

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. 30-045-30605
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
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 4B
9. OGRID Number 131994
10. Pool name or Wildcat Blanco-Mesaverde / Otero-Chacra

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5,936' GR	
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Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> 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: _____

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
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 <u>K</u> : <u>1755</u> feet from the <u>South</u> line and <u>1960</u> feet from the <u>West</u> line Section <u>12</u> Township <u>27-N</u> Range <u>09-W</u> NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5,936' GR	
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Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> 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 <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: Application for DHC, Blanco-Mesaverde / Otero-Chacra <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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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 # 4B. 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.

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.

RCVD JUN 7 07
OIL CONS. DIV.
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: 05/31/2007

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: JUN 21 2007

Conditions of Approval (if any):

Continuation Page 2 (Form C-103, Downhole Commingle Application, Dated 05/31/2007)

BLANCO # 4B

(API # 30-045-30605)

1755' FSL & 1960' FWL

UL K, NESW, 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 Blanco-Mesaverde (72319), with perforations from 3965'-4148' & 4262'-4490' and the Otero-Chacra (82329), with perforations from 2971'-3110'.**
- 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%	59%	3%
Blanco-Mesaverde	100%	41%	97%

Summary Calculation Sheet for Proposed Allocation Percentages for Commingled Production Blanco # 4B Well (API # 30-045-30605)

AVERAGE OF CHACRA PRODUCTION IN AREA OF BLANCO # 4B 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	FLORENCE		86 XTO ENERGY INC.	O	18	27N	8W	ACT	CHACRA	0	34	0
300452458300	SCHWERDTFEGGER A		3E XTO ENERGY INC.	L	6	27N	8W	ACT	CHACRA	0	125	0
300452659100	FLORENCE LS		4A XTO ENERGY INC.	D	18	27N	8W	ACT	CHACRA	0	200	0
300453101600	FLORENCE		66F XTO ENERGY INC.	A	18	27N	8W	ACT	CHACRA	0	75	0
300453105100	SCHWERDTFEGGER A		3F XTO ENERGY INC.	F	6	27N	8W	ACT	CHACRA	0	75	0
300453105200	SCHWERDTFEGGER A		5F XTO ENERGY INC.	I	6	27N	8W	ACT	CHACRA	0	90	0
300450877300	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		8A 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
CHACRA AVG.										0	136	0.1

AVERAGE OF MESAVERDE PRODUCTION FROM BLANCO # 4B 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>
300453060500	BLANCO		4B FOUR STAR OIL & GAS COMPANY	K	12	27N	9W	ACT	MESAVERDE	0.4	101	3.8
CHACRA AVG.										0.3	90	2.0
MESAVERDE AVG.										0.3	98	0.8
MV AVG.										0.4	85	1.9
MV AVG.										0.4	101	1.6
MV AVG.										0.2	86	2.1
MV AVG.										0.3	93	2.0

PROPOSED DHC ALLOCATION PERCENTAGES FOR BLANCO # 4B WELL

<u>ALLOCATION FACTOR</u>			
	<u>OIL</u>	<u>GAS</u>	<u>WTR</u>
CHACRA	0%	59%	3%
MESAVERDE	100%	41%	97%