

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N French Dr, Hobbs, NM 88240  
 District II  
 1301 W Grand Ave, Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd, Aztec, NM 87410  
 District IV  
 1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 May 27, 2004

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO. <b>30-045-06684</b>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 1-149-IND-8465 FEDERAL/INDIAN
7. Lease Name or Unit Agreement Name <b>Blanco (17659 Property Code)</b>
8. Well Number <b>2</b>
9. OGRID Number 131994
10. Pool name or Wildcat Otero-Chacra / Blanco-Mesaverde

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
Four Star Oil & Gas Company (131994)

3. Address of Operator  
15 Smith Road Midland, Texas 79705 (c/o Alan W. Bohling, Rm 4205)

4. Well Location  
 Unit Letter G : 1503 feet from the North line and 1750 feet from the East line  
 Section 12 Township 27-N Range 09-W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5,911' GR

Pit or Below-grade Tank Application  or Closure  Use Steel Flowback Tanks

Pit type: \_\_\_\_\_ Depth to Groundwater: \_\_\_\_\_ Distance from nearest fresh water well: \_\_\_\_\_ Distance from nearest surface water: \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume: \_\_\_\_\_ Bbbs; Construction Material: \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Application for DHC, Otero-Chacra / Blanco-Mesaverde <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Four Star Oil & Gas Company respectfully submits this application for Administrative Approval to Downhole Commingle (DHC) production from the Otero-Chacra (82329) and the Blanco-Mesaverde (72319) Pools within the wellbore of the Blanco # 2. Both of these pools are included in the Pre-Approved Pools for Downhole Commingling established by NMOCD Division Order R-11363, Amending Rule 303.C (Case No. 12346 w/Exhibit "A").

This well is currently completed in the Blanco-Mesaverde Pool. We plan to pull tubing and production equipment, perforate and fracture treat the Otero-Chacra Pool, then RIH with tubing string, and Downhole Commingle produce both pools within this wellbore.

RCVD AUG 22 '07  
 OIL CONS. DIV.  
 DIST. 3

Please see additional Downhole Commingle Supporting Data on Continuation Page 2 and attachments.

Concurrent DHC Application is being made with BLM-Farmington Office, on Form 3160-5, on this same date.

*DHC 2674 AZ*

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines  a general permit  or an (attached) alternative OCD-approved plan .

SIGNATURE: Alan W. Bohling TITLE: Regulatory Agent DATE: 08/15/2007

Type or print name: Alan W. Bohling E-mail address: ABohling@chevron.com Telephone No.: 432-687-7158

**For State Use Only**  
 Deputy Oil & Gas Inspector,  
 District #3

APPROVED BY: [Signature] TITLE: \_\_\_\_\_ DATE: SEP 07 2007

Conditions of Approval (if any): DHC only. Recompletion must be approved through the BLM on Federal Form 3160-5

*B*

**Continuation Page 2 (Form C-103, Downhole Commingle Application, Dated 08/15/2007)**

**BLANCO # 2**

(API # 30-045-06684)

1503' FNL & 1750' FEL

UL G, SWNE, Sec. 12, T-27-N, R-09-W

San Juan County, New Mexico

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

- a. The two pools to be commingled are the Otero-Chacra (82329), with proposed perforations from 2945'-2960' & 3098'-3110' and the Blanco-Mesaverde (72319), with perforations from 4276'-4461'.
- b. We have not experienced any significant cross flows between these two 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 dually completed and by maximizing its productivity and total recoveries.
- d. Ownership percentages in the two zones are identical.
- e. Concurrent DHC Application is being sent on Form 3160-5 to the BLM-Farmington Office.
- f. Our proposed production allocation percentages are currently based on historical production from Blanco-Mesaverde zone by this well and on historical production by surrounding wells producing from the Otero-Chacra zone (See Attached Table & Graphs). If these initially proposed allocation percentages do not coincide with actual production results from completion, they will be re-presented later using the "Subtraction Method".

