

DATE IN 11/21/08	SUSPENSE OK	ENGINEER W. Jones	LOGGED IN 11/24/08	TYPE DHC 4538	APP NO. PKVR0832930063
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See Page 2
Not Done

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



RECEIVED

2008 NOV 21 PM 4 15

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply
 [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name: Alan W. Bohling Signature: Alan W. Bohling Title: Regulatory Agent Date: Nov. 18, 2008
 e-mail Address: ABohling@chevron.com



Chevron Midcontinent, L.P.
15 Smith Road
Midland, Texas 79705
Tel: 432-687-7158
Fax: 432-687-7289
ABohlin@chevron.com

November 18, 2008

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Administrative Down Hole Commingling Application, Blanco #2A Well
API No. 30-045-24526
Unit I, Section 12, Township 27 North, Range 09 West NMPM
San Juan County, New Mexico

Gentlemen:

Four Star Oil & Gas Co. respectfully submits to the New Mexico Oil Conservation Division for approval of the commingling of three zones within the Blanco #2A well (the Fruitland Coal, Chacra and Mesaverde). Four Star Oil & Gas Co. has provided the other working interest owners, Notice of our proposed operations by way of their election to participate in the well work-over pursuant to the terms of a Joint Operating Agreement dated September 1, 1990 covering the captioned well. Notice of our proposed operations to DHC has also been provided to Offset Operators by Certified Mail on October 20, 2008.


Enclosed with this cover letter, you will find the required information:

1. NMOCD Form C-102(s) (Showing each zone(s) spacing unit and acreage dedication).
2. NMOCD Form C-107A including Supplemental Information.
3. Copies of Letter(s) sent to the DOI-MMS for BIA Affairs, Offset Operators and Working Interest Owners to this captioned well location, advising them of the proposed operations.
4. Copies of other pertinent information (Approved DHC Orders & Wellbore Diagram).

A Copy of this Administrative DHC Application, with attachments, is concurrently being sent to the U. S. Bureau of Land Management-Farmington Office.

If after your review of the enclosed material you should require any additional technical information, please contact me at 432-687-7158 (ABohling@chevron.com) for non-technical information, or Ms. Jean Kohoutek at 281-561-3509 for technical information.

Thank you in advance for your review and approval of our Administrative Application for Downhole Commingling of the Fruitland Coal, Chacra and Mesaverde zones within the Blanco #2A wellbore.

Sincerely,

Alan W. Bohling
Regulatory Agent

Cc: Jean M. Kohoutek
Arthur R. Boehm
Greg Davis

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, 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 & 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 30-045-24526	² Pool Code 71629	³ Pool Name Basin-Fruitland Coal
⁴ Property Code 17659	⁵ Property Name Blanco	
⁷ OGRID No. 131994	⁸ Operator Name Four Star Oil & Gas Co.	
		⁶ Well Number 2A
		⁹ Elevation 5934' 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
I	12	27-N	09-W		1980	South	1250	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
¹² Dedicated Acres 320 (E/2)	¹³ Joint or Infill Y	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.

<div data-bbox="82 1034 112 1053">16</div>	<div data-bbox="740 1034 769 1123">870'</div> <div data-bbox="579 1200 769 1249">(Charley Pah #5) (API # 30-045-28690)</div>	<div data-bbox="1105 1034 1471 1064">17 OPERATOR CERTIFICATION</div> <div data-bbox="1062 1068 1515 1274"><i>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.</i></div> <div data-bbox="1062 1298 1471 1376"><div data-bbox="1062 1298 1325 1376"><i>Alan W. Bohling</i></div><div data-bbox="1333 1327 1471 1351">Nov. 18, 2008</div><div data-bbox="1062 1357 1128 1376">Signature</div><div data-bbox="1383 1357 1421 1376">Date</div></div> <div data-bbox="1062 1400 1412 1444"><div data-bbox="1062 1400 1412 1425">Alan W. Bohling – Regulatory Agent</div><div data-bbox="1062 1425 1157 1444">Printed Name</div></div>
<div data-bbox="243 1415 521 1444">Basin- Fruitland Coal, E/2</div>		
	<div data-bbox="901 1610 959 1640">1250'</div> <div data-bbox="799 1885 828 1942">1980'</div>	<div data-bbox="1062 1523 1500 1553">18 SURVEYOR CERTIFICATION</div> <div data-bbox="1062 1561 1500 1698"><i>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.</i></div> <div data-bbox="1062 1713 1222 1768"><div data-bbox="1062 1713 1222 1738">October 26, 1979</div><div data-bbox="1062 1742 1172 1768">Date of Survey</div></div> <div data-bbox="1062 1776 1377 1802">Signature and Seal of Professional Surveyor:</div> <div data-bbox="1062 1855 1216 1879">Fred B. Kerr, Jr.</div> <div data-bbox="1062 1919 1193 1968"><div data-bbox="1062 1919 1114 1942">3950</div><div data-bbox="1062 1942 1193 1968">Certificate Number</div></div>

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-24526	² Pool Code 82329	³ Pool Name Otero-Chacra
⁴ Property Code 17659	⁵ Property Name Blanco	⁶ Well Number 2A
⁷ OGRID No. 131994	⁸ Operator Name Four Star Oil & Gas Co.	⁹ Elevation 5934' GR


¹⁰ Surface Location

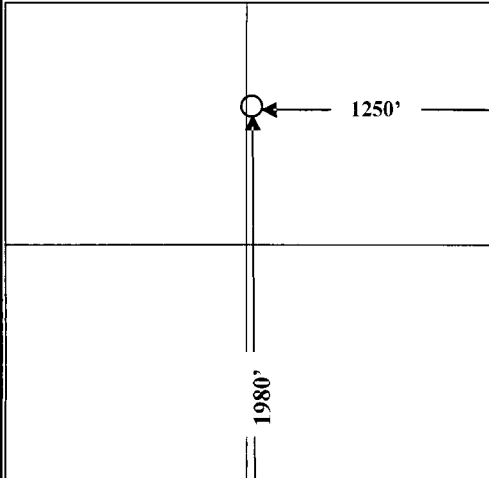
UL or lot no. I	Section 12	Township 27-N	Range 09-W	Lot Idn	Feet from the 1980	North/South line South	Feet from the 1250	East/West line East	County San Juan
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¹¹ Bottom Hole Location If Different From Surface

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 160 (SE/4)	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 Nov. 18, 2008 Date Alan W. Bohling - Regulatory Agent 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. October 26, 1979 Date of Survey Signature and Seal of Professional Surveyor: Fred B. Kerr, Jr. 3950 Certificate Number



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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-24526	² Pool Code 72319	³ Pool Name Blanco-Mesaverde
⁴ Property Code 17659	⁵ Property Name Blanco	⁶ Well Number 2A
⁷ OGRID No. 131994	⁸ Operator Name Four Star Oil & Gas Co.	⁹ Elevation 5934' GR


¹⁰ Surface Location

UL or lot no. I	Section 12	Township 27-N	Range 09-W	Lot Idn	Feet from the 1980	North/South line South	Feet from the 1250	East/West line East	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 (E/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>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.</i>  Nov. 18, 2008 Signature Date Alan W. Bohling - Regulatory Agent Printed Name
						¹⁸ SURVEYOR CERTIFICATION <i>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.</i> October 26, 1979 Date of Survey Signature and Seal of Professional Surveyor: Fred B. Kerr, Jr. 3950 Certificate Number

Blanco-Mesaverde, E/2

1250'

1980'

1625 N. French Dr., Hobbs, NM 88240

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Energy, Minerals & Natural Resources Department.

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Revised June 10, 2003

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PCUD JAN 28 '08
AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT****OIL CONSERVATION DIVISION**

API Number 30-045-24526		Pool Code s 72319/82839		Pool Names Blanco-Mesaverde/Otero Chacra DIST. 3	
Property Code 17659	Property Name Blanco				Well Number 2-A
OGRID No. 131994	Operator Name Four Star Oil & Gas Company				Elevation 5,934' 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
I	12	27-N	9-W		1980	South	1250	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

12 Dedicated Acres 160 (SE/4)-CH 320 (E/2)-MV	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.  Signature Alan W. Bohling Printed Name Regulatory Agent ABohling@chevron.com Title and E-mail Address 06-06-2007 Date
					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. Date of Survey Signature and Seal of Professional Surveyor Certificate Number

