

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

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

Form C-103

June 19, 2008

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		WELL API NO. 30-045-08929
2. Name of Operator Four Star Oil & Gas Company (131994)		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
3. Address of Operator 15 Smith Road Midland, Texas 79705 (c/o Alan W. Bohling, Rm 4205)		6. State Oil & Gas Lease No. E-5316
4. Well Location Unit Letter <u>M</u> : <u>1090</u> feet from the <u>South</u> line and <u>1090</u> feet from the <u>West</u> line Section <u>36</u> Township <u>30-N</u> Range <u>10-W</u> NMPM San Juan County		7. Lease Name or Unit Agreement Name New Mexico Com F (17715 Prop Code)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5,923' GR		8. Well Number 1 <i>RCVD NOV 3 '08</i> 9. OGRID Number 131994 <i>OIL CONS. DIV. DIST. 3</i>
		10. Pool name or Wildcat Blanco Pictured Cliffs / Basin Fruitland Coal

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
 DOWNHOLE COMMINGLE ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 CASING/CEMENT JOB ☐

OTHER: DHC Application for Blanco PC and Basin FC ☒

OTHER: ☐

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) produce from the Blanco Pictured Cliffs (72359) and the Basin Fruitland Coal (71629) Pools within the wellbore of the New Mexico Com F #1. Both of these pools are included in the Pre-Approved Pools for Downhole Commingling established by NMOC Division Order R-11363, Amending Rule 303.C (Case No. 12346 w/Exhibit "A").

This well is currently completed in the Blanco Pictured Cliffs (72359) Pool. We plan to pull tubing, test casing, set CBP, perforate and complete in Fruitland Coal, clean out, then RIH with tubing string and Downhole Commingle produce both pools within this wellbore.

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

A copy of this DHC Application is being filed, concurrently, with Commissioner of Public Lands, New Mexico State Land Office in Santa Fe, New Mexico on this same date.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Alan W. Bohling TITLE Regulatory Agent DATE October 27, 2008

Type or print name Alan W. Bohling E-mail address: ABohling@chevron.com PHONE: 432-687-7258

For State Use Only

APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, DATE NOV 06 2008

Conditions of Approval (if any):

11/6

Continuation Page 2 (Form C-103, Downhole Commingle Application, Dated 10/27/2008)

New Mexico Com F #1

(API # 30-045-08929)

1090' FSL & 1090' FWL

UL M, SWSW, Sec. 36, T-30-N, R-10-W

San Juan County, New Mexico

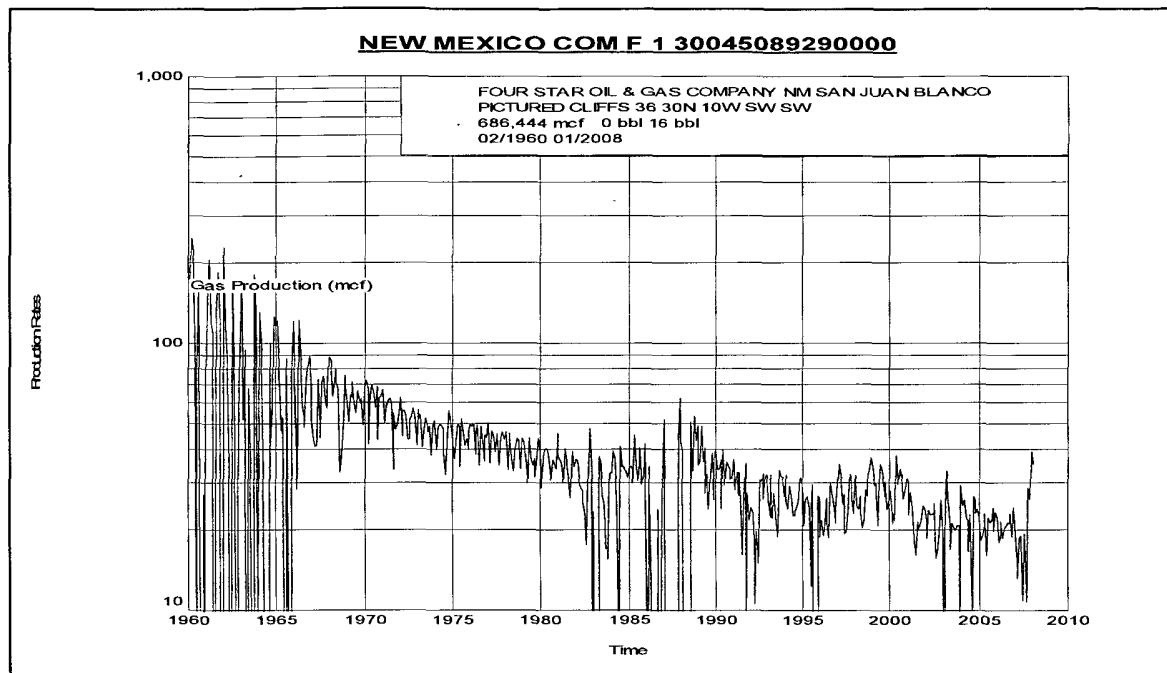
In support of this proposed Downhole Commingling request, Four Star Oil & Gas submits the following:

