

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions
listed below are made in accordance with OCD Rule 19.15.7.11
and are in addition to the actions approved by BLM on the
following 3160-4 or 3160-5 form.

Operator Signature Date: 6/16/14

Application Type:

☐ P&A ☐ Drilling/Casing Change ☒ Recomplete/DHC
☐ Location Change ☐ Other:

Well information:

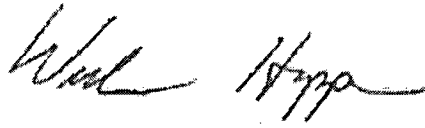
API Well #	Well Name	Well #	Operator Name	Type	Stat	County	Surf. Owner	UL	Sec	Twp	N/S	Rng	W/E
30-045-30204-00-00	BLANCO	001A	FOUR STAR OIL & GAS CO	G	A	San Juan	F	O	1	27	N	9	W

Conditions of Approval:

Notify NMOCD 24hrs prior to beginning operations

Receive DHC from Santa Fe for the 3 zones prior to work beginning

Squeeze from 2165 feet to 500 feet above top perforation, after Squeeze CBL needs to be provided to agencies for review



NMOCD Approved by Signature

6-26-14
Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. 1149IND8463
2. Name of Operator FOUR STAR OIL & GAS COMPANY Contact: APRIL E POHL E-Mail: April.Pohl@chevron.com		6. If Indian, Allottee or Tribe Name
3a. Address 332 ROAD 3100 AZTEC, NM 87410	3b. Phone No. (include area code) Ph: 505-3331901 E	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 1 T27N R9W SWSE 700FSL 1900FEL 36.559013 N Lat, 107.737369 W Lon		8. Well Name and No. BLANCO 1A
		9. API Well No. 30-045-30204
		10. Field and Pool, or Exploratory BASIN FRUITLAND
		11. County or Parish, and State SAN JUAN COUNTY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Subsurface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

FOUR STAR OIL & GAS COMPANY RESPECTFULLY REQUESTS APPROVAL TO DOWNHOLE COMMINGLE THE OTERO-CHACRA, BLANCO MESAVERDE WITH THE BASIN FRUITLAND ZONE. CURRENTLY THE WELL IS PRODUCING UNDER DHC 2729. PLEASE SEE ATTACHMENTS FOR WELLBORE DIAGRAMS. WE NOTIFIED SURROUNDING OPERATORS AND RECEIVED NO RESPONSE.

CONCURRENTLY FOUR STAR OIL & GAS HAS SENT A C-107A TO THE NMOCD FOR A DOWNHOLE COMMINGLE. ONCE THE PERMIT IS ISSUED WE WILL BE FILING ANOTHER 3160-5 NOI TO BEGIN THE ACTUAL WORK.

Fruitland Recompletion Procedure:

Rig up, install BOP and test

Pull tubing. Run 4-3/4" bit and scraper to PBTD 4603?

Set bridge plug at ~3000?

OIL CONS. DIV DIST. 3

JUN 19 2014

14. I hereby certify that the foregoing is true and correct. Electronic Submission #249810 verified by the BLM Well Information System For FOUR STAR OIL & GAS COMPANY, sent to the Farmington	
Name (Printed/Typed) JAMES MICIKAS	Title PRODUCTION ENGINEER
Signature (Electronic Submission)	Date 06/16/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>Joe Hunt</u>	Title <u>Geo</u>	Date <u>6-17-14</u>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office <u>FFO</u>

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

NMOCD

C-107A Downhole Commingle Application, Dated 03/31/2014

**Blanco 1A
API 30-045-30204
700 FSL & 1900 FEL Unit Letter O, S 1, T 29N, R9W
San Juan County, New Mexico**

In support of this proposed Downhole Commingling request, Four Star Oil & Gas submits the following:

