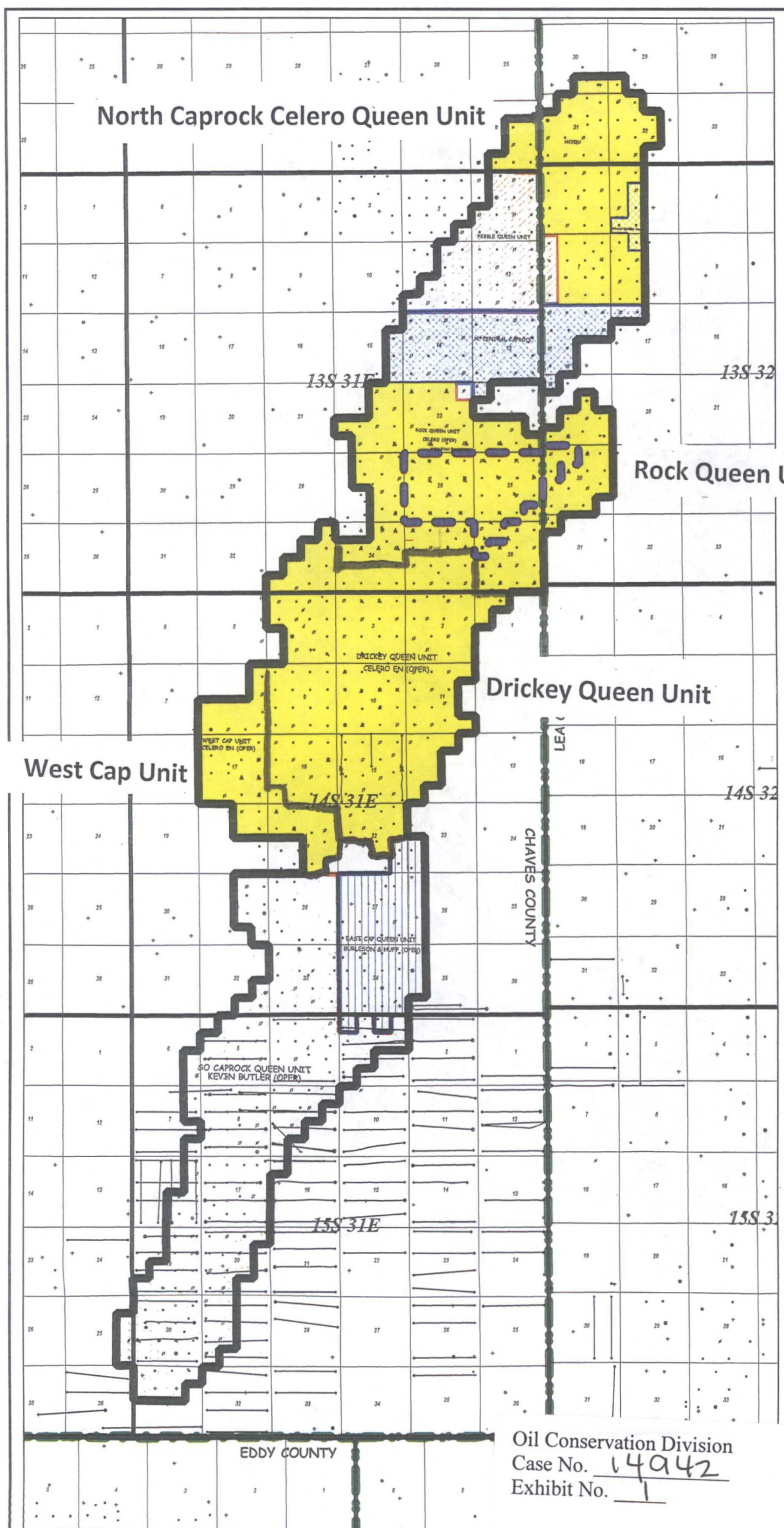




Scaled to Fit

**CELERO ENERGY II
CAPROCK QUEEN FIELD
LEA & CHAVES COUNTIES, N.M.**

Date: 12/7/2012

Caprock Discussion

- **Performance since Celero purchased in 2006**
 - Spent 80 MM\$ to date improving assets
 - Re-activated, TA'd or P&A'd 130 wells
 - Constructed/improved 10 tank batteries and related facilities
 - Constructed 18 miles, 6" CO2 pipeline & Re-injection facility
 - Initiated CO2 Pilot in February 2011 – 17 patterns with an estimated EUR of 10% of the OOIP
 - Spent 3 MM\$ on environmental cleanup of 9 pits and existing facilities
 - Expanded Drickey Unit to include Trigg and Federal V leases
- **Moving Forward**
 - Expand the RQU CO2 Pilot (add 17 patterns)
 - Double re-injection capacity by year-end, 2012
 - Target expansion to the Drickey Unit by 2014
 - Anticipate expansion of CO2 to North Caprock by 2016

