

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. 30-045-30204
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. RCVD NOV 28 '07
7. Lease Name or Unit Agreement Name Blanco OIL CONS. DIV.
8. Well Number 1A DIST. 3
9. OGRID Number
10. Pool name or Wildcat

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

3. Address of Operator
PO BOX 36366, HOUSTON, TX 77236

4. Well Location
Unit Letter O : 700 feet from the SOUTH line and 1900 feet from the EAST line
Section 1 Township 27N Range 9W NMPM SAN JUAN County

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

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type WORKOVER Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water <1000'

Pit Liner Thickness: 12 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:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	P AND A <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
MULTIPLE COMPL <input type="checkbox"/>	
OTHER: Application to 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) pool within the same wellbore of the Blanco #1A. Both of these pools are included in the pre-approved pools for downhole commingling established by the 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 the Otero-Chacra pool, the RIH with tubing string, and Downhole Commingle produce both pools within this wellbore. Both pools have the same ownership and allocation was figured for the Mesaverde and proposed for the Otero-Chacra by the subtraction method. Once this well is completed and downhole commingle, we will determine the proper allocation for the Otero-Chacra and submit the correct data.

Please see the attached documents for additional information. Should you have any questions or require additional information, please feel free to contact us at any time.

This form's concurrent DHC Application is being made with the BLM-Farmington Office, on form 3160-5, on this same date.

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 Jennifer Hudgens TITLE Regulatory Technician DATE 11/21/07

Type or print name Jennifer Hudgens E-mail address: jhio@chevron.com Telephone No. 281-561-3599
For State Use Only

APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE DEC 14 2007
Conditions of Approval (if any):

Continuation Page 2 (Form C-103, Downhole Commingle Application, Dated 11/27/2007)

BLANCO # 1A

(API # 30-045-30204)

700' FSL & 1900' FEL

UL O, SWSE, Sec. 1, T-27-N, R-09-W

San Juan County, New Mexico

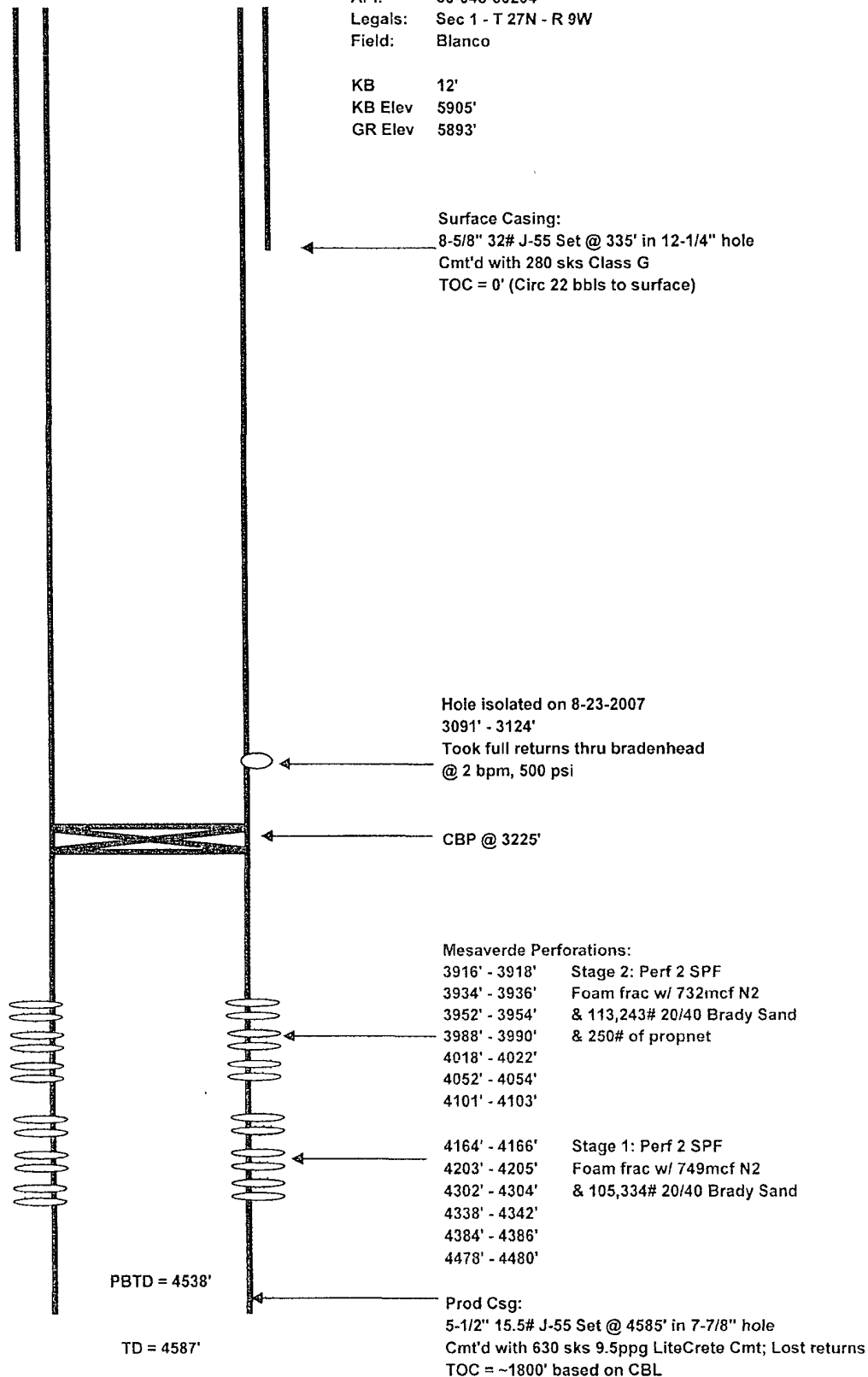
In support of this proposed Downhole Commingling request, Four Star Oil & Gas submits the following:

- a. The two pools to be commingled are the Blanco-Mesaverde (72319), with perforations from 3916'-4103' & 4164'-4480' and the Otero-Chacra (82329), with perforations from 2972'-3144'.
- 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	73%	72%	48%
Blanco-Mesaverde	27%	28%	52%



Blanco 1A
San Juan County, New Mexico
Current Well Schematic





Chevron U.S.A. Production Co.
Mid-Continent Business Unit
Coal Bed Methane

Blanco #1A
San Juan County, New Mexico
Blanco Field
Sec 1 – T 27N – R 9W
API: 30-045-30204

SCOPE: **Repair casing leak; acidize the MV; Frac Chacra; return well to production.**

Procedure

1. MIRU workover rig. Verify space and location of frac tanks with Service Company.
2. Check well pressures and bleed down. Kill well if necessary with 2% KCl. Check bradenhead for pressure and bleed down if necessary.
3. ND Wellhead. NU BOP and pressure test. RU 2-3" flowback lines and ½" choke to flowback tank(s).
4. Receive new 2-3/8" 4.7# J-55 tbg and use as workstring. PU 5-1/2" 15.5# squeeze packer. RIH w/ 2-3/8" workstring and set just packer 2800' (leak identified @ 3091' – 3124').
5. Pump 10 bbls of fresh water. Mix and pump 500 sks of Class H neat cement @ 15.6 ppg, 1.18 yield. Displace cement with fresh water to below packer and shut down. Hesitate in cement every ¼ bbls incremental as needed.
6. Release packer and POOH.
7. RIH with 4-3/4" cement bit, bit sub and DC's on 2-3/8" workstring. Tag top of cement, test casing to 500 psi. RU power swivel and start drilling out cement. Circulate hole clean and test csg to 500 psi. DO NOT drill up the CBPRIH w/ GR/CCL/CBL and log from 3150' to surface.
8. PU 4-5/8" bit, bit sub, 2-3/8" workstring. RIH, drill up **CBP @ 3225'** and circulate out to PBTD @ 4538'. Circulate hole clean and POOH with workstring.
9. RIH w/ 2-3/8" workstring and treating Packer and prepare to acidize the Mesaverde perforations. Set packer @ +/-3850'.
10. MIRU acid service provider.
11. Pump 2000 gals acid with +/- 90 ball sealers (75 on original) as per service company recommendation on the Mesaverde perforations: 3916' – 4480'; 30' of perforations; 2 SPF; 60 holes.



12. Release packer and POOH w/ workstring and packer. RD and knock balls off of perforations with packer.
13. Flowback acid immediately if possible until pressure bleeds down. RU wireline services. Install lubricator & test.
14. PU CBP and set @ 3225'.
15. Fill well with water.
16. Perforate the Chacra formation as follows: 3 1/8" HEGS, 2spf, 180 deg phasing
2972' - 2976', 2998' - 3002', 3118' - 3124', 3129' - 3136', 3141' - 3144'
17. RU Wellhead Isolation Tool. MIRU frac equipment.
18. Perform fracture treatment on Chacra as described by service company procedure.
19. RD frac equipment.
20. PU bit, bit sub, 2-3/8" workstring. RIH and tag fill. RU power swivel. Circulate and cleanout frac sand and drill up CBP @ 3225'.
21. Continue cleaning out to PBTD @ 4538'. POOH.
22. PU 2-3/8" production tubing string and land production tubing with EOT @ +/- 4321'.
23. ND BOPS. NU wellhead.
24. Set up for plunger lift.
25. RD WO rig and MOL.

