

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. 30-039-30436
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Paul Williams (17725 Property Code)
8. Well Number 4
9. OGRID Number 131994
10. Pool name or Wildcat Basin-Dakota / 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 <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>E</u> : <u>1522</u> feet from the <u>North</u> line and <u>1224</u> feet from the <u>West</u> line Section <u>35</u> Township <u>26-N</u> Range <u>06-W</u> NMPM Rio Arriba County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>6,332' GR</u>	
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, Basin-Dakota / Blanco-Mesaverde <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 Basin-Dakota (71599) and the Blanco-Mesaverde (72319) Pools within the wellbore of the Paul Williams #4. 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 a proposed new drill planned to be drilled in April, 2008 and completed in first of May, 2008. We plan to perforate, treat and then Downhole Commingle produce both pools within this wellbore.

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

RCVD APR 9 '08

OIL CONS. DIV.

DIST. 3

DHC 2863A2

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: 04/07/2008

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

For State Use Only

APPROVED BY: [Signature] TITLE: Deputy Oil & Gas Inspector, District #3 DATE: APR 29 2008
Conditions of Approval (if any): Test production to determine allocations

Continuation Page 2 (Form C-103, Downhole Commingle Application, Dated 04/07/2008)

Paul Williams

(API # 30-039-30436)

1522' FNL & 1224' FWL

UL E, Sec. 35, T-26-N, R-06-W

Rio Arriba 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 Basin-Dakota (71599), with proposed perforations from 6935'-7100' and the Blanco-Mesaverde (72319), with perforations from 4225'-5140'.
- b. No significant cross flow between these two intervals has been experienced in previous commingled wells 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 zones are identical.
- e. Current proposed Allocation Percentages are based on the offsetting Paul Williams #3 allocation approved under NMOCD Administrative Order DHC-2471 on October 12, 1999 (copy attached). We are proposing the following allocation:

<u>Pool</u>	<u>Oil</u>	<u>Gas</u>	<u>Water</u>
Blanco-Mesaverde	100%	60%	60%
Basin-Dakota	0%	40%	40%

This allocation percentage is also similar to other approved downhole commingling permits in this and surrounding sections (See DHC 2319 AZ approved on June 22, 2006, copy attached). If these initially proposed allocation percentages do not coincide with actual production results from the completion, they will be re-presented later utilizing the "Subtraction Method".

Four Star Oil & Gas Co.
Paul Williams # 4
Rio Arriba County, New Mexico
Proposed Well Schematic
API # 30-039-30436

API: 30-039-30436
Legals: Sec 35, T-26-N, R-06-W
Gr Elev 6332'

RCVD APR 9 '08

OIL CONS. DIV.
DIST. 3