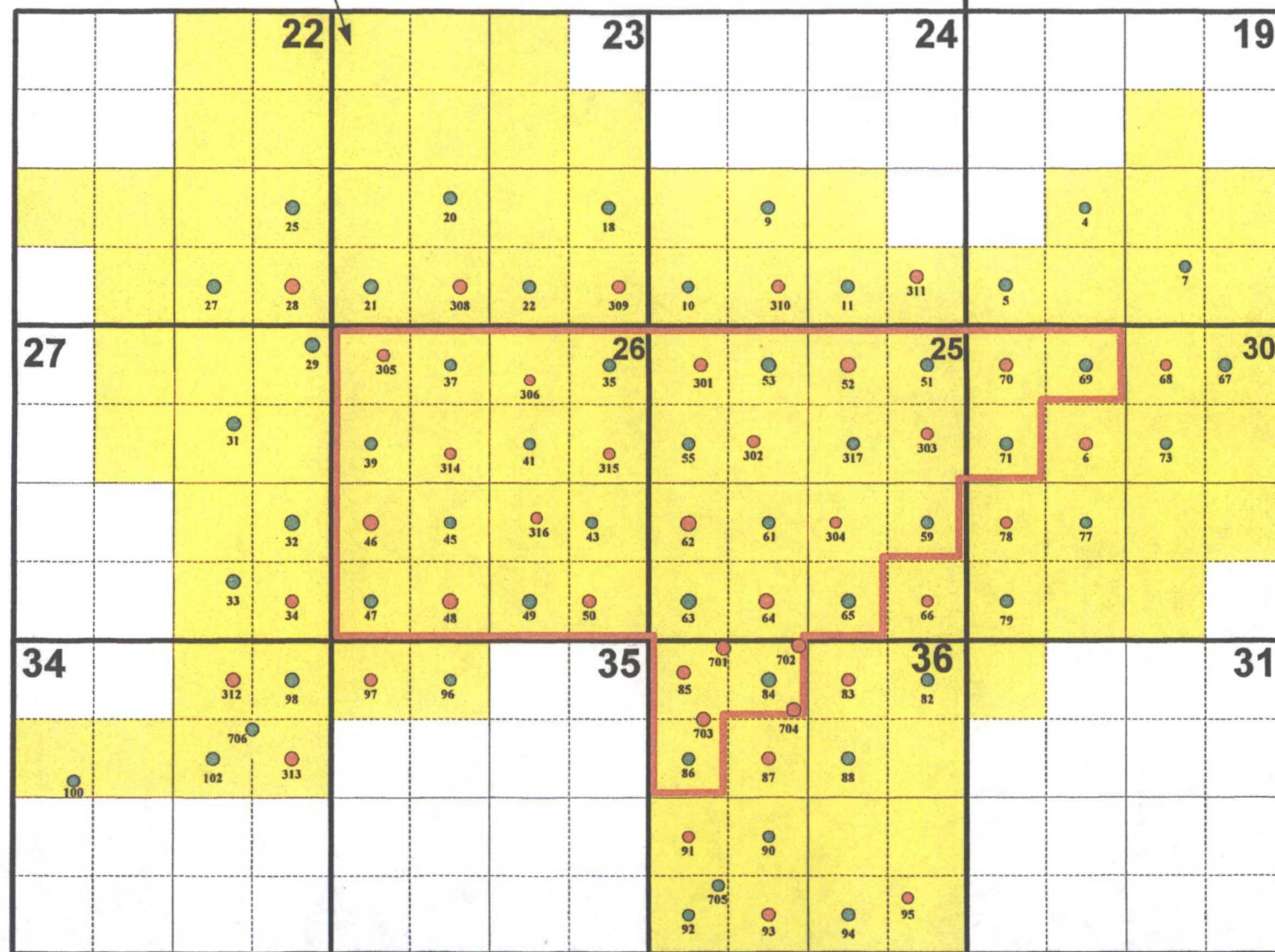


Rock Queen Unit
Area Boundary

31E

32E

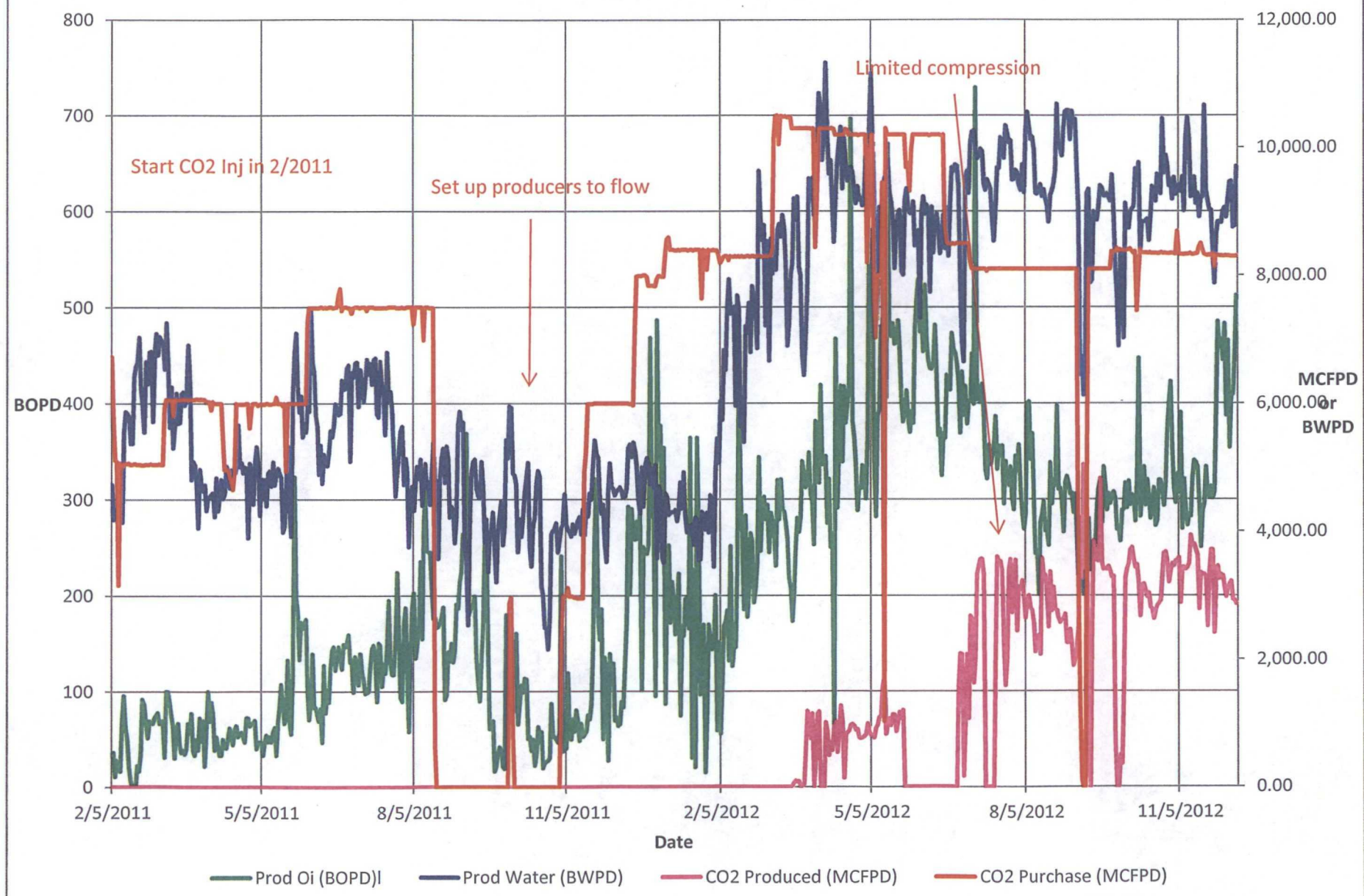
13S



Proposed CO2 Area
Current Pilot CO2 Area

Injection Wells
Producing Wells

RQU Production History



Celero Energy II (December 2012)

Rock Queen Unit (RQU) – current Operations as of December 2012

Active Producers

- 33 wells in RQU
- 20 wells in CO2 Pilot Area

Active Injectors

- 17 WIW’s outside CO2 Pilot Area
- 20 WAGIW’s in CO2 Pilot Area

Acreage

- 4,920 acres in Rock Queen Unit
- 1,360 acres in Pilot Area
- 3,560 acres in Remaining Area