	<u>Oil</u>	<u>Gas</u>	<u>Water</u>
Otero-Chacra	0%	73%	2%
Blanco-Mesaverde	100%	27%	98%

**Summary Calculation Sheet for Proposed Allocation Percentages for Commingled Production Blanco # 2 Well (API # 30-045-06684)**

**AVERAGE OF CHACRA PRODUCTION IN AREA OF BLANCO # 2 WELL**

<u>Primary API</u>	<u>Lease Name</u>	<u>Well</u>	<u>Operator Name</u>	<u>UL</u>	<u>SEC</u>	<u>TWN</u>	<u>RNG</u>	<u>Status</u>	<u>Prod Zone</u>	<u>Oil Bbl/Day</u>	<u>Gas Mcf/Day</u>	<u>Water Bbl/Day</u>
300451182900	FLORANCE	66	XTO ENERGY INC	O	18	27N	8W	ACT	CHACRA	0	34	0
300452458300	SCHWERDTFEGER A	3E	XTO ENERGY INC	L	6	27N	8W	ACT	CHACRA	0	125	0
300452659100	FLORANCE LS	4A	XTO ENERGY INC	D	18	27N	8W	ACT	CHACRA	0	200	0
300453101600	FLORANCE	66F	XTO ENERGY INC	A	18	27N	8W	ACT	CHACRA	0	75	0
300453105100	SCHWERDTFEGER A	3F	XTO ENERGY INC	F	6	27N	8W	ACT	CHACRA	0	75	0
300453105200	SCHWERDTFEGER A	5F	XTO ENERGY INC	I	6	27N	8W	ACT	CHACRA	0	90	0
300450677300	BURROUGHS COM B	4	FOUR STAR OIL & GAS COMPANY	M	2	27N	9W	ACT	CHACRA	0	100	0
300452153200	BLANCO	25	FOUR STAR OIL & GAS COMPANY	E	12	27N	9W	ACT	CHACRA	0	170	0
300452153300	JAQUES COM	1	FOUR STAR OIL & GAS COMPANY	O	2	27N	9W	ACT	CHACRA	0	170	0
300452266000	JOHN CHARLES	6A	FOUR STAR OIL & GAS COMPANY	I	13	27N	9W	ACT	CHACRA	0	70	0
300452267200	NELLIE PLATERO	5A	FOUR STAR OIL & GAS COMPANY	I	11	27N	9W	ACT	CHACRA	0	180	1
300452362700	NELLIE PLATERO	6	FOUR STAR OIL & GAS COMPANY	L	12	27N	9W	ACT	CHACRA	0	140	0.1
300452362800	CHARLES JOHN	8	FOUR STAR OIL & GAS COMPANY	B	13	27N	9W	ACT	CHACRA	0	250	0.1
300452362900	MARSHALL A	7	FOUR STAR OIL & GAS COMPANY	B	14	27N	9W	ACT	CHACRA	0	300	0
300452481200	CHARLES JOHN	7E	FOUR STAR OIL & GAS COMPANY	D	13	27N	9W	ACT	CHACRA	0	180	0
300452637100	TURNER HUGHES	17A	BURLINGTON RESOURCES O&G CO LP	F	10	27N	9W	ACT	CHACRA	0	130	0
300452638100	TURNER HUGHES	15A	BURLINGTON RESOURCES O&G CO LP	I	3	27N	9W	ACT	CHACRA	0	125	0
300452653300	HUGHES	10A	BURLINGTON RESOURCES O&G CO LP	E	3	27N	9W	ACT	CHACRA	0	28	0
<b>CHACRA AVG.</b>										<b>0</b>	<b>136</b>	<b>0.1</b>

**AVERAGE OF MESAVERDE PRODUCTION FROM BLANCO # 2 WELL**

<u>Primary API</u>	<u>Lease Name</u>	<u>Well</u>	<u>Operator Name</u>	<u>UL</u>	<u>SEC</u>	<u>TWN</u>	<u>RNG</u>	<u>Status</u>	<u>Prod Zone</u>	<u>Date</u>	<u>Oil Bbl/Day</u>	<u>Gas Mcf/Day</u>	<u>Water Bbl/Day</u>
300453066684	BLANCO	2	FOUR STAR OIL & GAS COMPANY	G	12	27N	9W	ACT	MESAVERDE	6/30/2007	0.2	57	1.9
										2/28/2007	0.0	54	13.0
										1/31/2007	0.0	47	0.1
										12/31/2006	0.0	41	0.2
										11/30/2006	0.0	48	0.5
										10/31/2006	0.0	55	0.8
<b>MV AVG.</b>											<b>0.0</b>	<b>50</b>	<b>2.7</b>

