

DATE IN 09/30/13	SUSPENSE	ENGINEER PG	LOGGED IN 10/10/13	TYPE IPI	APP NO. PPRG1328460561
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] **[NSP-Non-Standard Proration Unit]** **[SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] **[CTB-Lease Commingling]** **[PLC-Pool/Lease Commingling]**
[PC-Pool Commingling] **[OLS - Off-Lease Storage]** **[OLM-Off-Lease Measurement]**
[WFX-Waterflood Expansion] **[PMX-Pressure Maintenance Expansion]**
[SWD-Salt Water Disposal] **[IPI-Injection Pressure Increase]**
[EOR-Qualified Enhanced Oil Recovery Certification] **[PPR-Positive Production Response]**

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☒ IPI ☐ EOR ☐ PPR

[D] Other: Specify WFX-880/R-1541-A/1541-B

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☒ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

MICHAEL W. METZA
 Print or Type Name

Michael W. Metza
 Signature

Production ENGR
 Title

10/9/13
 Date

mmetza@celeroenergy.com
 e-mail Address

Celero
 30-005-29154
 Rock Queen Unit
 #309



CELERO ENERGY II, LP

400 West Illinois, Suite 1601 Midland, Texas 79701 (432)686-1883

#122

TO: NMOCD
Attn: Mr. Phillip Goetze
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: Injection Pressure Increase
Rock Queen Units nos. 308 and 309
Chaves County, NM

Dear Mr. Goetze

Enclosed are copies of step rate injection tests which were recently completed on Celero Energy's Rock Queen Unit well numbers 308 and 309. Celero is requesting permission to increase the maximum surface injection pressure while injecting produced water to 1250 psi and to 1600 psi while injecting carbon dioxide. Current injection pressures on produced water and carbon dioxide are limited to 800 psi and 1200 psi, respectively. The injection pressure limits of 800 psi and 1200 psi are unit-wide limits which were set by Order No. R-1541-B dated December 13, 2010, which approved Celero's requested surface injection pressure limits for wells subsequently permitted for injection.

Both wells were drilled and completed in April, 2011. Initially, the producing Queen Formation interval in each well was acidized, and the wells were put on water injection. The water injection rate in each well was inadequate, and the wells were subsequently re-perforated and hydraulically fractured. The #308 was treated with 16,500 gals of gelled water plus 22,300 lbs. of 20/40 sand; the #309 was treated with 24,800 gals of gelled water plus 42,200 lbs. of 20/40 sand. Injection rates increased after the hydraulic fracture treatments but are still too low to displace formation fluids to the offset, producing wells at an adequate rate.

Please contact M. Metza at 432-556-0829 (cell) if any additional information is required. Thank you in advance for your attention to Celero's request.

