

MAY 31 2013

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014**RECEIVED**
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-03927

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well☐ Gas Well☒ Other

INT

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

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

8. Well Name and No.

Drickey Queen Sand Unit #9

9. API Well No.

30-005-00900

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

660' FSL & 1980' FWL
(N) Sec 34, T13S, R31E

10. Field and Pool or Exploratory Area

Caprock; Queen

11. County or Parish, State

Chaves, NM

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

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-Off☐ Alter Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☒ Subsequent Report☒ Casing Repair☐ New Construction☐ Recomplete☐ Other☐ Final Abandonment Notice☐ Change Plans☐ Plug and Abandon☐ Temporarily Abandon☐ Convert to Injection☐ Plug Back☐ 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 recompleat 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

4/22/13 - MIRU.NDWH. PU tbg string. Pkr did not appear to be set. Set pkr. Pumped 23 BFW down tbg-csg annulus and annulus loaded. Pumped 2 BPM at 50#, indicating pkr was leaking. Pumped 10 BFW down tbg and well started circulating out tbg-csg annulus. Release pkr and LD 1 jt of tbg.

4/23/13 - NUBOP. RU to pull tbg. Release pkr at 2992'. Pull up to 2774' and pkr stopped going up hole. Worked with same for 1 1/2 hours, lowering same back to 2894'. Pkr will go DH but will not move up hole. Circulate 60 BFW down tbg out tbg-csg annulus. Attempt to continue pulling pkr and tbg. Pkr will not move up hole. Pulled 42 K over string wt and worked with same with no success. Ran string shots and placed inside of pkr. Ran 1 - 200 grain and 2- 300 grain charges. The first 300 grain shot helped move pkr up hole 20' and stopped. Worked with same with no success. The other string shot charges were unsuccessful to release pkr. Lower tbg & pkr to 3070'. Attempt to release pkr. Would move up hole 10' and stop. Ran chemical cutter and attempt to cut tbg, 4' above pkr. First charge did not cut tbg. Re-ran the second charges just below the first shot and tbg came free. Pulled 600+ feet of tbg.

* Continued on attached sheet

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

Lisa Hunt

Title Regulatory Analyst

Signature

Lisa Hunt

Date 05/15/2013

ACCEPTED FOR RECORD SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ DAVID R. GLASS

MAY 28 2013

Title

Date

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.

DAVID R. GLASS

PETROLEUM ENGINEER

Office

ROSWELL FIELD OFFICE

Title 18 U.S.C. Section 1001 and 1003 and 18 U.S.C. Section 112, 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)

FOR RECORD ONLY

OCT 30 2014

4/24/13 - Finish TOH w/ 91 joints of 2 3/8" IPC tbg with 25' cut off joint. RU Air Foam's fishing equipment. TIH 3 1/8" O.D. overshot with 2 3/8" grapple, 20 joints of 2 3/8" O.D. P-110 8rd tbg, 3 3/4" hydraulic jars, 4 - 3 1/2" O.D. drill collars & ran BHA on 2 7/8" O.D. J-55 EUE tbg WS. Tag at 3058' & pushed fish to 3060'. Attempt to latch onto 2 3/8" tbg stub screwed onto packer & TOH w/ BHA. Recovered 6' piece of 2 3/8" IPC tbg with 4" AD-1 pkrs safety collar, leaving the 4" AD-1 pkr (21") in hole. Top of pkr at 3060'. LD all fishing tools & tubulars.

4/25/13 - TIH w/ 92 joints of 2 3/8" O.D. 4.6# 8rd EUE J-55, regular IPC with "turned down collars". Set pkr at 2992'. Release on-off tool from pkr & circulate pkr fluid. Latch back onto pkr. Load and test tbg-csg annulus w/ 600#. Leaked off to 100# in 2 minutes. Tested several times with same results. Release from pkr with on-off tool and TOH, standing back IPC tbg & T-2 on-off tool. Left pkr in hole to be used as RBP. Prepare to TIH w/ tbg work string and locate leak in well bore.

4/26/13 - TIH w/ Globe Packers, 4" RBP and ran on 2 3/8" & 2 7/8" O.D. tbg. Ran and set RBP at 2800'. Pressure up on casing and RBP to 600 psi. Still leaked back to 100 psi in 2 minutes. Dump sand on RBP. TOH w/ tbg and T-2 on-off tool for 4" RBP. TIH w/ tbg and 5 1/2" test/treating packer. Ran to and test top of 4" liner at 2558', RBP & pkr. Results: Test to 975psi & held. Raise packer and found holes in 5 1/2" casing from 721' to 745'. Pumped thru holes at 0.8 BPM at 1000#. Open surface casing valve, pumped 40 BFW; had circulation for 12 bbls & stopped circulating out surface valve. Left packer at 721'.