- a. The two pools to be commingled are the Blanco Pictured Cliffs (72359), with current perforations from 2452'-2482' and the Basin Fruitland Coal (71629) with proposed perforations (based on cased hole logs) to be from 2300'-2454', within the Fruitland Coal formation.
- b. Cross flow between these two intervals is not expected due to the addition of artificial lift equipment maintaining a negligible fluid level in the wellbore at all times. Field experience indicates 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. Four Star Oil & Gas maintains a 100% ownership in the Blanco Pictured Cliffs; however, the Basin Fruitland Coal is shared 50/50 with Glacier Park Company. Notice of this proposed DHC and a JOA was submitted to all WIO for approval by certified mail on August 15, 2008.
- e. A copy of this DHC Application is being filed, concurrently, with Commissioner of Public Lands, New Mexico State Land Office in Santa Fe, New Mexico on this same date.
- f. Our attached, proposed, production Allocation Percentages are currently based on historical production from Blanco Pictured Cliffs zone by this well and on historical production by surrounding wells producing from the Basin Fruitland Coal zone (see Attached Table and Graphs). However, if the actual production results do not coincide with these proposed Allocation Percentages, we will utilize the "Subtraction Method" (the Blanco Pictured Cliff production will be subtracted from the Total Downhole Commingled production to arrive at the Basin Fruitland Coal production) and will be reflected on the yet to-be-filed NMOCD C-104(s), as appropriate, once well is DHC completed.

New Mexico Com F #1 (API # 30-045-08929)
Historical Pictured Cliffs Production

Month	Water (bbl/d)	Gas (mcf/d)
Mar-08	0.1	32.87
Feb-08	0.1	35.1
Jan-08	0.1	34.65
Dec-07	0.1	38.35
Nov-07	0.03	26.6
Oct-07	0	28.29
Sep-07	0.08	10.97
Aug-07	0.01	10.81
Jul-07	0	19.06
Jun-07	0.06	11.1
May-07	0.1	18.71
Apr-07	0.03	18.9
Mar-07	0	12.94
Feb-07	0	16.14
Jan-07	0	18.81
Dec-06	0	23.77
Nov-06	0	19.13

Average:	0.06	23.78
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Offset Fruitland Coal Production (from following table).

	Oil	Water	Gas
Average:	0	1	150

Proposed Allocation Factors			
	Oil	Water	Gas
Fruitland Coal	0%	96%	86%
Pictured Cliffs	100%	4%	14%

