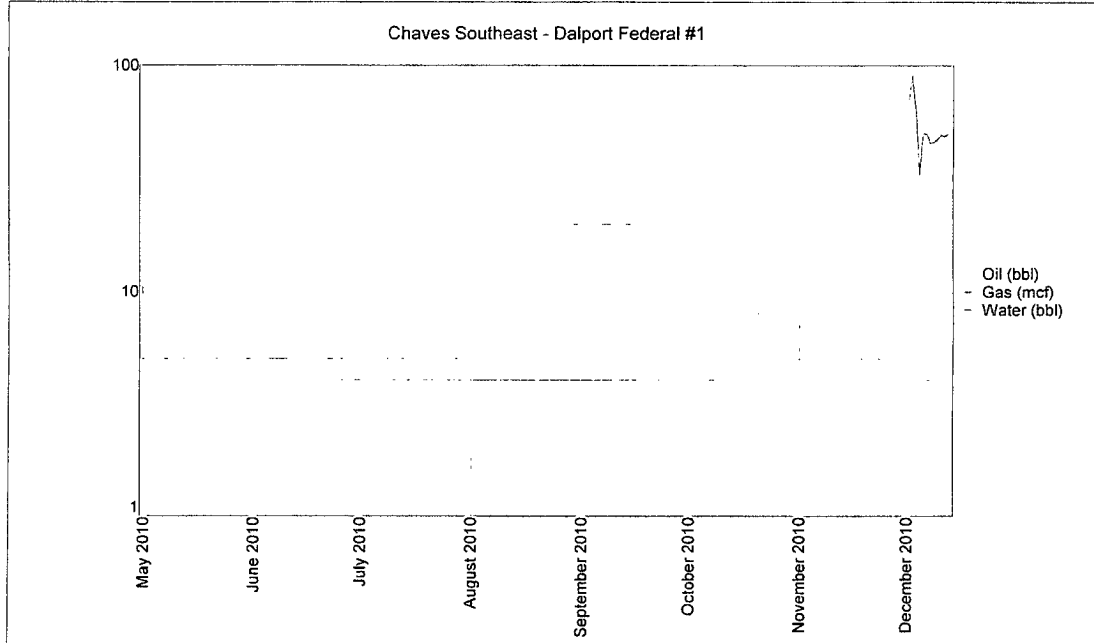




**Daily Production Report**  
**Chaves Southeast - Dalport Federal #1**  
 Selected Time Frame: Last Month to Date

Date: 12/13/2010  
 Time: 8:42 AM



**Daily Production**  
**Date**

Oil	Gas	Water
0.00	50	0.00
0.00	49	0.00
0.00	49	0.00
0.00	48	0.00
0.00	46	0.00
0.00	46	0.00
0.00	50	0.00
0.00	50	0.00
0.00	33	0.00
0.00	61	0.00
0.00	91	0.00
0.00	71	0.00
0.00	0	0.00
0.00	0	0.00
0.00	0	0.00
0.00	0	0.00
0.00	0	0.00
0.00	0	0.00
0.00	0	0.00
0.00	0	0.00
0.00	0	0.00
0.00	0	0.00

**Notes**

<DT> = Down Time  
 <GM> = Gas Meter

*Production following  
 clearing out hq and  
 returning to production  
 11/30*

<DT> Workover



**Daily Production Report**  
**Chaves Southeast - Dalport Federal #1**  
Selected Time Frame: Last Month to Date

Date: 12/13/2010  
Time: 8:42 AM

Daily Production				Notes
Date	Oil	Gas	Water	<DT> = Down Time <GM> = Gas Meter
11/21/2010	0.00	0	0.00	
11/20/2010	0.00	0	0.00	
11/19/2010	0.00	0	0.00	
11/18/2010	0.00	0	0.00	
11/17/2010	0.00	0	0.00	
11/16/2010	0.00	0	0.00	
11/15/2010	0.00	0	0.00	
11/14/2010	0.00	0	0.00	
11/13/2010	0.00	0	0.00	
11/12/2010	0.00	0	0.00	
11/11/2010	0.00	0	0.00	
11/10/2010	0.00	0	0.00	
11/09/2010	0.00	0	0.00	
11/08/2010	0.00	0	0.00	
11/07/2010	0.00	0	0.00	
11/06/2010	0.00	0	0.00	
11/05/2010	0.00	0	0.00	
11/04/2010	0.00	0	0.00	
11/03/2010	0.00	0	0.00	
11/02/2010	0.00	0	0.00	
11/01/2010	0.00	0	0.00	
Total:	0.00	644	0.00	
Average:	0.00	16	0.00	

**DALPORT FEDERAL #1**  
**SEC. 20(M); T13S; R31E**  
**CHAVES COUNTY, NM**  
**API# 30-005-20661**  
Federal Well

**6/30/10** Day 1: First report; Work to check total depth & run BHP survey. RU Precision Pressure Data w/ well SI. Open well & will not flow gas to atmosphere.