**PROPOSED DHC ALLOCATION PERCENTAGES FOR BLANCO # 2 WELL**

	<b>ALLOCATION FACTOR</b>		
	<b>OIL</b>	<b>GAS</b>	<b>WTR</b>
<b>CHACRA</b>	<b>0%</b>	<b>73%</b>	<b>2%</b>
<b>MESAVERDE</b>	<b>100%</b>	<b>27%</b>	<b>98%</b>



# Blanco 2

API: 30-045-06684

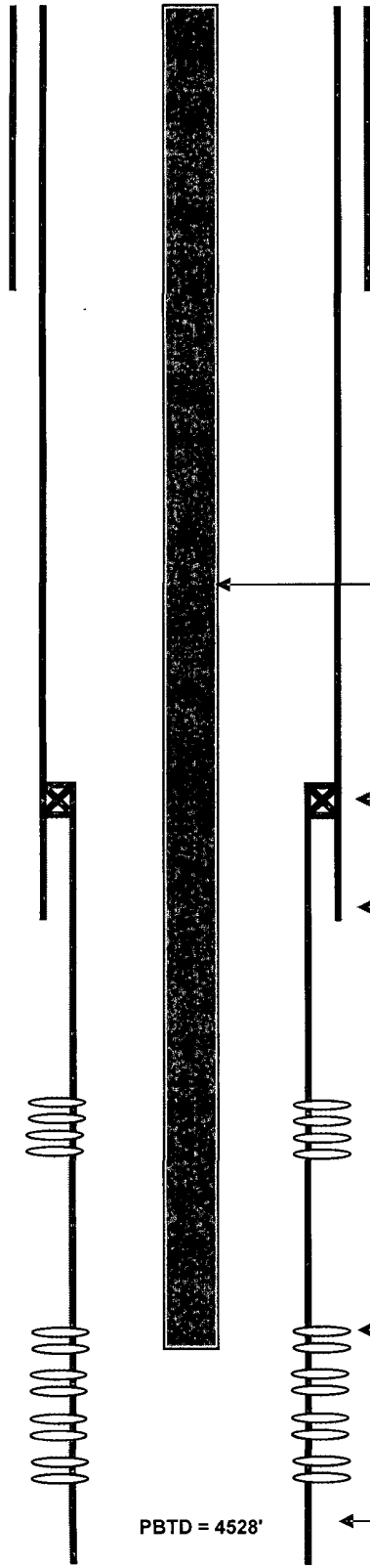
San Juan County, New Mexico

## Proposed Well Schematic as of 8-2-2007

API: 30-045-06684  
 Legals: Sec 12 - T 27N - R 9W  
 Field: Blanco  
 KB 11'  
 KB Elev 5922'  
 GR Elev 5911'

Spud Date: 8/20/59  
 Compl Date: 9/11/59

Formation Tops:	
Ojo Alamo	1116'
Kirtland	1176'
Fruitland	1737'
Pictured Cliffs	1997'
Menefee	3678'
Pt Lookout	4272'



Surface Casing:  
 10-3/4" 32.75# H-40 Csg Set @ 278 in 15" hole  
 Cmt'd with 200 sks  
 TOC = 0' (Circ cmt)

Tubing Details:  
 2-3/8" tbg @ +/-4000'

Liner Top @ 2154'

Intermediate Casing:  
 7 5/8" 24# & 26.4#, H-40 & J-55 Csg Set @ 2210' in 9-5/8" hole  
 Cmt'd with 200 sks  
 Calc TOC @ 1233'

Chacra Perforations: 2 SPF  
 ~2945' - 2960'  
 ~3098' - 3110'

Mesaverde Perforations: 2 SPF  
 4276' - 4281'      4369' - 4372'  
 4285' - 4289'      4382' - 4387'  
 4295' - 4332'      4394' - 4396'  
 4338' - 4352'      4426' - 4431'  
 4361' - 4365'      4457' - 4461'  
 9/1/59 Water Frac w/ 84,340 gals wtr; 50,000# 40/60 Sand  
 Dropped 300 balls in 2 stages. Max @ 1500#, IR 64bpm

Liner:  
 5-1/2" 14#, 15.5# & 17# J-55 & N-80 Csg Set @ 4533'  
 in 6-3/4" hole. Cmt'd w/ 200 sks cmt.  
 Circ cmt out of TOL.

Prepared by: Joy Leopold  
 Date: 6/20/2007

Revised by:  
 Date: