

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CELERO ENERGY II, LP TO
INSTITUTE A WATERLOOD PROJECT AND
TERTIARY RECOVERY PROJECT FOR THE
NORTH CAPROCK CELERO QUEEN UNIT AREA,
CHAVES AND LEA COUNTIES, NEW MEXICO.

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Case No. 14915

APPLICATION

Celero Energy II, LP, whose address is Suite 1601, 400 West Illinois Avenue, Midland, Texas 79701, applies for an order approving a secondary and tertiary recovery project in the North Caprock Celero Queen Unit Area (the "Unit Area"). In support thereof, applicant states:

1. Applicant is the operator of the proposed Unit Area, which covers the lands located in Chaves and Lea Counties, New Mexico described below:

Township 12 South, Range 31 East, N.M.P.M., Chaves County

Section 36: S/2 NE/4, SE/4SW/4, and SE/4

Township 12 South, Range 32 East, N.M.P.M., Lea County

Section 30: S/2SE/4

Section 31: Lots 3, 4, E/2, NE/4NW/4, and E/2SW/4

Section 32: SW/4NE/4, W/2, and NW/4SE/4

Township 13 South, Range 32 East, N.M.P.M., Lea County

Section 5: Lots 3, 4, SW/4NW/4, and NW/4SW/4

Section 6: Lots 1-7, S/2NE/4, SE/4NW/4, E/2SW/4, and SE/4 (All)

Section 7: E/2 and E/2W/2

Section 8: NW/4NW/4, S/2NW/4, and SW/4

Containing 2,846.66 acres, more or less, state and fee lands.

2. The unitized interval is the Queen formation.

3. Under Division regulations, the Queen formation is developed on statewide rules, with 40 acre well spacing, and wells to be located no closer than 330 feet to a quarter-quarter section line.

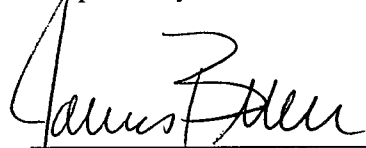
4. The lands in the Unit Area were previously subject to a waterflood project. Applicant seeks to institute a new waterflood project and a tertiary recovery project on the above-described lands by injecting water and carbon dioxide into the unitized Queen formation from existing or new wells.

5. Applicant requests that additional injection wells be approved administratively.

6. Approval of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order approving the injection application.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Celero Energy II, LP

PROPOSED ADVERTISEMENT

Case No. 14915

Application of Celero Energy II, LP to institute a waterflood project and a tertiary recovery project for the North Caprock Celero Queen Unit Area, Chaves and Lea Counties, New Mexico. Applicant seeks approval to institute a waterflood project and a tertiary recovery project in the North Caprock Celero Queen Unit Area by the injection of water and carbon dioxide into the Queen formation in wells located on 2846.66 acres of state and fee lands covering all or parts of Section 36 of Township 12 South, Range 31 East, N.M.P.M., Sections 30-32 of Township 12 South, Range 32 East, N.M.P.M., and Sections 5-8, 13 South, Range 32 East, N.M.P.M. The unit area is centered approximately 12 miles south-southwest of Caprock, New Mexico.