1. Ran 1 1/4" O.D. drive down bailer & tag @ 1330'. TOH & recovered some soap stick & misc mt'l.
2. Re-ran 1.75" O.D. bailer. Ran to 1330' recovering some soap stick & misc material.
3. Ran 1 1/4" sinker bar. Tag @ 1330' & drove to 1332'. TOH & recovered pieces of soap stick.

RD Precision. Did not run bottom hole pressure instrument.

Prepare to run 5/8" O.D. sinker bar & attempt to knock out the soap stick(s) that are plugging the tbq.

Note: TBG & csg pressures = 0 psi. Ran instruments down tbq. Left well SI. Gas flow meter to be repaired.

Slick Line Work	\$ 400	Daily Total:	\$ 400
	\$	Prev. Total:	\$ 0
	\$	Cum Total:	\$ 400

**7/1/10** Day 2: RU Precision Pressure Data's Slick Line. Ran 5/8" rod on slick line to try & remove soap stick(s) out of 2 3/8" O.D. tbq. Tag @ 1330'. Drove down to 1332'. TOH. Ran 1 1/4" drive down bailer & recovered small pieces of soap stick. Re-ran 5/8" rod & drove down to 1335'. TOH. Ran 1 1/4" drive down bailer & recovered small pieces of soap stick. Ran 1 1/4" suction bailer to 1332'. Recovered small pieces of soap stick. Unable to clean out. The soap stick material bridges off @ the tip of the tools & will not allow additional recovery of soap stick(s). RD Precision Pressure Data. Left well SI. Well will not flow. Prepare to evaluate methods to clean out tbq & place well on production. **Final Report.**

Precision Pressure	\$ 1,250	Daily Total:	\$ 1,250
	\$	Prev. Total:	\$ 400
	\$	Cum Total:	\$ 1,650

**AFE # 1002051**

**11/29/10** Day 1: First report. Work to unplug tbq & place well back on production. MIRU Mesa Well Service & Lucky Services, air unit & swivel. NDWH & NUBOP. TIH w/ 1 1/4" tapered mill & 1" CS Hydril, 2.25#, P-110 tbq. Ran & tag @ 1,338'. RU air/foam unit w/ swivel. Drill out plug in 2 3/8" OD tbq @ 1,338'. Ran mill to 2,574' (below btm perf @ 2,559', 15'). Clean & circulate hole w/ foam, recovering dirty fluid. Circulate hole clean. TOH, LD tbq w/ mill. Left well open to blow down pit over night.

Note: Used 20 BFW to clean plug & circulate hole w/ 10 gal of chemicals pumping w/ air/foam unit w/ 700 to 1200# pressure. Air rate estimated @ 1+ MMCF per day.

PU	\$ 3,750	Daily Total:	\$ 10,400
Transportation	\$ 750	Prev. Total:	\$ 0
Air/foam rig	\$ 5,400	Cum Total:	\$ 10,400
Equip rental	\$ 500		

**11/30/10** Day 2: After flowing well over night, 14 hours, connect well to flowline & SWI. RDMO service rig. After SI for 6 hours, TP = 93#. Open to sales line. Well flowing 114 mcf, after flowing 2 hours w/ FTP of 68 psi (line pressure). Continue to flow & test.

PU	\$ 675	Daily Total:	\$ 925
Vac/Pmp truck	\$ 250	Prev. Total:	\$ 10,400
	\$	Cum Total:	\$ 11,325

**12/1/10** Day 3: Selling 91 mcfpd gas rate this A.M. Sold 71 mcf the last 18 hours @ line pressure of 63# on an open choke. Continue to flow to sales. **Final report.**

Thomas Tools	\$ 1,450	Daily Total:	\$ 1,450
		Prev. Total:	\$ 11,325
		Cum Total:	\$ 12,775