- a. The three pools to be commingled are the Blanco Mesaverde (72319) with perforations from 3916'-4480', Otero Chacra (82329) with perforation from 2972-3144' and the Basin Fruitland (71629) with perforations between 1915'-1990'.
- b. We have not experienced any significant cross flows between these intervals and all fluids produced from these intervals are compatible.
- c. Downhole Commingling will not reduce the value of the total remaining production and will enhance the economic life of the well by eliminating redundant surface and downhole equipment if completed and maximizing its productivity and total recoveries.
- d. Ownership percentages in the Otero Chacra and Blanco Mesaverde are identical. Four Star owns 100% of the Basin Fruitland pool in this well.
- e. Concurrent DHC Application is being sent on Form 107A to the NMOCD, Santa Fe Office.
- f. Our proposed production allocation percentages are currently based on historical production from the Blanco Mesaverde and Otero Chacra zones. The Basin Fruitland productivity was determined by the average of three (3) direct offsets that had similar net Fruitland Coal pay. The average of the three (3) well is 37 mcf/d. Please see attached. If these Initially proposed allocations do not coincide with actual production results from completion, they will be presented again later using the Subtraction Method.

Otero Chacra	76% oil	49% gas	30% water
Blanco Mesaverde	24% oil	19% gas	31% water
Basin Fruitland	0% oil	37% gas	39% water

Additional data for EC transaction #249810 that would not fit on the form

32. Additional remarks, continued

Load casing with water and test to 500 psi
Run Gr-CCL log, perforate Fruitland coal 1986'-2004', 2011'-2021' and 2032'-2052'
Frac Fruitland Coal
Drill out plug at 3000' proceed to cleanout to PBTD 4403'
Reinstall plunger lift equipment for downhole commingled Mesaverde and Fruitland intervals
Return well to production

PLEASE SEE ATTACHED INFORMATION

District I
 1633 N French Dr., Hobbs, NM 88240
 Phone: (575) 293-6101 Fax: (575) 293-0720
 District II
 911 S. First St., Artesia, NM 88210
 Phone: (575) 740-1283 Fax: (575) 748-0720
 District III
 1000 Rio Pecos 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) 476-3450 Fax: (505) 476-3452

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-30204		² Pool Code 71629		³ Pool Name Basin Fruitland	
⁴ Property Code 17659		⁵ Property Name BLANCO			⁶ Well Number 1A
⁷ OGRID No. 13994		⁸ Operator Name FORE STAR OIL & GAS			⁹ Elevation 5893' GR

Surface Location

UL or lot no. 0	Section 1	Township 27N	Range 9W	Lot Idn	Feet from the 700	North/South line South	Feet from the 1900'	East/West line East	County San Juan
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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
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¹⁰ Dedicated Acres 319.70	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.
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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.

<div style="text-align: center;"> <p>39.77 Ac</p> <p>39.93 ac</p> </div>	<p>"OPERATOR CERTIFICATION" I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land underlying the proposed bottom hole location or has a right to drill this well on this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p>	
	<p>James Micikas 6/14/14 by Spill & Port James Micikas JDMT@chevron.com</p>	
	<p>"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.</p>	
	<p>Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>	

District I
1635 N French Dr., Hobbs, NM 88240
Phone: (505) 393-6181 Fax: (505) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 749-1331 Fax: (505) 749-0720
District III
1000 N. Bruno 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-30204		2 Pool Code		3 Pool Name Blanco Mesa Verde	
4 Property Code 17659		5 Property Name Blanco		6 Well Number 1A	
7 OGRID No. 131994		8 Operator Name Four Star Oil & Gas Co		9 Elevation 5893' 62"	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet from the	East/West line	County
0	1	27N	9W		700	South	1900'	East	Santa Fe

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 319.70	13 Joint or Infill	14 Consolidation Code	15 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.

		39.77 AC	39.93 AC	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well on this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>James Micikas 6/16/14 by April B. Port James Micikas Printed Name JDMIE@chevron.com E-mail Address</p> <p>18 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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>

0 — 1900' —
700'

1635 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Avenue, Artesia, NM 88210
 District III
 1000 Rio Grande Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Revised June 10, 2003
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30-045-30204		* Pool Code 82329	* Pool Name Otero Chaco
* Property Code 17659	* Property Name Blanco		* Well Number 1A
* OGRID No. 131994	* Operator Name Four Star Oil & Gas Company		* Elevation 5,893' GR

10 Surface Location


UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	1	27-N	9-W		700	South	1900	East	San Juan