4/29/13 - TOH w/ tbg and packer. Perf 5 1/2" casing with 3 1/8" O.D. cased gun with 2 shots, 180 degree phasing at 760'. TIH w/ tbg and packer. Set packer at 657'. Pumped 60 bbls of 10 ppg, 40 visc. mud to clean out 5 1/2" x 8 5/8" annulus. Unable to circulate; however, fluid started coming up in cellar. Dug down below 8 5/8" surface head to check for leak. Did not find any leaks. Fluid stopped filling cellar. Test tbg-csg annulus above pkr. Locate additional holes in 5 1/2" casing from 559' to 592'. TOH w/ tbg and packer. Ran and set, on tubing, Globe Packer's 5 1/2" Cement Retainer at 462'. Mix and pump 250 sx of Class "C" cement with 2% CaCl₂ (14.8 ppg Displace cement, staging down tubing, within 1/2 bbl of cement retainer. Squeeze csg with 994 psi. Unstung from retainer, leaving 1/2 bbl of cement on top of same. TOH w/ tbg and cement retainer stinger.

4/30/13 - After WOC. MI & RU TFH revere rig. TIH w/ 2 7/8" OD tbg, 6 - 3 1/2" DC's & 4 3/4" Varel L2K mill tooth bit. (BHA = 190.44') Tag cement at 426'. RU swivel & drill cement from 426' to TOC retainer at 457' (31'). Test casing from surface to cement retainer w/ 500 psi & held okay. Start drilling on 5 1/2" cement retainer & drilled 6 hours, making about 6 inches. Circulate hole clean. Raise bit up hole to 200' & CWI.

5/1/13 - TOH w/ tbg and BHA. Found one (1) bit cone locked down, star shaped w/ teeth on all cones worn out. Ran 4 3/4", FBCS Henson Hurricane bit, (Ser # HT-4032), 10 - 3 1/2" DC's (picked up 4 additional collars) & ran on 2 7/8" OD tbg. Tag cmt retainer @ 457'. RU swivel. Drill and rotate 4.5 hours; made a few inches. TOH, remove Hurricane bit, re-ran Varel 4 3/4" L2K mill tooth bit. Tag at 457'. Drill and rotate on cement retainer, 3.5 hours, recovering metal shavings, brass & rubber. Made a few inches. Raise bit up hole to 450'.

5/2/13 - Lower bit and resume drilling on cement retainer at 457'. Drill and rotate 3 hours; unable to make hole. Pull & check bit. Re-ran and resume drilling on cement retainer. Started getting red bed. TOH. Start in hole with 4 3/4" shoe with extension. Extension would not makeup properly with the mill shoe.

5/3/13 - Ran 4 3/4" cutrite mill shoe (3.54"), 4 1/2" x 6' extension, 4 - 3 1/2" drill collars and ran on 2 7/8" tbg. Tag at 457'. Mill and rotated 6 hours, making 8' to 465', recovering metal and mostly cement cuttings. TOH w/ tbg & BHA. Recovered all of cement retainer. TIH w/ 4 3/4" shoe with extension and cut a cement core from 465' to 469'. TOH & recovered over 3' of cement core.

5/6/13 - Change out 4 3/4" bits. Ran 4 3/4" Varel L2K mill tooth bit, 6 - 3 1/2" O.D. drill collars on 2 7/8" OD tbg. Ran and tag at 469'. Rig up swivel. Drill cement inside of 5 1/2" casing from 469' to 676' = 207' in 7 hrs. Cement

5/7/13 - TIH w/ new 4 3/4" Varel, L2K, mill tooth bit, 6 - 3 1/2" drill collars, ran on 2 7/8" O.D. tbg & tag at 676'. Rig up swivel. Drill cement from 676' to 808'. (132'). Last 40' had stringers of cement. Ran bit to 901'. Circ hole clean. TOH. TIH w/ 4 3/4" bit, one drill collar, 4 7/8" string mill, one drill collar, 4 3/4" string mill, 2 drill collars and ran on 2 7/8" O.D. tbg. Ran to top of 4" liner at 2558' (corrected tally). Circ hole clean. Pull and lay down drill string.