Unit Production

- Oil 400 -500 BOPD
- CO2 4,400 MCFPD
- Water 9,000 BWPD

Expansion Area Production

- Oil 50 BOPD
- Water 5,700 BWPD

Unit Injection

- CO2 11,400 MCFPD
- 8,100 MCFPD (Purchased)
- 3,300 MCFPD (Produced)
- Water 9,000 BWPD

Expansion Area Injection

- Water 6480 BWIPD

Average Reservoir Pressure

- 1600 psi

Celero Energy II

RQU Expansion Project

Well Work of 7,750 M\$

- Convert 17 wells to WAG Injection for 935 M\$
- Equip to flow 26 Producers for 4,225 M\$
- Drill 6 replacement wells for 2,590 M\$

Facilities of 6,000 M\$

- Re-injection Compression of 2,000 M\$
- Satellites/flow-lines for 4,000 M\$

CO2 Purchase Costs of 5.6 MM\$ for 2013

- 8,500 mcf/d at 1.795 \$/mcf

Project Economics

Net Present Value @10%	49.8 MM\$
Net Reserves	1,357 mboe
Rate of Return	35%
Total Cumulative Cash Flow	79.3 MM\$

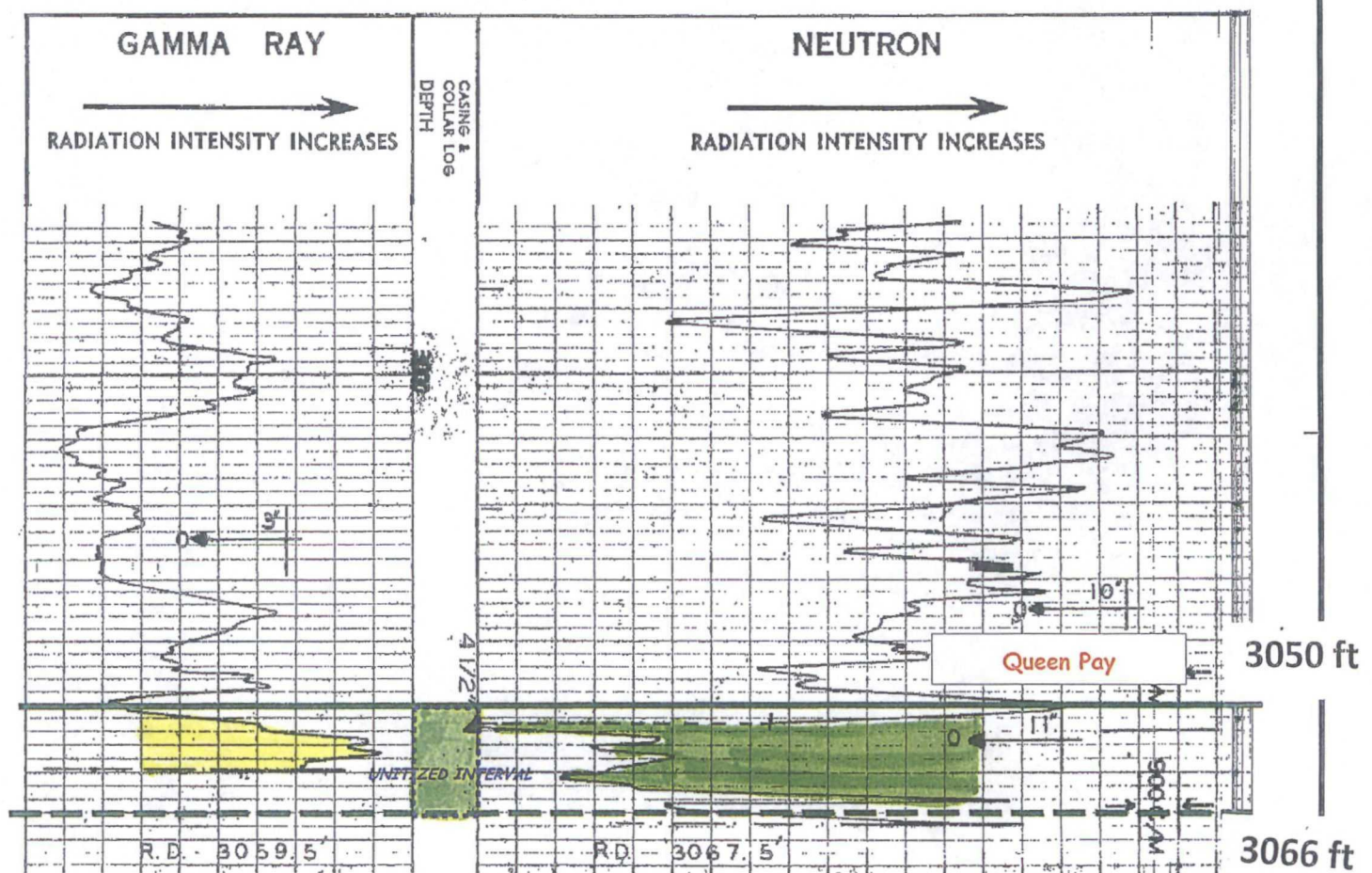
Caprock - Rock Queen Unit									
Expansion Area Wells									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Well No.	Original Well Name	API Number xx-xxxxx	Location				Planned Well Type	Current Well Status	
			Footage	Unit Loc.	S	T	R		
4	State #1-331	3002500291	1980' FSL & 1980' FWL	19K	19	13S	32E	Prod	Active-Monitor
5	State 333 #1-333	3002500292	660' FSL and 660' FWL	19M	19	13S	32E	Prod	Active-Monitor
7	State #2-335	3002500294	660' FSL & 1980' FEL	19O	19	13S	32E	Prod	Active-Prod
106	State Caprock A #1	3002500284	660' FSL & 1980' FWL	19N	19	13S	32E	P&A	P&A
9	State W #1	3000500839	1980' FSL & 1980' FWL	24K	24	13S	31E	Prod	Active-Monitor
10	State W #3	3000500841	660' FSL & 660' FWL	24M	24	13S	31E	Prod	Active-Monitor
24N	State W #2	3000500840	660' FSL & 1980' FWL	24N	24	13S	31E	P&A	P&A