Very truly yours,


M. W. Metza

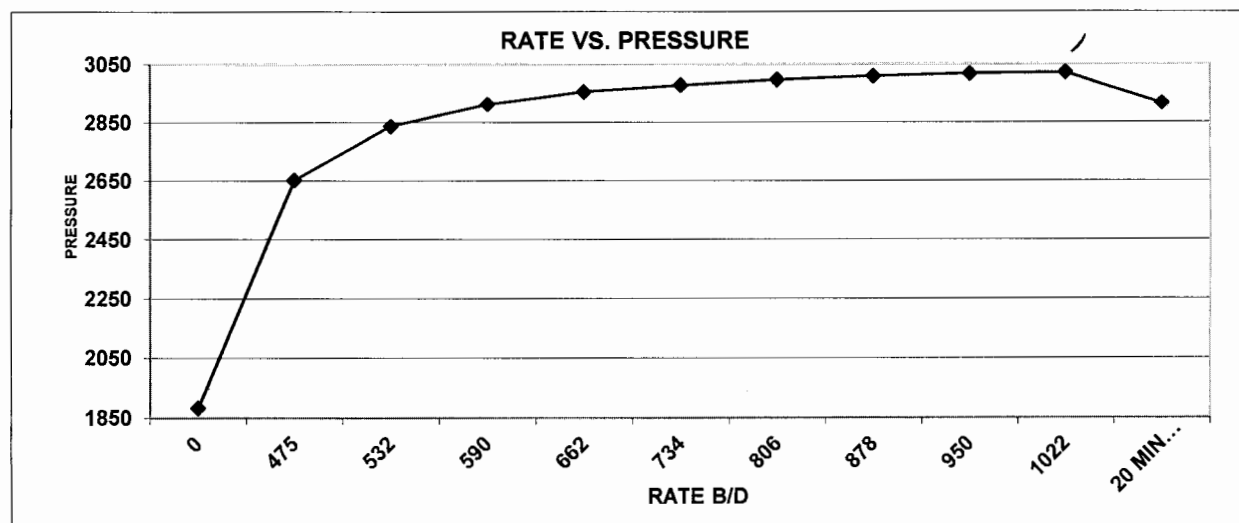
1525 Soft fac



STEP RATE TEST

graywsi2@aol.com

RATE B/D	Date	Time	BH PRESS	SURF. PRESS	Comments
0	9/17/2013	3:10 PM	1884	310	
475	9/17/2013	3:30 PM	2653	1110	
532	9/17/2013	3:50 PM	2838	1325	
590	9/17/2013	4:10 PM	2914	1425	
662	9/17/2013	4:30 PM	2958	1450	
734	9/17/2013	4:50 PM	2980	1475	
806	9/17/2013	5:10 PM	2999	1500	
878	9/17/2013	5:30 PM	3011	1525	SOFT FRAC
950	9/17/2013	5:50 PM	3020	1550	
1022	9/17/2013	6:10 PM	3024	1560	
20 MIN FALL OFF	9/17/2013	6:30 PM	2918	1350	
Company: CELERO				Recorded By:	T. STANCZAK
Well: ROCK QUEEN # 309				Witnessed By:	WAUHOB
Field: CAPROCK				Truck Number:	104
County: CHAVES				District:	LEVELLAND
State: NEW MEXICO				Tool Number:	
Injection: WATER				Test Type:	STEP RATE TESTS
Shut In Time: 6:10:00 PM				SOFT FRAC @ 878 B/D	
Total Shut In Time: 20 MIN.				1525 SURFACE PRESSURE	
Tubing Size: 2 3/8				3011 BOTTOM HOLE PRESSURE	
Open Hole: N/A					
Perforations: 3047'-3080'					
Plug Back Depth: N/A					



GWSi

CELERO ENERGY

ROCK QUEEN UNIT # 309

September 17, 2013

JOB INFORMATION SHEET

Company Information	
Company Name:	CELERO ENERGY
Address:	400 WEST ILLINOIS, SUITE 1601 MIDLAND, TX 79701
Well Information	
Well Name:	ROCK QUEEN UNIT # 309
Field – Pool:	CAPROCK
Status:	INJECTION
Test Information	
Type of Test:	STEP RATE TEST
Gauge Depth:	3030'
Production Interval:	3047'-3080'
Production Through:	TUBING
Tubing Pressure:	1560 psi
Casing Pressure:	0 psi
Shut In Time	6:10 PM
Status:	INJECTION
Temperature @ Run Depth	90.62 degF
Surface Temperature:	68.38 degF
Comments	
FRAC OCCURRED @ 878 B/D 1525 SURFACE PRESSURE 3011 BOTTOM HOLE PRESSURE	

WELL INFORMATION SHEET

Well:	ROCK QUEEN UNIT # 309	Unique Well Identifier:	
Well License:			
Company:	CELERO ENERGY		
Field	CAPROCK		