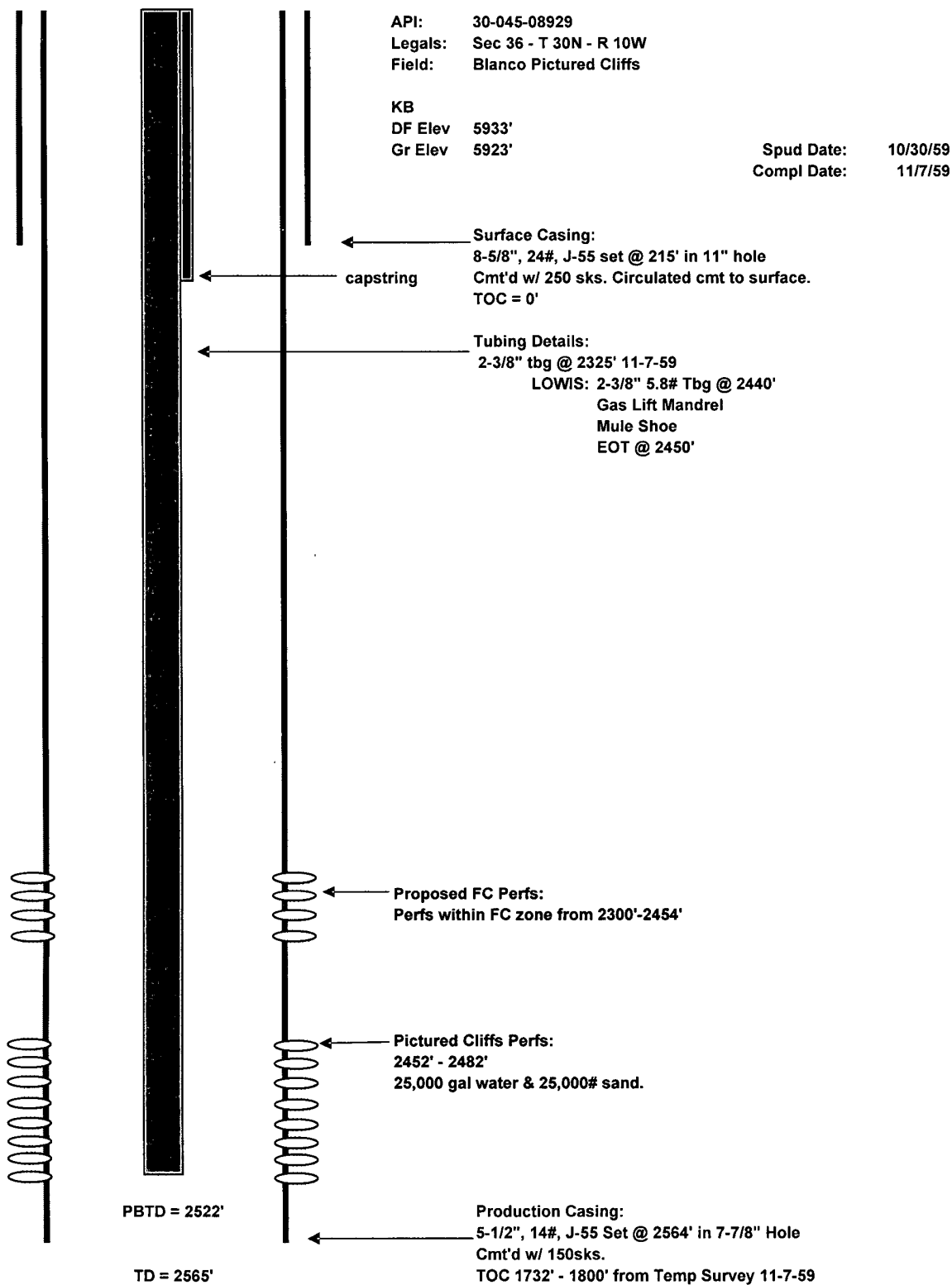


New Mexico Com F #1

API #30-045-08929

San Juan County, New Mexico

Proposed Well Schematic as of 10/27/08



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
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1000 Rio Brazos Rd., Aztec, NM 87410
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1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

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

WELL API NO. 30-045-08929
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-5316
7. Lease Name or Unit Agreement Name New Mexico Com F (17715 Prop Code)
8. Well Number 1 RCVD NOV 3 '08
9. OGRID Number OIL CONS. DIV. 131994
10. Pool name or Wildcat Basin Fruitland Coal / Blanco Pictured Cliffs DIST. 3

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)	
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11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5,923' GR	

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Recomplete in Basin Fruitland Coal & DHC Produce ☒

OTHER: ☐

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 request for approval to recomplete in the Fruitland Coal formation and DHC (application submitted and pending approval) produce from the existing Blanco Pictured Cliffs (72359) and the new Basin Fruitland Coal (71629) Pools within the wellbore as per the following and/or attached procedure and wellbore diagram:

1. Install & test rig anchors. Comply w/ all Regulatory Agency & Chevron HES Regulations.
2. MIRU WO Rig. Check pressures. NU relief line on tbg head. BD & kill well. ND WH. NU CO spool, 2 - 3" lines to FB tank & BOP's. Test BOP's. POOH w/ tbg & LD.
3. RU WL unit & test lubricator. PU GR & RIH to ~3500'. RIH w/ RST & log f/ 3500' to 2500'. POOH. RIH w/ 5-1/2" CBP & set @ ~2454'. Press test csg. Run CBL f/ CBP to 2220'.
4. Perforate basal FC & Frac Treat per service company.
5. RIH w/ 5-1/2" CBP & set @ ~2405'. Perforate upper FC & Frac Treat per service company.
6. Flow/kill well. PU 4-3/4" bit & bit sub on 2-3/8" L-80 WS. RIH & DO CBP's. Tag & CO to PBTD @ ~2522'.
7. PU new 2-3/8" 4.7# J-55 production tbg & capillary string & RIH. Circ any fill. Land well w/ EOT @ 2482'. ND BOP's, NU WH. PU & RIH w/prod equip. RD & MOL. Turn well over to production.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Alan W. Bohling TITLE Regulatory Agent DATE October 27, 2008

Type or print name Alan W. Bohling E-mail address: ABohling@chevron.com PHONE: 432-687-7258

For State Use Only

APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE NOV 06 2008

Conditions of Approval (if any):