DALPORT FEDERAL #1

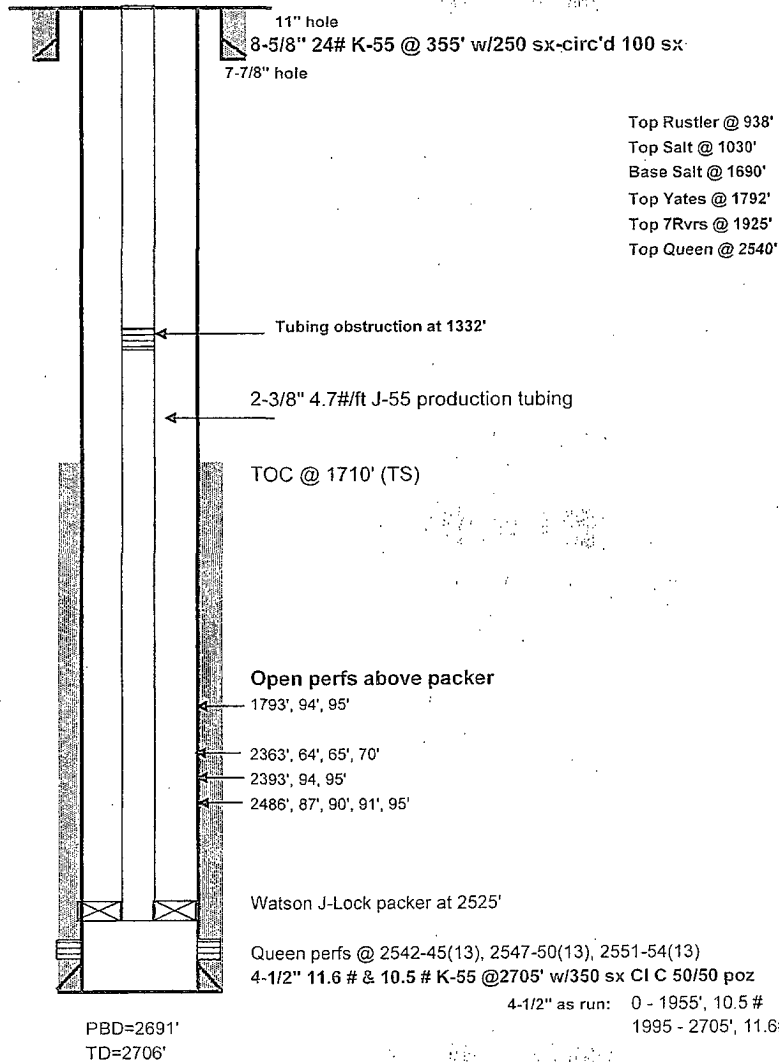
# CELERO ENERGY

FIELD: Chaves QN Gas Area SE  
LEASE/UNIT: Dalport Federal  
COUNTY: Chaves

DATE: Nov. 19, 2010  
BY: MWM  
WELL: 1  
STATE: New Mexico

Location: 660' FSL & 660' FWL, Sec 20(M), T13S, R31E  
SPUD: 4/10/79 COMP: 5/5/79  
CURRENT STATUS: Producer

KB = 4064'  
GL = 4,054'  
API = 30-005-20661



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OM B No. 1004-0137  
Expires: March 31, 2007

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NM 17432

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and/or No.

NM-72442

8. Well Name and No.

Dalport Federal #1

9. API Well No.

30-005-20661

10. Field and Pool, or Exploratory Area  
Chaves; Queen, Gas Area SE11. County or Parish, State  
Chaves, NM

## SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☐ Oil Well☒ Gas Well☐ Other

2. Name of Operator

Celero Energy II, LP

3a. Address

400 W. Illinois, Ste. 1601 Midland TX 79701

3b. Phone No. (include area code)

(432)686-1883

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL &amp; 660' FWL

UL: M, Sec 20, T13S, R31E

## 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input checked="" type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

11/29/10 - MIRU, NDWH & NUBOP. TIH w/ 1 1/2" tapered mill & 1" CS Hydril, 2.25#, P-110 tbg. Ran & tag @ 1,338'. RU air/foam unit w/ swivel. Drill out plug in 2 3/8" OD tbg @ 1,338'. Ran mill to 2,574' (below btm perf @ 2,559', 15'). Clean & circulate hole w/ foam. Circulate hole clean. TOH, LD tbg w/ mill. Left well open to blow down pit over night.

11/30/10 - Connect well to flowline & SWI. RDMO. Open well to sales line. Continue to flow & test well.

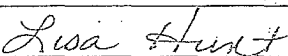
14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Lisa Hunt

Title Regulatory Analyst

Signature



Date 12/01/2010

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)