Location:		County:	CHAVES
Formation:		State:	NM
Purpose:		Country:	USA

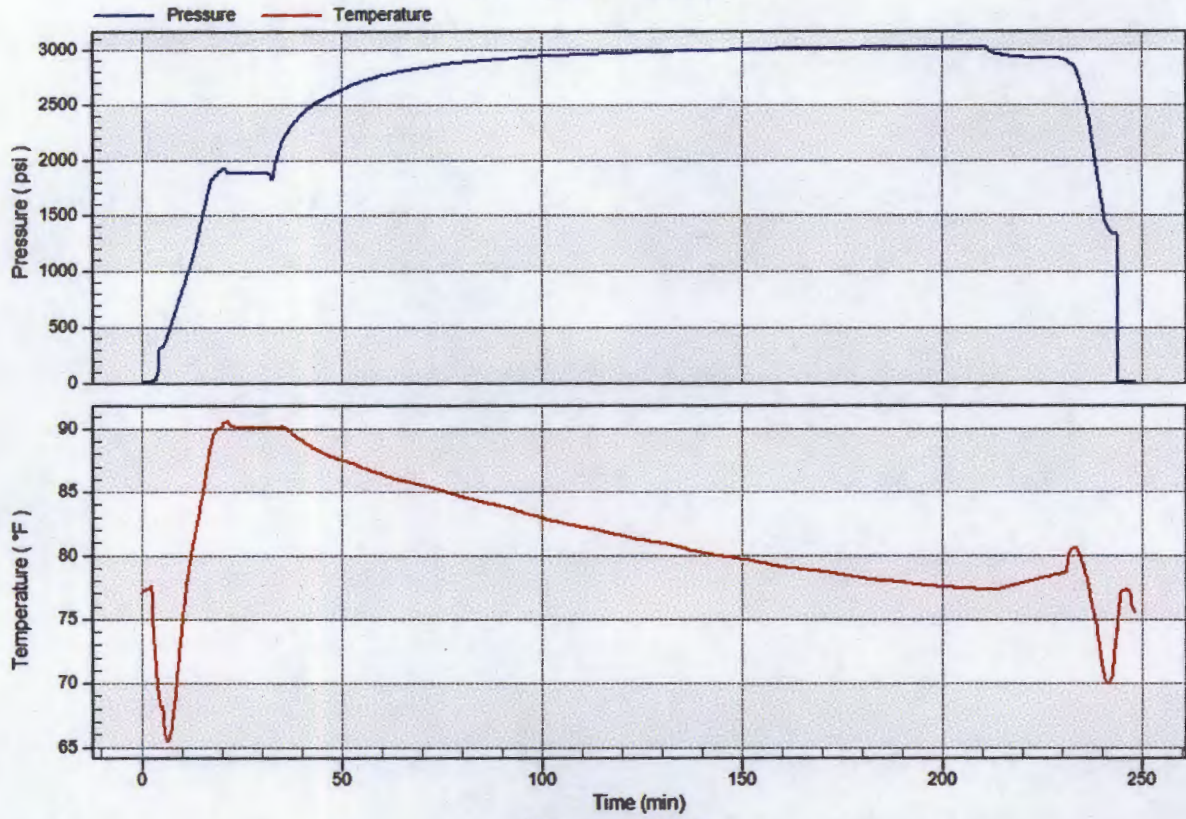
Total Depth:	3103'	ID Borehole:	N/A
Packer Depth:	3002'	ID Production Casing:	N/A
Depth of whipstock:	N/A	OD Production Tubing:	2.375"
Depth at which casing is landed:	N/A	ID Production Tubing:	2"
Depth at which tubing is landed:	3002'	ID Drill Pipe:	N/A