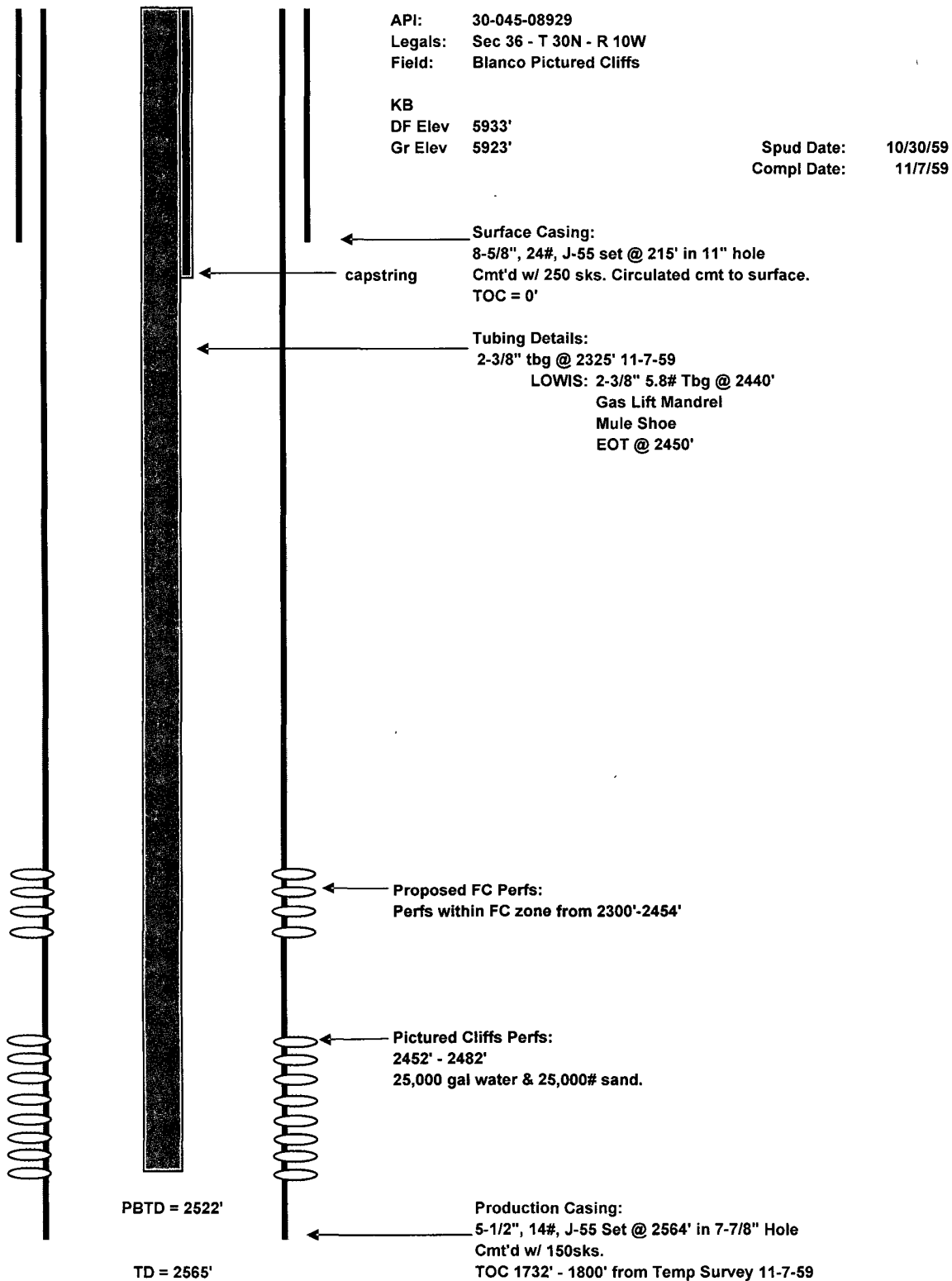


New Mexico Com F #1

API #30-045-08929

San Juan County, New Mexico

Proposed Well Schematic as of 10/27/08



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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 October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-08929		² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 17715	⁵ Property Name New Mexico Com F		⁶ Well Number 1
⁷ OGRID No. 131994	⁸ Operator Name Four Star Oil & Gas Company		⁹ Elevation 5,923' GR

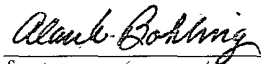
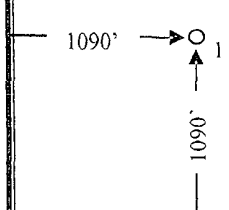
¹⁰ Surface Location

UL or lot no. M	Section 36	Township 30-N	Range 10-W	Lot Idn	Feet from the 1090	North/South line South	Feet from the 1090	East/West line West	County San Juan
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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
¹² Dedicated Acres 320 (S/2)	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.

¹⁶					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 unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at 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.  Signature _____ Date October 27, 2008 Alan W. Bohling Printed Name
					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. September 25, 1959 Date of Survey _____ Signature and Seal of Professional Surveyor T G Landwermyer 17617 Certificate Number
	NM Com G 71 API 30-045-08929 