

District I

1625 N. French Dr., Hobbs, NM 88240

Phone: (575) 393-6161 Fax: (575) 393-0720

District II

811 S. First St., Artesia, NM 88210

Phone: (575) 748-1283 Fax: (575) 748-9720

District III

1000 Rio Brazos Road, Aztec, NM 87410

Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

Phone: (505) 476-3460 Fax: (505) 476-3462

State of New MexicoForm C-101
Revised November 14, 2012**HOBBS OCD****Energy Minerals and Natural Resources****Oil Conservation Division**☐ AMENDED REPORT**1220 South St. Francis Dr.****Santa Fe, NM 87505****FEB 20 2013****RECEIVED****APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address Celero Energy II, LP 400 W. Illinois, Ste. 1601 Midland, TX 79701		2. OGRID Number 247128
		3. API Number 025-00207
4. Property Code 30041 39738	5. Property Name North Caprock Celero Queen Unit	6. Well No. 82-2

7. Surface Location

UL - Lot E	Section 32	Township 12S	Range 32E	Lot Idn	Feet from 1980	N/S Line FNL	Feet From 660	E/W Line FWL	County Lea
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8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
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9. Pool Information

Pool Name Caprock; Queen	Pool Code 8551
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Additional Well Information

11. Work Type E	12. Well Type O	13. Cable/Rotary R	14. Lease Type S	15. Ground Level Elevation 4372'
16. Multiple No	17. Proposed Depth 3044'	18. Formation Queen	19. Contractor Unassigned	20. Spud Date 04/05/2013
Depth to Ground water 250'		Distance from nearest fresh water well 11400' SSE		Distance to nearest surface water

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12 1/4"	9 5/8"	40	313'	175	Surf-Calc
Prod	7 7/8"	5 1/2"	14	3021'	700	50'-TS

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type Dual-Pipe/Blinds	Working Pressure 5000 psi	Test Pressure 1000	Manufacturer Unassigned
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23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: <i>Lisa Hunt</i> Printed name: Lisa Hunt Title: Regulatory Analyst E-mail Address: lhunt@celeroenergy.com Date: 02/18/2013		OIL CONSERVATION DIVISION Approved By: <i>[Signature]</i> Title: Petroleum Engineer Approved Date: 02/21/13 Expiration Date: 02/21/15 Conditions of Approval Attached	
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FEB 25 2013

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

FEB 20 2013

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-00207	² Pool Code 8551	³ Pool Name Caprock; Queen
⁴ Property Code 3004139738	⁵ Property Name North Caprock Celero Queen Unit	
⁷ OGRID No. 247128	⁸ Operator Name Celero Energy II, LP	⁶ Well Number \$2-2 ⁹ Elevation 4372' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	32	12S	32E		1980	FNL	660	FWL	Lea

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 40	¹³ Joint or Infill	¹⁴ Consolidation Code U		¹⁵ Order No. R-13673					

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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature Date 02/18/2013 Lisa Hunt Printed Name lhunt@celeroenergy.com E-mail Address	
					¹⁸ SURVEYOR CERTIFICATION 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

CELERO ENERGY

FIELD: Caprock
LEASE/UNIT: State 32 (formerly NCQU 1 TR 6 32-5)
COUNTY: Lea

DATE: 29-Sep-12
BY: MWM
WELL: 2
STATE: New Mexico

Location: 1980' FNL & 660' FWL, Sec 32E, T12S, R32E
SPUD: 6/48 COMP: 6/48
CURRENT STATUS: P&A Producer (06-69)
Original Well Name: Phillips Petrol. Co. Rock # 1

KB =
GL = 4372' top CHF
API = 30-025-00207

12-1/4" 10 sx plug at the surface
TOC @ 50' (TS)
9-5/8" 40# @ 313' w/ 175 sx (circ)

T-Anhy @ 1365' est
T-Anhy/salt @ 1462' est

Mud

7-7/8"

Mud

CIBP @ 2971' w/ 2 sx cap

5-1/2" 14#, H-40 @ 3021' w/700 sx

Top of Queen @ 3021':

Queen Open Hole: 3021' - 3024' (6-48)

PBTD - 3024'
TD - 3024'

Celero Energy II LP NCCQU #32-2
API 30-025-00207
1980 FNL & 660 FWL
Unit E, Section 32, T-12S, R-32E
Lea County, N. Mexico

Procedure to re-enter plugged well and return to production.

1. Blade off a 200'-by-200' location.
2. Dig out well head and install cellar. Dress off casing stubs and install risers for 9-5/8" and 5-1/2" casing. Install for 9-5/8"-by-5-1/2" minimum 2000 psi WP, SOW, Larkin-style casing head with two outlets. Install minimum 2000 psi WP Larkin-style casing head on 5-1/2" casing.
3. RU pulling unit. Install hydraulically-operated, dual-ram (blinds on bottom) 5000 psi WP BOPE and test to 1000 psi. RU tubing swivel and reverse unit pump taking returns off casing head outlet with single line to return tank. Open and monitor the 9-5/8"-by-5-1/2" outlet for returns during drill out.
4. RIH with 4-3/4" bit, bit sub, (6) 2-3/8" regular DC's (3-1/8" OD) on 2-7/8", 6.5#, J-55, 8rd EUE workstring. Drill out cement from surface and pressure test to 500 psi (discuss w/office before proceeding). Tag next plug at 2950', and pressure test to 500 psi (discuss w/office before proceeding). Drill out cement/CIBP at 2950'-2971'. Continue drilling out and clean out to original TD of 3024'. Circulate hole clean using produced water tank. POOH standing back workstring.
5. RU wireline unit and run a casing inspection log from 3021' to surface. Run a GR/CCL/CBL from 3021' to T-O-C. Discuss results with office before proceeding. Run a GR/CCL/CNL from TD to 2000'.
6. RIH with retrievable treating packer and acidize the existing open hole with 1500 gals inhibited 7-1/2% NEFE HCL containing 10% xylene at maximum rate without exceeding 4000 psi surface treating pressure. Pump 10 gals gelled 10-ppg brine water containing 750# of graded rock salt after the first 750 gals of acid/xylene mixture. Flush with tubing volume plus 20 bbls of freshwater. Record initial, 15-minute, and 30-minute shut-in pressures.
7. Swab back load recording initial and final fluid levels. TOOH w/treating packer LD workstring. RIH with 2-3/8", 4.7#, J-55, 8rd EUE production tubing and tubing anchor. Run pump and rods and a pump unit capable of lifting 700 BPD. Shut well in waiting on electricity and completion of tank battery.