Summary Calculation Sheet for Proposed Allocation Percentages for Commingled Production Blanco #1A Well (API # 30-045-30204)

AVERAGE OF CHACRA IP PRODUCTION IN AREA OF BLANCO #1A WELL

Primary API	Lease Name	Well	Operator	UL	SEC	TWN	RNG	Status	Prod Zone	Oil - bbl/d	IP Gas - mcf/d	Wtr	bbl/d
300452153200	BLANCO	25	FOUR STAR OIL & GAS COMPANY	E	12	27N	9W	ACT	CHACRA	0 00	170		0 00
300450677300	BURROUGHS COM B	4	FOUR STAR OIL & GAS COMPANY	M	2	27N	9W	ACT	CHACRA	0 00	100		0 00
300452152300	HANCOCK	7	BURLINGTON RESOURCES O&G CO LP		35	28N	9W	ACT	CHACRA	0 00	103		0 00
300452156300	HANCOCK A	10	BURLINGTON RESOURCES O&G CO LP		35	28N	9W	ACT	CHACRA	0 00	233		0 00
300452153300	JAQUES COM	1	FOUR STAR OIL & GAS COMPANY	O	2	27N	9W	ACT	CHACRA	0 00	170		0 00
300452279500	NAVAJO ALLOTTED GAS COM B	1A	BP AMERICA PRODTN CO		36	27N	9W	ACT	CHACRA	0 73	304		2 94
300450699100	NAVAJO ALLOTTED GC B	1	BP AMERICA PRODTN CO		36	27N	9W	ACT	CHACRA	1 07	310		4 35
300452267200	NELLIE PLATERO	5-A	FOUR STAR OIL & GAS COMPANY	I	11	27N	9W	ACT	CHACRA	0 00	180		1 00
300452362700	NELLIE PLATERO	6	FOUR STAR OIL & GAS COMPANY	L	11	27N	9W	ACT	CHACRA	0 00	140		0 10
300452458300	SCHWERDTFEGER A	3E	XTO ENERGY INCORPORATED	L	6	27N	8W	ACT	CHACRA	0 00	125		0 00
300453105100	SCHWERDTFEGER A	3F	XTO ENERGY INCORPORATED	F	6	27N	8W	ACT	CHACRA	0 00	75		0 00
300453105200	SCHWERDTFEGER A	5F	XTO ENERGY INCORPORATED	I	6	27N	8W	ACT	CHACRA	0 00	90		0 00
300450703700	SCHWERDTFEGER A LS	9	BP AMERICA PRODTN CO		31	28N	8W	ACT	CHACRA	0 07	84		0 00
300452655900	SCHWERDTFEGER A LS	10A	BP AMERICA PRODTN CO		31	28N	8W	ACT	CHACRA	0 10	225		0 00
300452663600	SCHWERDTFEGER A LS	9A	BP AMERICA PRODTN CO		31	28N	8W	ACT	CHACRA	0 19	232		0 00
300452668300	SCHWERDTFEGER A LS	1A	BP AMERICA PRODTN CO		36	28N	9W	ACT	CHACRA	0 00	248		0 00
300452532200	STOREY C	2M	BP AMERICA PRODTN CO		35	28N	9W	ACT	CHACRA	0 00	85		0 00
300452093200	TURNER-HUGHES	1B	BURLINGTON RESOURCES O&G CO LP		11	27N	9W	INACT	CHACRA	0 00	195		0 00

Average Chacra IP:	0.12	170	0.47
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AVERAGE OF MESAVERDE PRODUCTION FROM BLANCO #1A WELL

Primary API	Lease Name	Well	Operator	UL	SEC	TWN	RNG	Status	Prod Zone	Date	Oil - bbl/d	Gas - mcf/d	Wtr	bbl/d
300453020400	BLANCO	1A	FOUR STAR OIL & GAS COMPANY		1	27N	9W	ACT	MESAVERDE	3/31/07	0 00	70		0 42
										4/30/07	0 00	63		1 67
										5/31/07	0 00	68		0 13
										6/30/07	0 22	80		0 13
										7/31/07	0 04	86		0 20
										8/31/07	0 00	38		0 25

Average Mesaverde:	0.04	67	0.50
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PROPOSED DHC ALLOCATION PERCENTAGES FOR BLANCO #1A WELL

	OIL	GAS	WTR
CHACRA	73%	72%	48%
MESAVERDE	27%	28%	52%

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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
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-30204	² Pool Code s 82329	³ Pool Names Otero Chacra
⁴ Property Code 17659	⁵ Property Name Blanco	⁶ Well Number 1A
⁷ OGRID No. 131994	⁸ Operator Name Four Star Oil & Gas Company	⁹ Elevation 5,893' GR

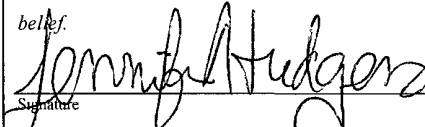
¹⁰ Surface Location

UL or lot no. 0	Section 1	Township 27-N	Range 9-W	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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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	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 Jennifer Hudgens Printed Name Regulatory Technician jhio@chevron.com Title and E-mail Address 11/27/2007 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