All distances must be from the outer boundaries of the Section

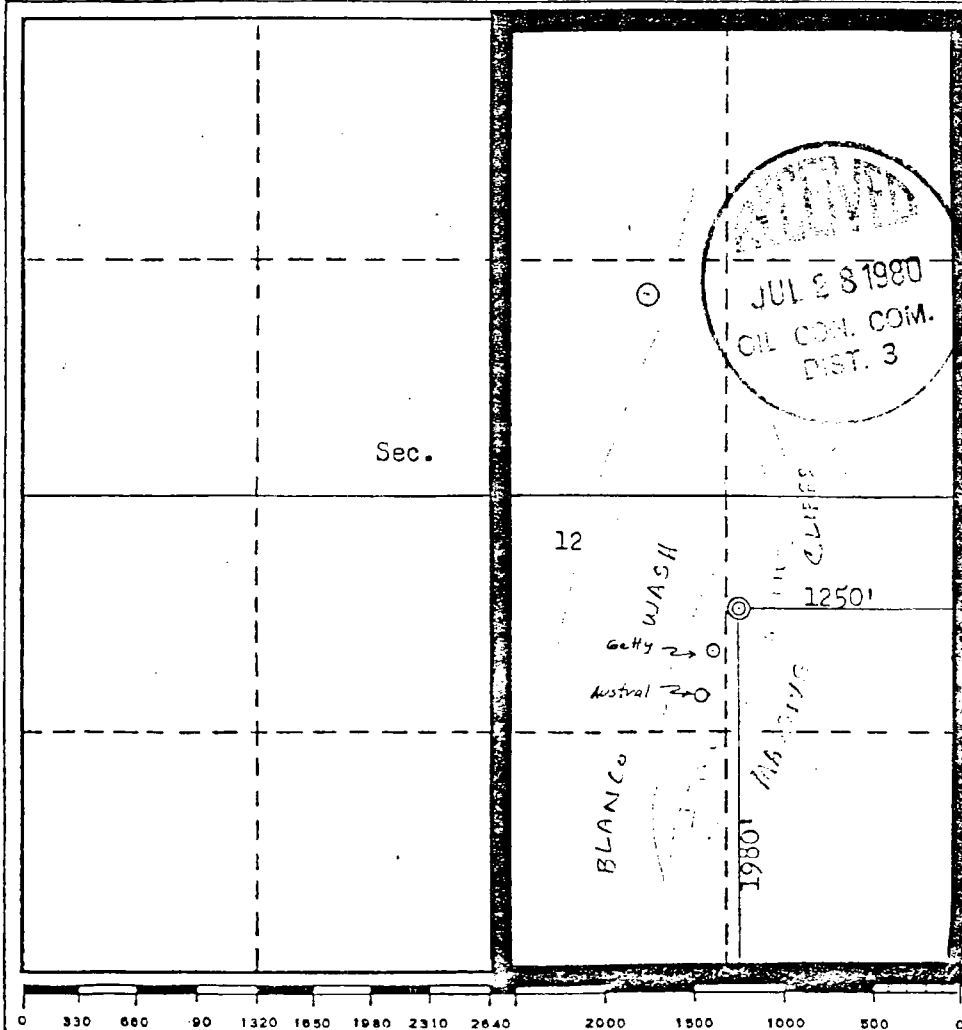
Operator NORTHWEST PIPELINE CORPORATION			Lease BLANCO		Well No. 2-A
Unit Letter I	Section 12	Township 27N	Range 9W	County San Juan	
Actual Footage Location of Well: 1980 feet from the South line and 1250 feet from the East line					
Ground Level Elev. 5934	Producing Formation Mesa Verde		Pool Blanco Mesa Verde	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
Paul C. Thompson

Position
Drilling Engineer

Company
Northwest Pipeline Corp.

Date
6-9-80

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 knowledge and belief.

Date Surveyed
October 1979

Registered Professional Engineer and/or Land Surveyor
Fred B. Kerr, Jr.

Certificate No.
3950

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 X Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Four Star Oil & Gas Company

15 Smith Road, Midland, TX

DHC-4130

Operator _____ Address _____
Blanco _____ 2A _____ UL I, NESW, Sec. 12, T-27-N, R-09-W _____ San Juan _____
Lease _____ Well No. _____ Unit Letter-Section-Township-Range _____ County _____

OGRID No. 131994 Property Code 17659 API No. 30-045-24526 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin-Fruitland Coal	Otero-Chacara	Blanco-MV
Pool Code	71629	82329	72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Proposed ~1850'-1950'	2953'-3130'	4000'-4478'
Method of Production (Flowing or Artificial Lift)	Proposed – Plunger Lift	Plunger Lift	Plunger Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	104 psig Calculated from offset (SITP) Fruitland Coal producer	220 psig Calculated from SITP	220 psig Calculated from SITP
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1095	1190	1300
Producing, Shut-In or New Zone	New Zone	Producing	Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	See attachment	Date: 10/01/08 Rates: 106 mcfpd, water & gas negligible	Date: 10/01/08 Rates: 49 mcfpd, water & gas negligible
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil _____ Gas _____ (To be determined later by subtraction method) % _____ % _____	Oil _____ Gas _____ (Based on allocated production history) 0 % _____ 68 %	Oil _____ Gas _____ (Based on production history) 100 % _____ 32 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes _____ No X
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes X No _____
(Notified Offset Operators & WIO's by Certified Mail on 10/20/08)

Are all produced fluids from all commingled zones compatible with each other? Yes X No _____

Will commingling decrease the value of production? Yes _____ No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No _____

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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 11/18/2008

TYPE OR PRINT NAME Alan W. Bohling TELEPHONE NO. (432) 687-7158

E-MAIL ADDRESS ABohling@chevron.com

Blanco 2A Supplemental Data for C-107A

Well History

This well was drilled in 1981 and completed in the Mesaverde. In December 2006, a workover was performed to clean out the wellbore and acidize the Mesaverde zone. In October 2007, the Chacra was completed and downhole commingled with the Mesaverde. Both zones were returned to production and put on plunger lift. Four Star Oil and Gas proposes to add a Fruitland Coal completion and seeks approval to downhole commingle the Mesaverde, Chacra, and Fruitland Coal. On current spacing and with the economic limitations in drilling a stand-alone Fruitland Coal well, this is the most economic method of capturing the Fruitland Coal reserves.

Production History

The current production is 155 mcfpd from the Chacra and Mesaverde; the Chacra contributes 106 mcfpd and Mesaverde contributes 49 mcfpd based on the current established allocation of 68% Chacra and 32% Mesaverde. The Mesaverde produces less than 1 bbl/day of oil, and the Chacra does not produce any oil. Both zones produce very little water; cumulatively, the zones produce less than 1 bbl/day. An estimated initial rate for the Fruitland Coal completion is 150 mcfpd. This estimate is based on IP's and production from surrounding wells in offset sections. See attached table for supporting data.

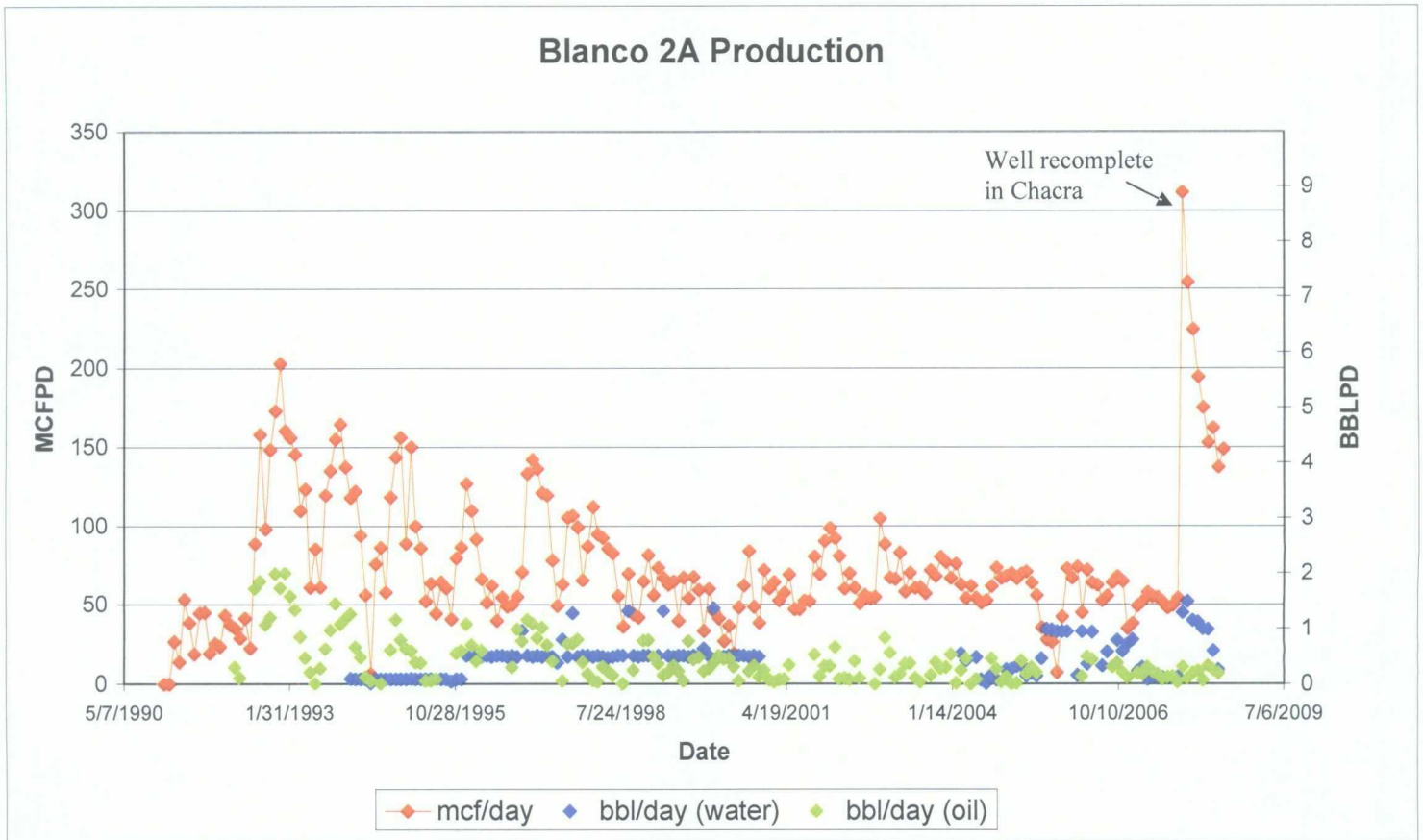
Pressure Data

The bottomhole pressure of the commingled Mesaverde and Chacra producing zones was calculated from the shut in tubing pressure. A fluid column was added to the Mesaverde BHP. Offset CVX Blanco Wash wells in the same area were used to estimate the expected bottomhole pressure of the new completion. A surface shut-in casing pressure was used here also. Please see attachments for supporting data.

