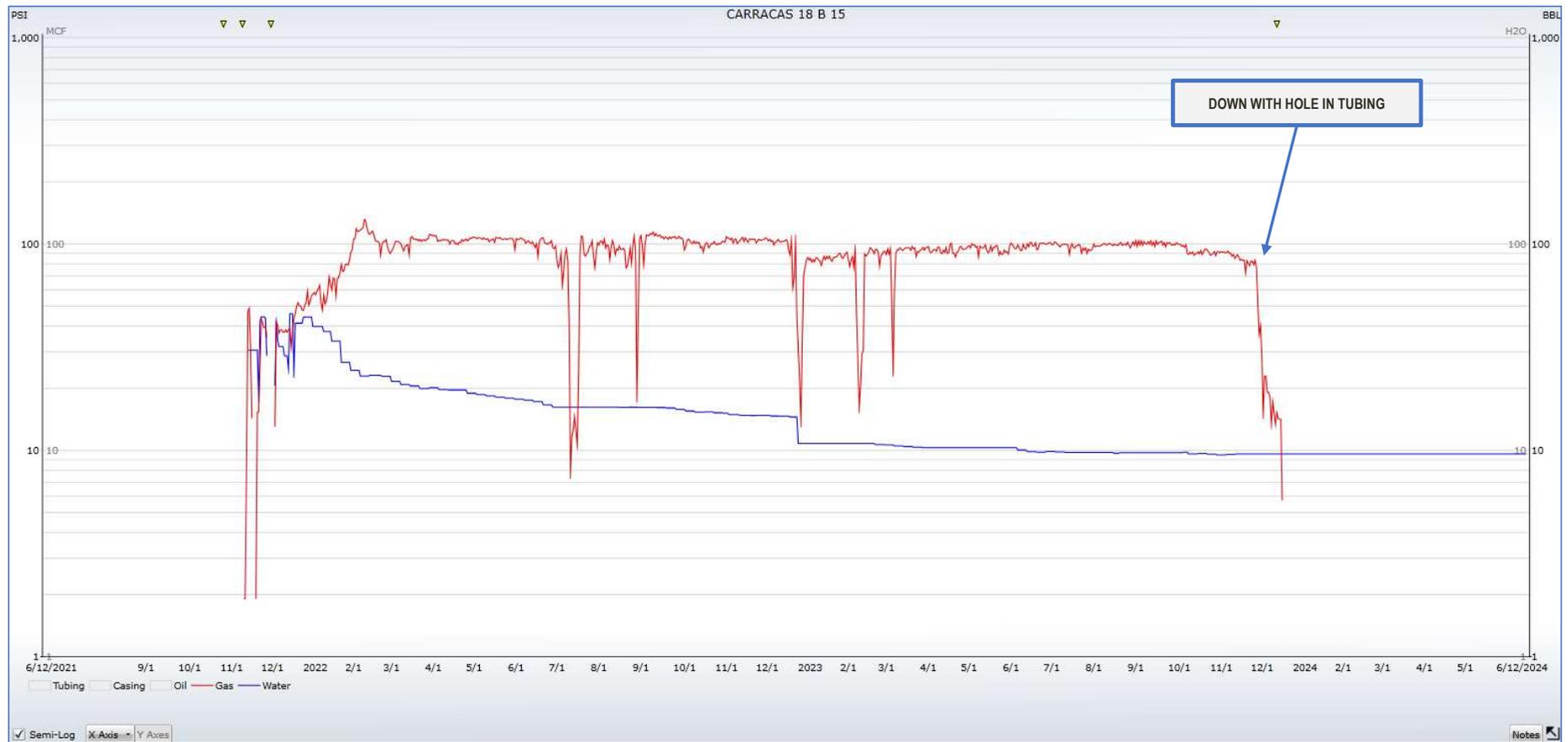
Well	PSI
Carracas 10A 8	944
Carracas 10B 15	872
Carracas 18B 15 - RTP'd	801
Carracas 21B 5	1284
Carracas Unit FR 102	809
Quintana Mesa Com 100	1297