Gradient Data Report

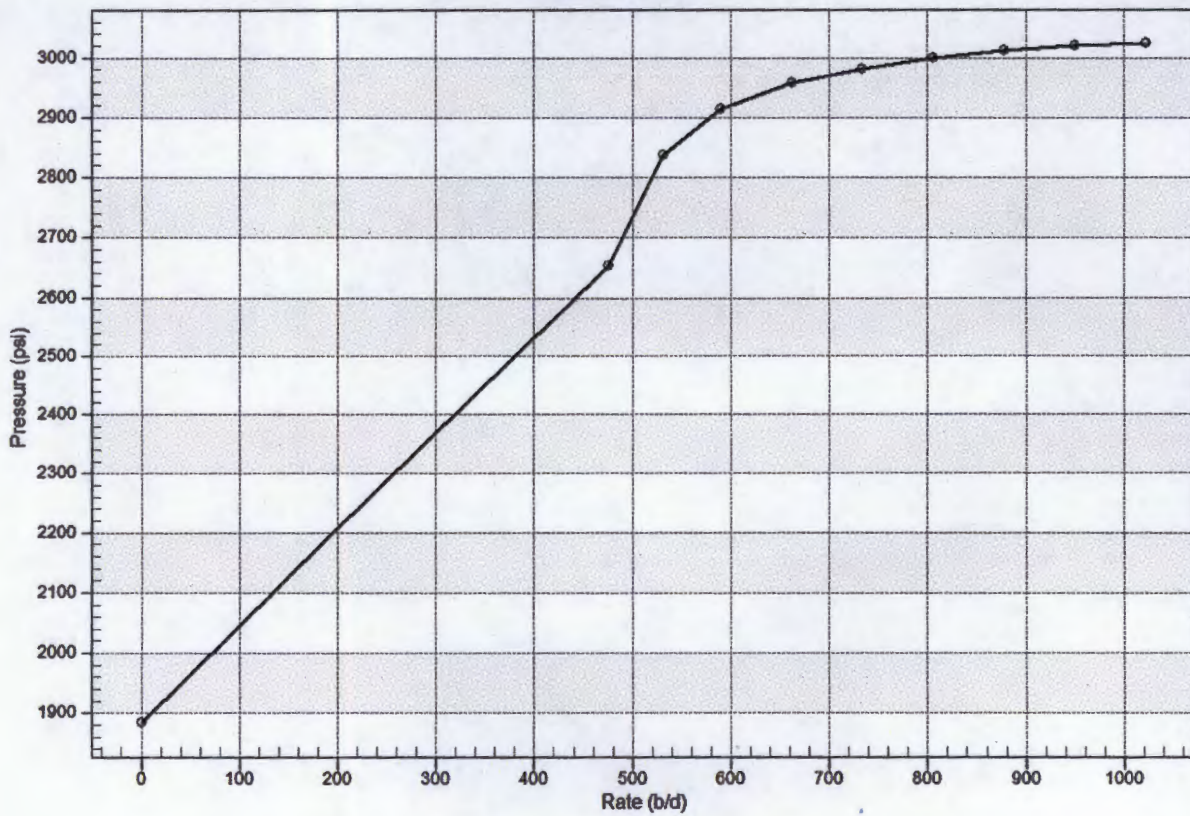
CELERO ENERGY
ROCK QUEEN UNIT # 309

Gradient Data Table			
Rate	Pressure	Temperature	Gradient
b/d	psi	degF	psi/rate
0.00	1884.13	90.08	0.0000
475.00	2653.08	87.46	1.6188
532.00	2838.36	85.46	3.2505
590.00	2914.80	83.85	1.3180
662.00	2957.37	82.16	0.5913
734.00	2980.09	80.92	0.3156
806.00	2999.71	79.69	0.2725
878.00	3011.48	78.71	0.1634
950.00	3020.87	77.91	0.1305
1022.00	3024.15	77.33	0.0456