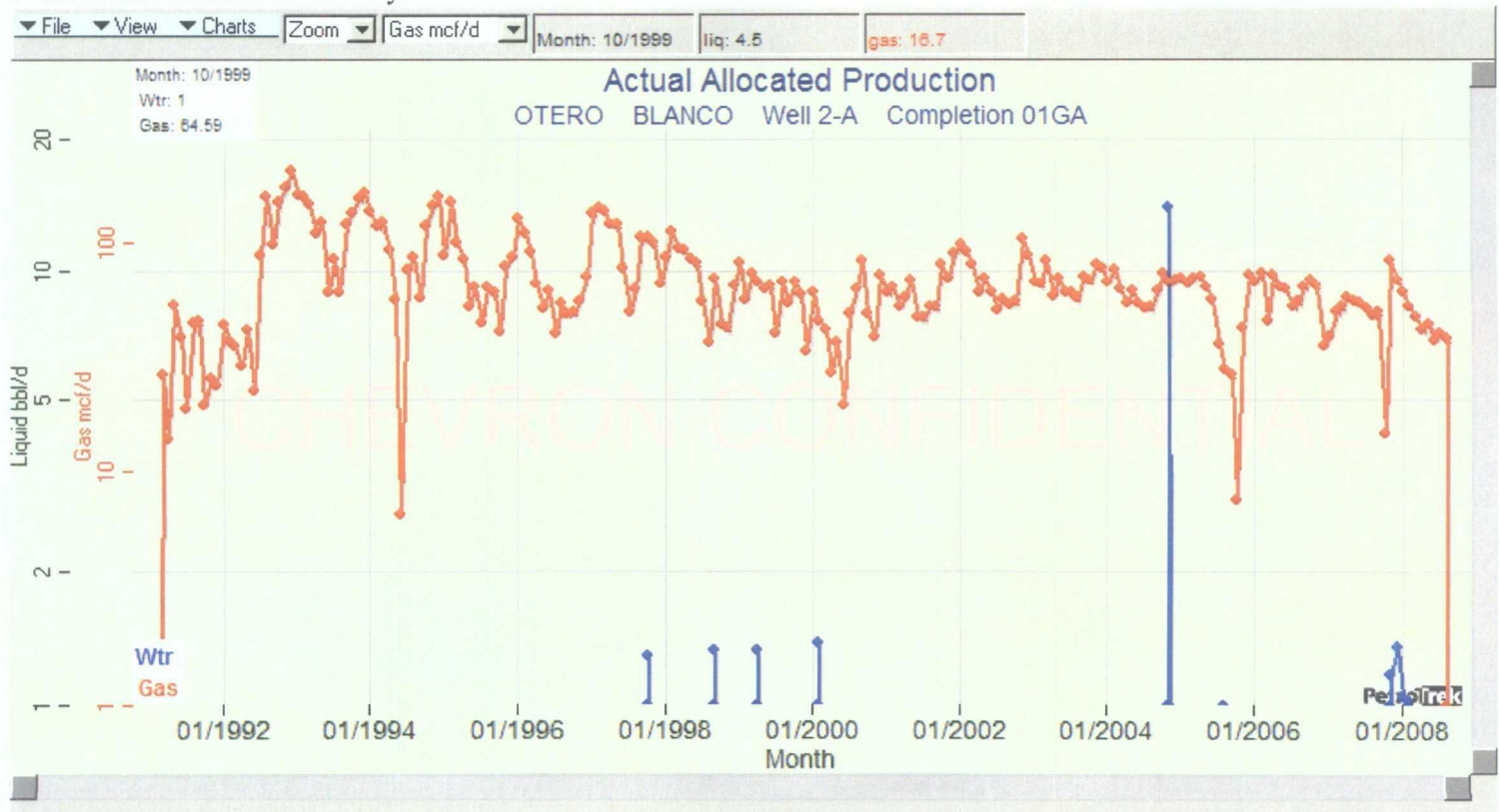
Allocation of Production

Four Star Oil & Gas proposes to use an allocation based on the subtraction method. A baseline of production and decline will be established from the existing production data. The incremental production added after the Fruitland Coal completion will be used to determine an appropriate allocation factor for the new zone. See the attached historical production curves for the existing Mesaverde and Chacra producing zones. The commingled production is based on established allocation factors.