5/8/13 - Ran GR / CCL / CBL from surface to 2558' (TOL). Run 4", 10.7 #, 8rd, J-55 casing as tie-back liner. Ran 4" alignment tool, 1 joint of 4" 8rd casing, 4" float collar, 44 joints of 4", 8rd casing, 9 joints of 4", 8rd casing with bond coat and 10 joints of 4", 8rd casing. Tag TOL at 2558'. Picked up 1+ feet. Circulate thru 4" casing out 4" x 5 1/2" csg annulus (set bond coated csg from 385' to 746'). Mix & pump 115 sx of Class "C" cement with 2% CaCl₂ at 14.8 ppg and yield of 1.33. Shut down, washed up and displace cement at 1 1/2 BPM & 1750 psi to float collar. Bumped plug with 2330 psi. Release pressure to check float. Float held. Circulate out 12 sx of cement. EOT @ 2576.05'.

5/9/13 - After WOC 16 hours. NDBOP. Pulled 25K on 4" casing string and set slips. Weld on bell nipple and installed 4 1/2" x 2 3/8" Larkin, 2000# well head. Pickup 3 3/8" Henson, Bear Claw bit, 4 - 2 7/8" drill collars and ran on 2 3/8" O.D. tbg work string. Ran and tag at 2456'. Rig up swivel. Drill rubber plug and cement to float collar at 2516'. Continued drilling cement in float shoe to alignment tool at 2558'. (liner tie-back depth) D/O alignment tool at 2558' & ran bit to 2562'. Rotate thru alignment tool a few times, freely. The 4th pass thru tool area, bit hung up, taking 35K over string weight to free. Lower back down, hung up again, taking 20K over string weight to free. TOH w/ tbg & BHA. Inspected bit. Bit still in good condition w/ a few faint marks on shanks of bit.

5/10/13 - TIH w/ 3 3/8" O.D. tapered mill (taper from 2" x 3 3/8" O.D. taper x 1.25' long), 4 - 2 7/8" DC's & ran on 2 3/8" O.D. tbg WS. Ran to 2530'. RU swivel. Lower to TOL & 4" liner tie-back at 2558'. Rotate and mill out tight spot, several times. Mill smoothed out the area of 2558'. Lwr mill, drill out cement from 2562' to 2568' and lower to 2792'. Circulate hole clean. TOH w/ tbg & BHA.

5/13/13 - TIH w/ 2 3/8" O.D. tbg WS, 2 - 2 7/8" O.D. DC's and 3 3/8" cutrite mill shoe on 3 1/4" stock (I. D. = 2.75") by 8.47' in length. Ran to 2792'. Rig up swivel. Reverse circulate 2' & dry drill another 2', recovering sand, cement cuttings & cement water while circulating. TOH with drill string & shoe. Did not recover any cuttings from aluminum guide. Felt 4" liner tie-back & tight spot at 2302' with mill shoe going in hole and TOH. Re-ran 3 3/8" O.D. tapered mill to 4" liner tie-back, rotating up and down thru this area. Did not feel a tight spot. Raised to 2302' and smoothed out this tight spot, recovering a small amount of iron cuttings. TOH w/ drill string and BHA.

5/14/13 - TIH w/ 3 3/8" tapered mill, 1-2 7/8" DC, 3 3/8" string mill, 1 - 2 7/8" DC & ran on 2 3/8" O.D. tbg. Ran to 2302' and mill out tight spot. Lower to 4" liner tie-back at 2558'. Mill out tie-back area. TOH w/ tbg & BHA. TIH w/ tbg and T-2 on/off tool and latched onto RBP at 2800'. TOH with same w/o any drag through "wiped out" tight spots. TIH w/ 2 3/8" O.D. 4.7# 8rd J-55 IPC tbg with "turned down collars", 1 - 2' x 2 3/8" IPC sub and T-2 nickel plated on/off tool. Latched onto pkr at 2992'. Tested tbg-csg annulus for a pre-test to 500 psi. Lost to 480 psi after a couple minutes and did not lose any more pressure during test period. Release from AS1-X packer & circulate packer fluid. Latch back onto packer. EOT @ 2998'.

5/15/13 - NDBOP & NU, 2,000 # W.P. Larkin 4 1/2" x 2 3/8" tubing head. Set packer with 8 points of compression. Called Maxey Brown w/OCD for MIT. Ran OCD required MIT. Tested for 34 minutes. Pressures started at 520 psi and ended at 520 psi. No pressure loss. Will send copy of chart as soon as I get it. Connect to water injection.