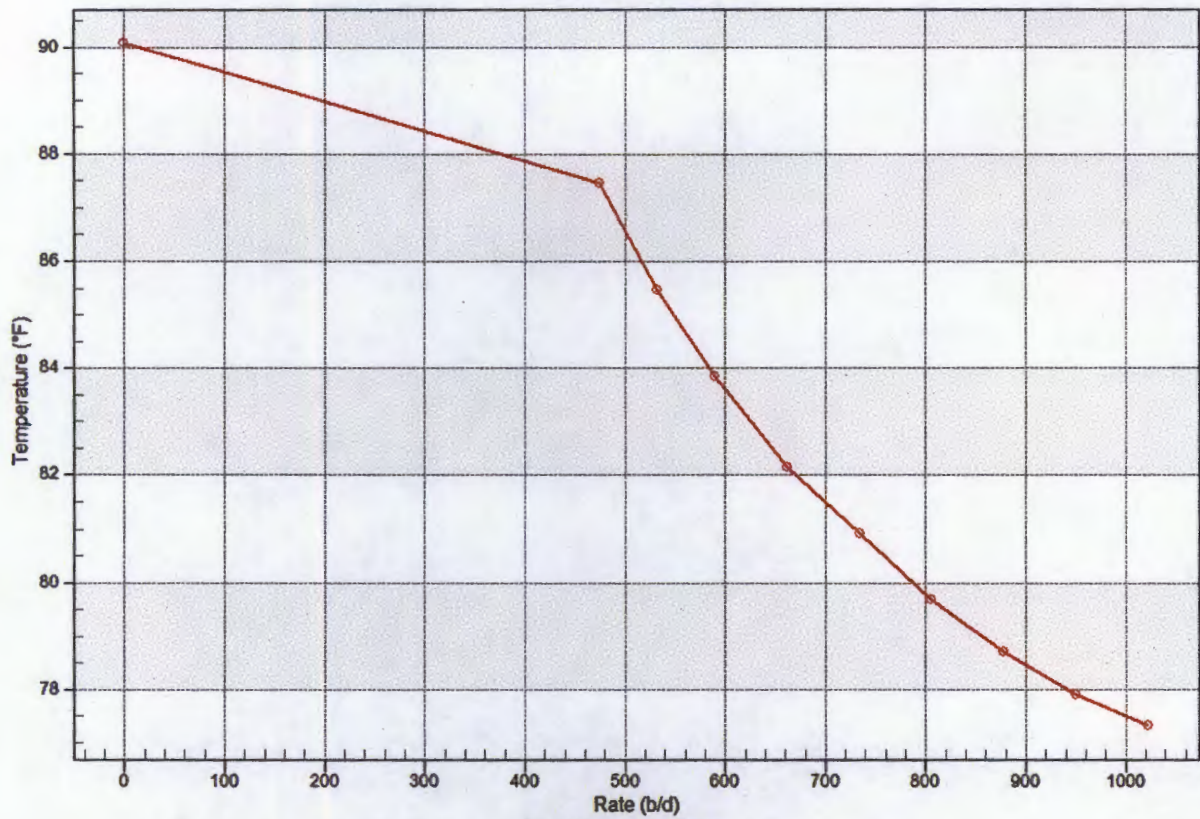
ROCK QUEEN UNIT # 309



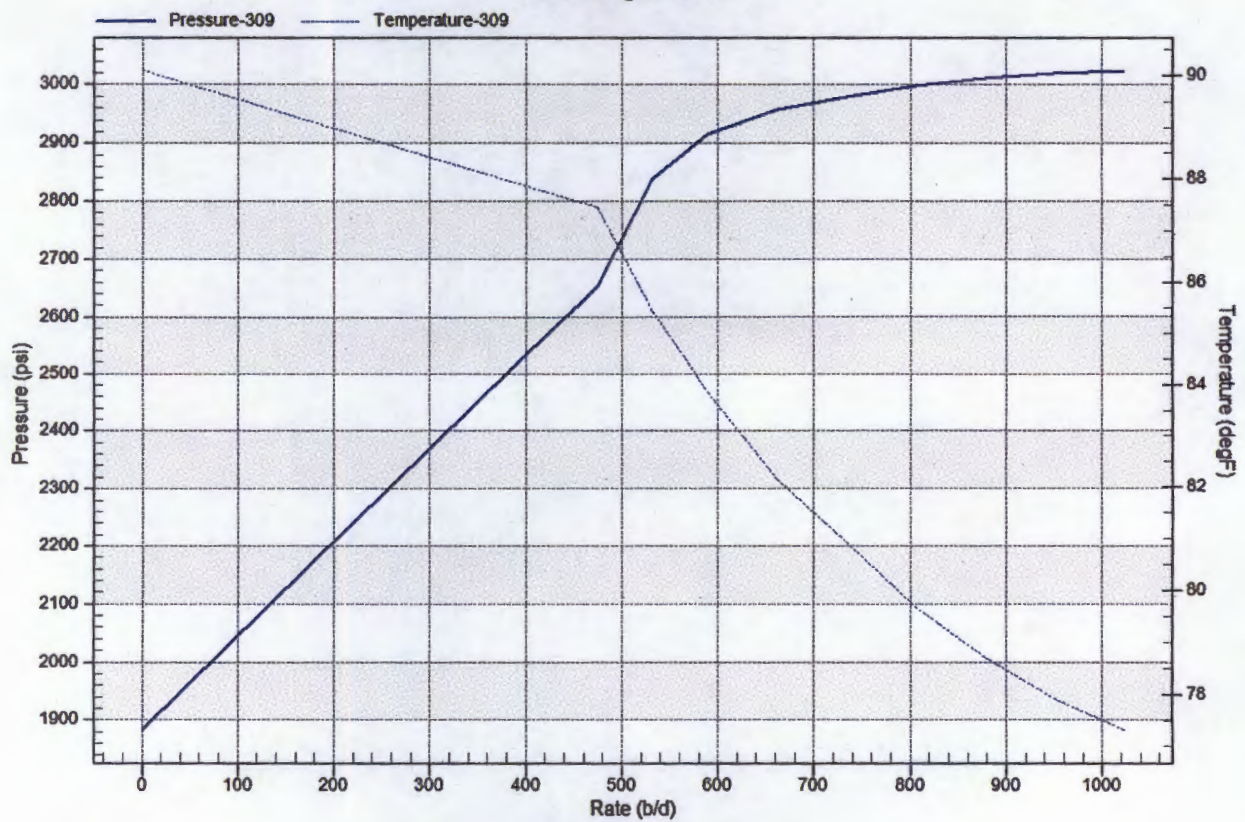
Pressure vs. Rate



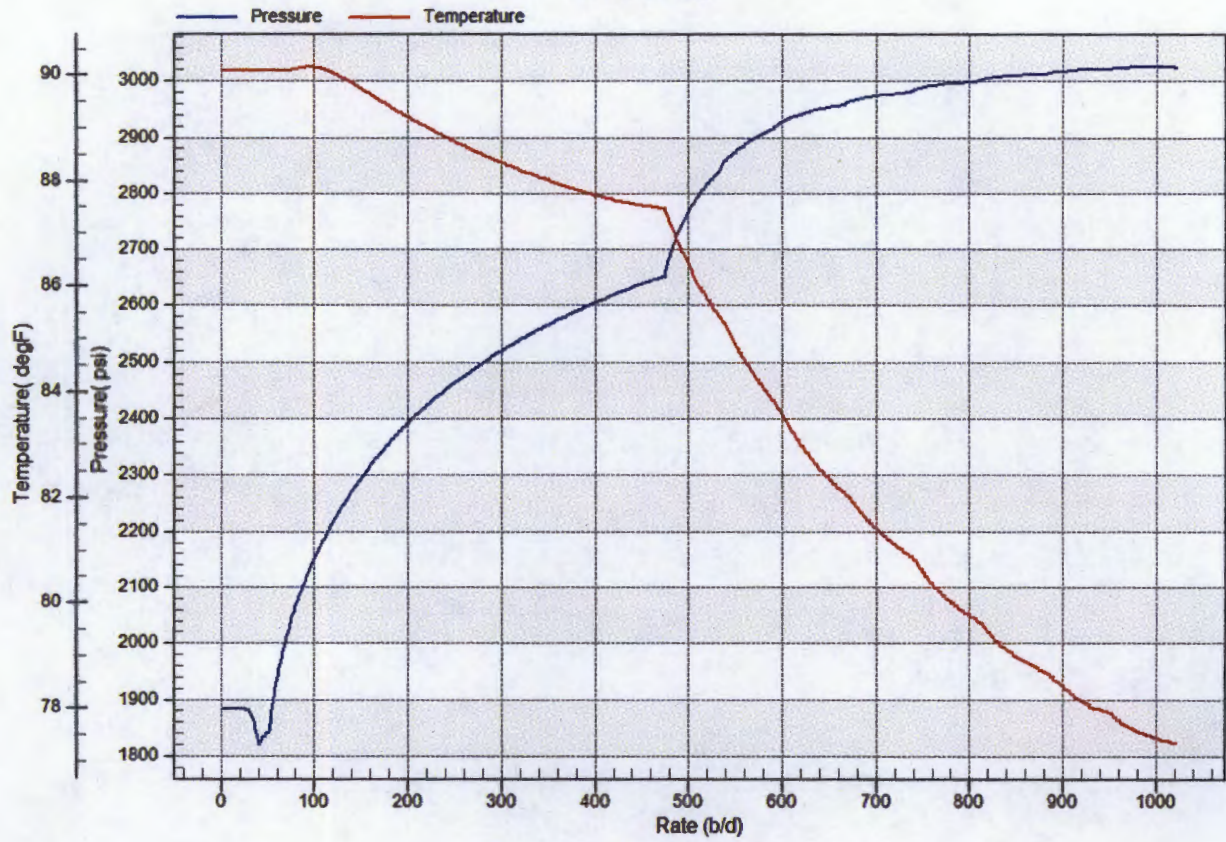
Temperature vs. Rate



Pres/Temp vs Rate



Pressure Log



**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED BY THE OIL
CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:**

CASE NO. 14504

**APPLICATION OF CELERO ENERGY II, LP TO
AMEND THE UNIT AGREEMENT AND THE UNIT
OPERATING AGREEMENT FOR THE ROCK
QUEEN UNIT, AND FOR STATUTORY
UNITIZATION, CHAVES AND LEA COUNTIES,
NEW MEXICO.**

CASE NO. 14505

**APPLICATION OF CELERO ENERGY II, LP TO
EXPAND THE WATERFLOOD PROJECT AND
INSTITUTE A TERTIARY RECOVERY PROJECT
FOR THE ROCK QUEEN UNIT, AND TO QUALIFY
THE PROJECT FOR THE RECOVERED OIL TAX
RATE, CHAVES AND LEA COUNTIES, NEW
MEXICO.**

ORDER NO. R-1541-B

ORDER OF THE DIVISION

BY THE DIVISION:

These cases came on for hearing at 8:15 a.m. on August 19, 2010, at Santa Fe, New Mexico, before Examiner David K. Brooks.

On November 9, 2010, the Division issued Order No. R-1541-A in these cases approving statutory unitization of the Rock Queen Unit and authorizing a pilot CO2 injection project within this Unit. On November 17, 2010 the Applicant requested certain amendments to Order No. R-1541-A.

NOW, on this 13th day of December, 2010, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.

(2) At the hearing of this case on August 19, 2010, Celero Energy II, LP (Applicant) appeared through counsel and presented evidence that resulted in the issuance of Order No. R-1541-A. No other party appeared at the hearing or otherwise entered an appearance in this case.