- 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

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

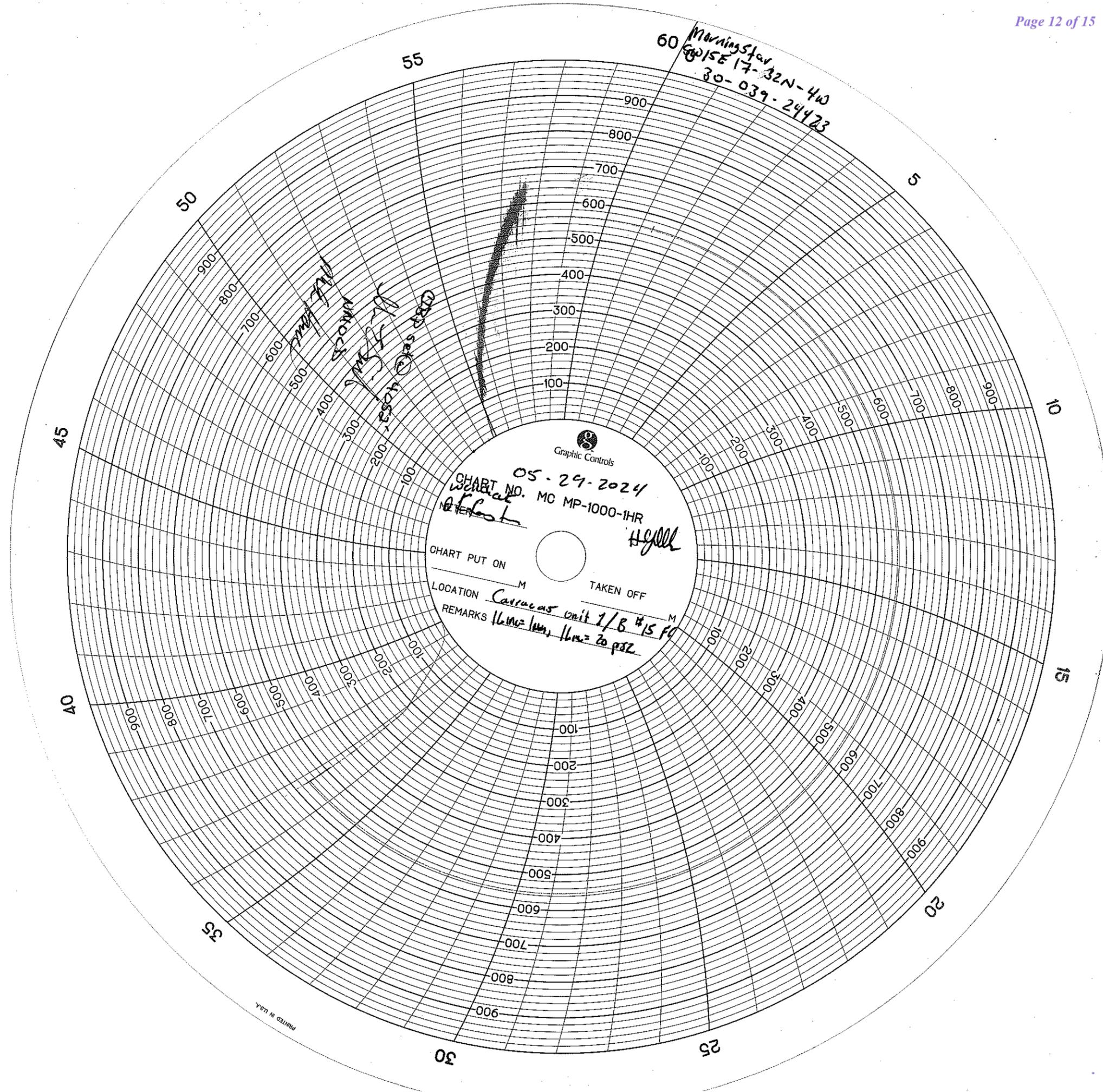
10/1/2026

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 # 30-039-24423

Property Name CATACAS 17B Well # 15 Location: Unit 0 Sec 17 Twn 32N Rge 04W

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. 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: CTRP 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 ft³
Circulated cmt to surface

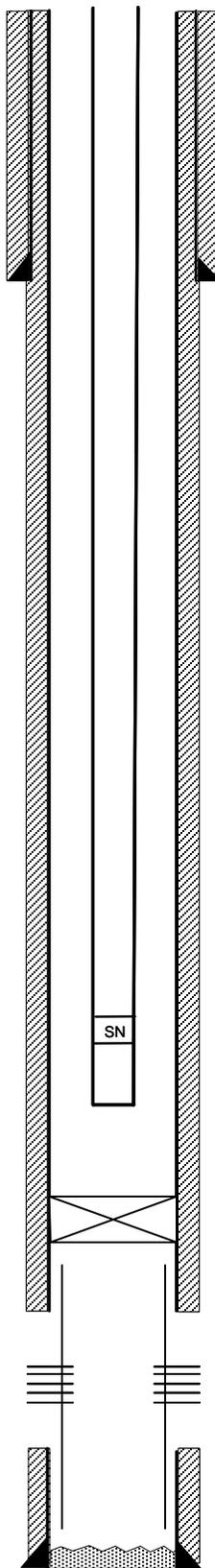
8 3/4" hole to 4,300'
Prod Csg: 106 jts 5-1/2" 15.5# K55 LTC
Setting Depth: 4,290'

Cement
Lead: 540sx 65/35 poz
Tail: 100sx 50/50 poz
Total volume: 1553 ft³
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)



PBTD: 4,207'

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