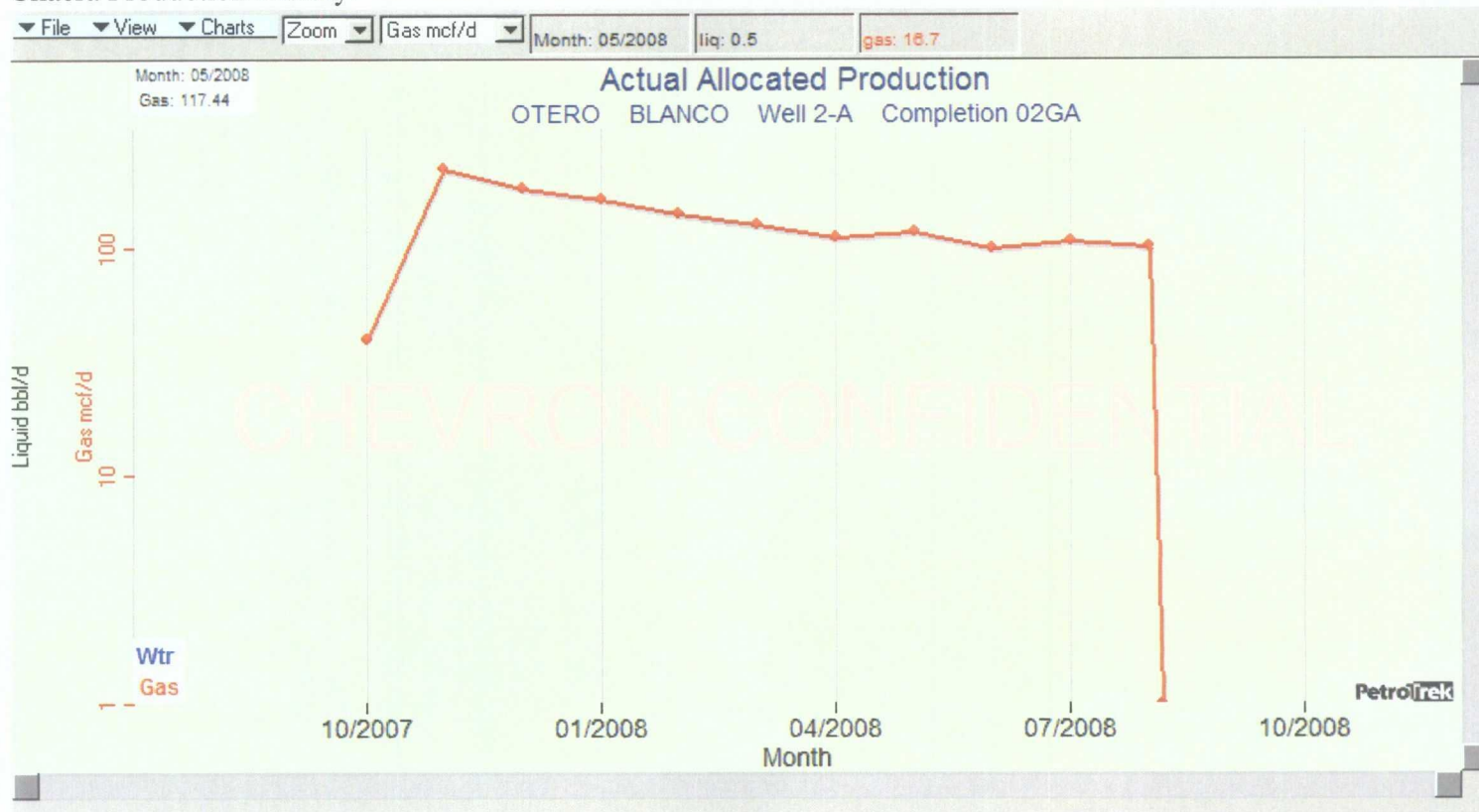
Total Production History:



Mesaverde Production History:



Chacra Production History:



Justification for IP from offset Blanco Wash **Fruitland Coal** Wells/Production:

Well Name	First Produced	IP	Peak	Current (10/22/08)
CHARLEY PAH (5)	11/01/92	17	85	75
CHARLEY PAH (6)	04/01/92	107	153	110
HOBBS C STATE COM (2)	02/01/93	107	155	70
J Q MARSHALL (4)	11/01/92	60	105	100
JOHN CHARLES (10)	12/01/92	132	197	135
JOHN CHARLES (2)	08/01/06	178	188	140
JOHN CHARLES (4)	01/01/06	147	147	100
JOHN CHARLES (9)	01/01/92	213	232	130
MARSHALL A (3)	07/01/90	54	221	225
MARSHALL A (4)	06/01/04	15	207	200
MARSHALL A (5)	02/01/06	177	177	240
MARSHALL A (8)	10/01/93	35	260	180
MARSHALL GENTLE (1)	08/01/06	39	120	105
NEAH VICTORIA (3)	11/01/92	30	65	45
NELLIE PLATERO (3)	07/01/90	70	215	195
NELLIE PLATERO (4)	07/01/04	57	107	100
NELLIE PLATERO (8)	12/01/92	92	175	130
AVERAGE		90	165	134

Blanco 2A Chacra-Mesaverde

Gas Gravity=	0.650		
N2=	0.000	%	9/30/2008
CO2=	0.000	%	
H2S=	0.000	%	
Condensate?	n	(y/n)	
Tpc=	373.97	R	
Ppc=	670.91	psia	
Average Temp.=	140	Deg F	
TVD =	4478	Ft	
		Press.	
		psig	z
SI Tubing Pressure=	200		0.975
BHP =	220		0.972
Average Tbg Pressure:	210		0.974

Procedure:

- 1) Input the SITP, Gas Gravity, TVD, Avg Temp, etc
- 2) Based on the calcd BHP, input the average Tbg Press and get the "Final" BHP estimate

Blanco 2A Fruitland Coal

Gas Gravity=	0.650		
N2=	0.000	%	4/6/2001
CO2=	0.000	%	
H2S=	0.000	%	
Condensate?	n	(y/n)	
Tpc=	373.97	R	
Ppc=	670.91	psia	
Average Temp.=	140	Deg F	
TVD =	1950	Ft	
		Press.	
		psig	z
SI Tubing Pressure=	100		0.986
BHP =	104		0.986
Average Tbg Pressure:	102		0.986

Average Tbg Pressure:

102

Procedure:

- 1) Input the SITP, Gas Gravity, TVD, Avg Temp, etc
- 2) Based on the calculated BHP, input the average Tbg Press and get the "Final" BHP estimate

BHP's:

Fruitland Coal = 104 psig
Chacra = 220 psig
Mesaverde = 220 psig

The calculated bottomhole pressures are within a close range. All three zones produce less than 2 BWPD combined. Each zone contributes predominantly natural gas. Any fluids that are produced will be removed via artificial lift, which helps maintain low bottomhole pressure. Furthermore, all gases from all zones are compatible. The well is tied into a compressor facility station such that the pressure at the wellhead is maintained at 80 psi, which is 1/3 of the bottomhole pressure so the gas will flow vertical towards surface. This ensures no cross flow.

Overall, the approval of this downhole commingle will ensure the best way to recover marginal remaining reserves in the life of the Blanco 2A well. By doing so, this would protect the correlative rights and eliminate waste.

October 20, 2008

Via Certified Mail 7003 3110 0003 1208 9086

Department of Interior
MMS for BIA Navajo
P O BOX 5810 TA
Denver, CO 80217

RE: Proposed DHC Commingling
Mesaverde/Chacra/Fruitland Coal
BLANCO 2-A (API# 300452452600)
T27N-R9W, Section 12, E/2
San Juan County, New Mexico

Gentlemen:

Four Star Oil & Gas Company will be filing a request with the State of New Mexico Oil Conservation Division, for approval to down hole commingle production from the Blanco Mesaverde, Otero-Chacra and Basin Fruitland Coal formations in the following BIA lease well, San Juan County, New Mexico.

<u>Well</u>	<u>Lease</u>	<u>Legal Location</u>
Blanco 2A	BIA I-149_IND-8465	UL_I, 1980' FSL & 1250' FEL, 12-27N-09W

By certified mail we are notifying all off-set operators of this proposed operation.

If any offset operator has an objection to this proposal, please notify NMOCD within twenty days of the date of this letter. If you have any questions regarding this application, please contact Jeannie M.Kohoutek 281/561-3509.

Sincerely,

Greg Davis
Contract Landman
MidContinent SBU

[Attached: Proposed Wellbore Schematic]

cc: OFFSET OPERATORS:

BAYLESS ROBERT L PRODUCER LLC
621 17th Street # 2300,
Denver, CO 80293

CERTIFIED MAIL 7004 3110 0003 1208 9093

BRECK OPERATING CORPORATION
C/O Walsh Engineering 7 Prod. Corp.
7415 East Main
Farmington, NM 87402

CERTIFIED MAIL 7004 3110 0003 1208 9109

BURLINGTON RESOURCES O&G CO LP
P O Box 4289
Farmington, NM 87499

CERTIFIED MAIL 7004 3110 0003 1208 9116

DUGAN PRODUCTION CO.
709 E. Murray Dr.
Farmington, NM 87401

CERTIFIED MAIL 7004 3110 0003 1208 9123

ENERGEN RESOURCES CORPORATION
2010 Afton Place
Farmington, NM 87401

CERTIFIED MAIL 7004 3110 0003 1208 9130

THOMPSON ENGINEERING & PRODUCTION CORP
7415 E Main St
Farmington, NM 87402

CERTIFIED MAIL 7004 3110 0003 1208 9147

XTO Energy Inc
810 Houston St., Ste. 2000
Fort Worth, TX 76102

CERTIFIED MAIL 7004 3110 0003 1208 9154

NOTE: For XTO Only:

"This proposed commingling of our jointly owned Otero-Chacra and Blanco Mesaverde formations with Four Star's 100% owned Fruitland Coal formation will necessitate the use of a Joint Operating Agreement for allocation of costs and production between the different zones and ownership. Chevron is in the process of preparing a draft JOA agreement for your review. We hope to have a draft to you by early November."

November 18, 2008

Via Certified Mail 7007 1490 0004 5639 9978

XTO Energy Inc.
810 Houston St., Ste 2000
Fort Worth, TX 76102-6298

RE: AFE — Blanco 2A
E/2 of Sec. 1, T27N-R9W
San Juan County, NM
AFE# UWDRM-R8195, QLS #821577

Dear Working Interest Owner:

Pursuant to Joint Operating Agreement dated September 1, 1990 and covering the captioned well, attached you will find an Authority for Expenditure (AFE) in the gross amount of \$317,950.00. The AFE covers the work described in the attached line item cost estimate.

