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UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation Division, District 4 1625 N. French Drive Hobbs, NM 88240

FORM APPROVED BY 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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well [] Oil Well [X] Gas Well [] Other
2. Name of Operator CELERO ENERGY II, LP
3a. Address 400 W. Illinois, Ste. 1601 Midland TX 79701
3b. Phone No. (432)686-1883
4. Location of Well See Below

5. Lease Serial No. NM-17594
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No. NM-72505
8. Well Name and No. See Below
9. API Well No.
10. Field and Pool, or Exploratory Area Chaves Queen, Gas Area SE
11. County or Parish, State Chaves Co., NM

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

Table with columns TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production, Water Shut-Off, etc.

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 recomple 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 recomple 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.)

Effective 5/1/2010 - Change of Operator from Chevron Midcontinent, LP to Celero Energy II, LP on the following listed wells:

- Dalport Federal #1 - Sec 20 (M), T13S, R 31E - API # 30-005-20661
Friend Federal #1 - Sec 21 (E), T13S, R31E - API # 30-005-20725
Dalport Arco Federal Com #1 - Sec 7 (G), T14S, R31E - API # 30-005-20999
Oxy Federal Com #1 - Sec 29 (G), T13S, R31E - API # 30-005-21097
Oxy Federal Com #2 - Sec 29 (N), T13S, R31E - API # 30-005-21095
Apache Federal Com #1 - Sec 30 (I), T13S, R31E - API # 30-005-21098

Celero Energy II, LP hereby accepts all applicable terms, conditions, stipulations & restrictions concerning operations conducted on the leased land.

Celero Energy II LP Accepts All Applicable Terms, Conditions, Stipulations, And Restrictions Concerning Operations Conducted On The Leased Land Or Portion Thereof Under \$525,000.00 Statewide BLM Bond Number NMB000464.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Lisa Hunt

Signature Lisa Hunt

Date 05/17/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ DAVID R. GLASS PETROLEUM ENGINEER Date JUN 24 2010
Office RESMOUNTAIN 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)

KR PETROLEUM ENGINEER JUN 28 2010