11 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
* Dedication Acres 160 (Sec 4)-CH		* Date of Infill		* Commencement 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

<p>16</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jennifer Hudgens</i></p> <p>Jennifer Hudgens Printed Name Regulatory Technician jhu@chevron.com Title and Email Address 11/27/2007 Date</p>	
	<p>18 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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p>	
	<p>Certificate Number</p>	



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order DHC-4130

Order Date: 12/6/2008

Application Reference Number: pKVR0832930063

FOUR STAR OIL & GAS CO
15 Smith Road
Midland, TX 79705

Attention: ALAN W BOHLING, REG AGENT

BLANCO Well No. 002A

API No: 30-045-24526

Unit I, Section 12, Township 27 North, Range 9 West, NMPM

San Juan County, New Mexico

Pool:	BASIN FRUITLAND COAL (GAS)	Gas 71629
Names:	BLANCO-MESAVERDE (PRORATED GAS)	Gas 72319
	OTERO CHACRA (GAS)	Gas 82329

Reference is made to your recent application for an exception to Rule 12.9A of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 12.11A., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.


In accordance with Division 12.11A.(6), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

The Fruitland Coal Gas production shall be the remainder after subtracting Mesaverde Gas and Chacra Gas production from total well production. The Mesaverde and Chacra gas production shall be from established decline rates.

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.



Pursuant to Rule 12.11B, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.


MARK E. FESMIRE, P.E.
Director

MEF/wvj

cc: Oil Conservation Division - Aztec
Bureau of Land Management - Farmington-



Kristen M. Hunter
Land Representative

MidContinent BU
Chevron North American
Exploration and Production
1400 Smith St, Rm. 47116
Houston, Texas 77002
Tel 713-372-1708
Kristen.Hunter@chevron.com

May 15, 2014

Certified Mail: 7013 2630 0001 2327 6780

MorningStar Partners, L.P.
Cross Timbers Energy, LLC
400 West 7th Street
Fort Worth, Texas 76102

RE: Downhole Commingle
Blanco 1A (API 30-045-30204)-producing from the Chacra and Mesaverde
Blanco 3A (API 30-045-30214)-producing from the Mesaverde
Section 1: T27N, R9W, San Juan County, NM

Dear Working Interest Owner:

Four Star Oil & Gas Company would like to inform you that it intends to downhole commingle Fruitland Coal production, in which it owns a 100% Working Interest, with current production in the above referenced wells. As a Working Interest Owner in the current production from the wells, you are entitled to notice of the enclosed C-107A Downhole Commingling Application. Also enclosed are the procedures and wellbore diagrams for the completions.

Per previous conversations, MorningStar Partners, L.P. has already reviewed the procedure and has neither objected to nor has offered further suggestions for the potential commingle. If there are in fact no objections or further suggestions to the procedure within 20 days, Four Star Oil & Gas Company will file the Downhole Commingling Application for approval.

Should you have any technical questions, please feel free to contact Jim Micikas at 505-333-1913. For other question or concern, you can reach me at 713-372-1708.

Thank you,

Kristen Hunter
Land Representative
San Juan Basin

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)
 For delivery information, visit our website at www.usps.com

OFFICIAL U.S.

Postage \$
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)
 Total Postage & Fees

Postmark Here

Blanes 1A 3A

Kristen Hunter
 47/HOU140

7013 2630 0001 2327 6780

MorningStar Partners, L.P.
 Attn: Jonathan Holmes
 Cross Timbers Energy, LLC
 400 West 7th Street
 Fort Worth, TX 76102

For Instructions.

Blanes 1A 3A

SENDER COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mail piece, or on the front if space permits.