(3) By email dated November 17, 2010, Applicant requested amendment of Order No. R-1541-A in order to:

(a) approve, prospectively, injection pressures of 800 psig for water and 1,200 psig for CO₂, for wells that may be subsequently approved for injection into the Queen formation in the Rock Queen Unit by administrative order, and

(b) approve the use of 17 wells identified in Exhibit No. 28 as monitor wells in order to verify that the proposed pilot CO₂ injection project functions as contemplated.

(4) Because no party other than Applicant has appeared in this case, no notice or further hearing is necessary in order to consider Applicant's request to amend Order No. R-1541-A in the respects requested.

(5) The evidence admitted at the hearing on August 19, 2010 is sufficient to demonstrate that injection into the Queen formation in the Rock Queen Unit through either presently approved injection wells or future injection wells at pressures of 800 psig for water and 1,200 psig for CO₂ will not damage the formation.

(6) In support of its request to use the 17 wells referenced above as monitor wells, Applicant has submitted a supplemental affidavit of Michael W. Metza, a petroleum engineer who testified at the August 19 hearing, in which Mr. Metza testifies that the 17 monitor wells are necessary to insure that the proposed pilot CO₂ injection project will be effective.

(7) The Division accordingly concludes that approval of the proposed amendments to Order No. R-1541-A will prevent waste, will not impair correlative rights, and should be adopted.

IT IS THEREFORE ORDERED THAT:

(1) Any injection well hereafter permitted for injection into the Queen formation in the Rock Queen Unit by administrative order may inject water at pressures

up to 800 psig and CO2 at pressures up to 1,200 psig, unless the administrative order permitting such well specifically otherwise provides.

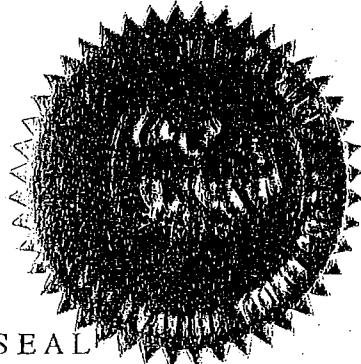
(2) Applicant is authorized to use the following wells as monitor wells in connection with the Rock Queen Unit pilot CO2 injection project, and such wells need not be plugged and abandoned so long as they are being used as monitor wells in connection with this project:

Rock Queen Unit Well No. 1	30—025-00287
Rock Queen Unit Well No. 2	30—025-00286
Rock Queen Unit Well No. 4	30—025-00291
Rock Queen Unit Well No. 5	30—025-00292
Rock Queen Unit Well No. 9	30—025-00839
Rock Queen Unit Well No. 10	30—025-00841
Rock Queen Unit Well No. 11	30—025-00844
Rock Queen Unit Well No. 18	30—025-00821
Rock Queen Unit Well No. 20	30—025-00830
Rock Queen Unit Well No. 21	30—025-00825
Rock Queen Unit Well No. 22	30—025-00834
Rock Queen Unit Well No. 25	30—025-00816
Rock Queen Unit Well No. 27	30—025-00812
Rock Queen Unit Well No. 29	30—025-00883
Rock Queen Unit Well No. 31	30—025-00886
Rock Queen Unit Well No. 32	30—025-00888
Rock Queen Unit Well No. 33	30—025-00890

(3) In all other respects, Order No. R-1541-A remains in full force and effect.

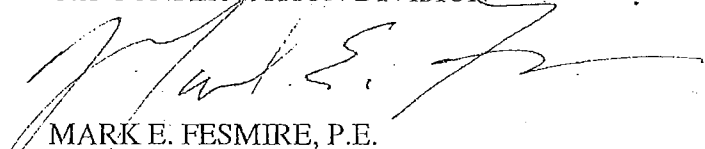
(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Acting Director

Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Wednesday, October 09, 2013 8:49 AM
To: 'M. Metza'
Subject: IPI Application Coversheets
Attachments: AdminApplicationChecklist20090826.doc; admnapp.pdf

Mr. Metza:

Please complete a checklist coversheet for each of the injection pressure increase applications submitted by Celero for the Rock Queen Unit #308 and #309. Attached is the checklist in Word or PDF. Please e-mail the completed sheets back to me when convenient. This makes the tracking of your applications a lot easier. Thank you. PRG

Phillip R. Goetze, P.G.