Please sign below indicating your election to: Option 1) Consent to the proposed operation as to your Working Interest share only; Option 2) Non-Consent the operation. Should you elect Option 1 or Option 2 below, please also execute the attached AFE.

Please return this original of your signed election and the executed AFE to the undersigned within 30 days of your receipt of same. You will be deemed Non-Consent as to the proposed operation should you fail to return this election letter and the executed AFE within said 30 day period. Should you have any technical questions, please call Jeannie Kohoutek at #281-561-3509; other inquiries, please call me at #281-561-4880.

Regards,

Arthur Boehm, Jr.
Senior Land Rep.
San Juan Basin

XTO Energy Inc:

Option 1)

_____ I/We **Consent** to the proposed operation as to our Working Interest only.

Option 2)

_____ I/We **Non-Consent** the Proposed Operation.

By: _____

Its: _____

May 27, 2004

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

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

WELL API NO.

30-045-24526

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

I-149-IND-8465 FEDERAL/INDIAN

7. Lease Name or Unit Agreement Name

Blanco (17659 Property Code)

8. Well Number 2A

9. OGRID Number

131994

10. Pool name or Wildcat

Blanco-Mesaverde / Otero-Chacra

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 I : 1980 feet from the South line and 1250 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.)

5,934' 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: Bbls; Construction Material:

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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☐OTHER: Application for DHC, Blanco-Mesaverde / Otero-Chacra ☒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) production from the Blanco-Mesaverde (72319) and the Otero-Chacra (82329) Pools within the wellbore of the Blanco # 2-A. 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 JUN8'07

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

OIL CONS. DIV.

Concurrent DHC Application is being made with BLM, Farmington Office on Form 3160-5 on this same date DIST. 3

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: 06/06/2007Type 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 #3APPROVED BY: [Signature] TITLE: Deputy Oil & Gas Inspector, District #3 DATE: JUN 21 2007

Conditions of Approval (if any):

B

1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos 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

¹ API Number 30-045-24526	² Pool Code s 72319/82839	³ Pool Names Blanco-Mesaverde/Otero Chacra
⁴ Property Code 17659	⁵ Property Name Blanco	⁶ Well Number 2-A
⁷ OGRID No. 131994	⁸ Operator Name Four Star Oil & Gas Company	⁹ Elevation 5,934' GR


¹⁰ Surface Location

UL or lot no. I	Section 12	Township 27-N	Range 9-W	Lot Idn	Feet from the 1980	North/South line South	Feet from the 1250	East/West line East	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 160 (SE/4)-CH 320 (E/2)-MV	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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Alan W. Bohling Printed Name Regulatory Agent ABohling@chevron.com Title and E-mail Address 06/06/2007 Date
						¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number



Blanco 2A San Juan County, New Mexico Proposed Well Schematic for Triple DHC

API: 30-045-24526
Legals: Sec 12 - T 27N - R 9W
Field: Blanco

KB 11'
KB Elev 5945'
GR Elev 5934'

Spud Date: 2/3/1981

Surface Casing:
9-5/8", 36#, K-55, ST&C set @ 212' in 13-3/4" hole
Cmt'd. with 120 sks
TOC = 0' (circulated 1 bbl cement)

Tubing Details:
123 jts - 2-3/8", 4.7#/ft, J-55 @ +/-4394'
2-3/8" Seating Nipple - 1.1'
WLRG - 0.4'
EOT @ 4406' KB

Fruitland Coal Perforations
Need to log interval for perforations
(will not fall into 150% rule for downhole commingling)

Liner Top @ 2094'

Intermediate Casing:
7", 20#, K-55, ST&C, Set @ 2315' in 8-3/4" Hole
Cmt'd with 200 sks
TOC = 0'

Chacra Perforations: 2 spf, 180 deg
2953' - 2956' 3112' - 3120'
2960' - 2970' 3125' - 3130'
2992' - 2998'

Frac:
(10/8/2007) 2000 gals 15% HCl acid and 96 bio ball sealers
70,791 gals 70Q N2 15 cp Delta 140 w/ Expedite frac fluid
Screen-out w/ 92,000# 16/30 BASF pumped,
Est sand in formation ~86,500#

Mesaverde Perforations: 22 holes @ .37"
4000' 4326' 4362' 4428'
4007' 4330' 4366' 4430'
4010' 4334' 4380' 4474'
4014' 4338' 4384' 4478'
4016' 4341' 4388'
4322' 4344' 4396'

PBTD = 4535'

TD = 4535'

Liner Csg:
4-1/2", 10.5#, K-55, ST&C, Set @ 4535' in 6-1/4" hole
Cmt'd with 250 sks (Reversed out 10 bbls cement)
TOC = 2094'