1. Article Addressed to:

MorningStar Partners, L.P.
 Attn: Jonathan Holmes
 Cross Timbers Energy, LLC
 400 West 7th Street
 Fort Worth, TX 76102

2. Article Number (Transfer from Service label)

7013 2630 0001 2327 6780

PS Form 3811, July 2013 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature
[Signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name)
Brian GIBBINS

C. Date of Delivery
5/17/14

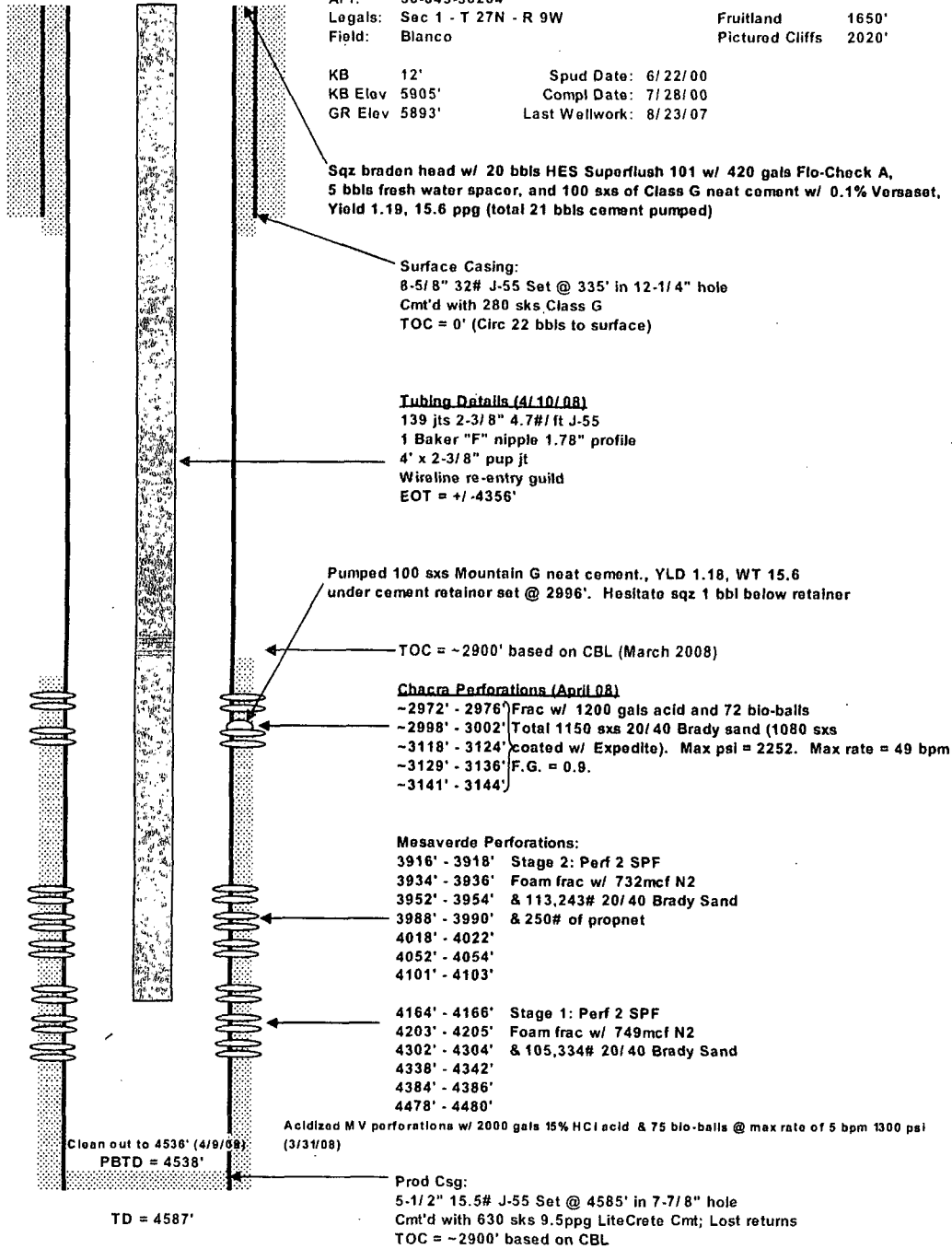
D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☒ Certified Mail® ☐ Priority Mail Express™
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee) ☐ Yes



Blanco 1A
San Juan County, New Mexico
Current Schematic as of 9 October 2013



Prepared by: Joy Leopold
Date: 8/28/2007

Revised by:
Date:

Prannay Parihar
10/9/2013

EC is Missing Proposed well bore Diagram