Engineering Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe, NM 87505
O: 505.476.3466 F: 505.476.3462



Rock Queen Unit

Chaves & Lea Counties, NM

Ratio Scale = 1 : 24,000



POSTED WELL DATA

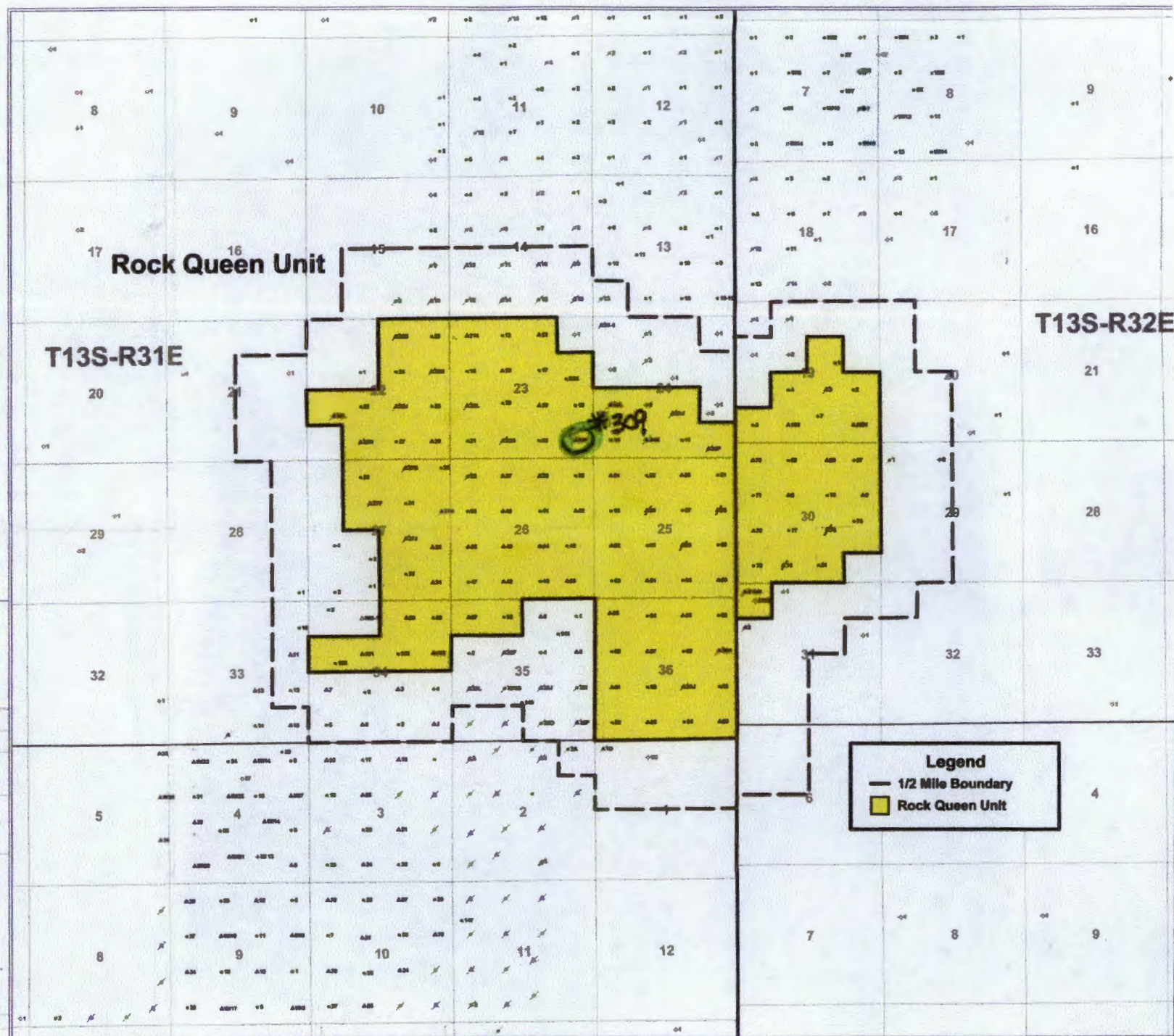
Well Label

WELL SYMBOLS

- Oil Well
- Gas Well
- Dry Hole
- Injection Well
- △ Service Well
- △ Janket
- Plugged & Abandoned Oil Well
- Dry Hole, With Show of Oil
- Dry Hole, With Show of Gas
- Suspended Oil Well
- Inactive Oil Well
- Oil Well Plugged and Abandoned
- ▲ Water Injection Well
- ▲ Inactive Water Injection Well
- ▲ Plugged and Abandoned Water Injection Well

By: J. Baker

February 18, 2008



Legend

— 1/2 Mile Boundary

■ Rock Queen Unit