310	Replacement well	3000529155	660' FSL & 2100' FWL	24N	24	13S	31E	Inj	Active-Monitor
11	Chaves State AH #1	3000500844	660' FSL & 1980' FEL	24O	24	13S	31E	Prod	Active-prod
24P	Chaves State A #1	3000500846	330' FSL & 990' FEL	24P	24	13S	31E	P&A	P&A
311	Replacement well	3000529156	420' FSL & 930' FEL	24P	24	13S	31E	Inj	Active-Monitor
18	State AH #8	3000500821	1980' FSL & 990' FEL	23I	23	13S	31E	Prod	Active-Monitor
20	Chaves State BM #7	3000500830	1980' FSL & 1980' FWL	23K	23	13S	31E	Prod	Active-Monitor
21	Chaves State BM #2	3000500825	660' FSL & 660' FWL	23M	23	13S	31E	Prod	Active-Prod
23N	Chaves State BM A #6	3000500829	660' FSL & 1980' FWL	23N	23	13S	31E	P&A	P&A
308	Replacement well	3000529158	660' FSL & 2100' FWL	23N	23	13S	31E	Inj	Active-Monitor
22	State XX #1	3000500834	660' FSL & 1980' FEL	23O	23	13S	31E	Prod	Active-Monitor
23P	Chaves State BM #1	3000500833	660' FSL & 990' FEL	23P	23	13S	31E	P&A	P&A
309	Replacement well	3000529154	660' FSL & 510' FEL	23P	23	13S	31E	Inj	Active-Monitor
25	State #5	3000500816	1980' FSL & 660' FEL	22I	22	13S	31E	Prod	Active-Monitor
27	State E 4191 #1-22	3000500812	660' FSL & 1980' FEL	22O	22	13S	31E	Prod	Active-Monitor
28	Werner State #1	3000500819	660' FSL & 660' FEL	22P	22	13S	31E	Inj	Active-Inj
29	Malco Federal #1	3000500883	330' FNL & 330' FEL	27A	27	13S	31E	Prod	Active-Monitor
31	Malco Federal #4	3000500886	1650' FNL & 1980' FEL	27G	27	13S	31E	Prod	Active-Monitor
27H	Malco Federal #2	3000500884	1980' FNL & 330' FEL	27H	27	13S	31E	P&A	P&A
32	Federal Hinkle #2	3000500888	1980' FSL & 660' FEL	27I	27	13S	31E	Prod	Active-Monitor
33	Federal Hinkle #4	3000500890	990' FSL & 1650' FEL	27O	27	13S	31E	prod	Active-Monitor
34	Federal Hinkle #1	3000500887	660' FSL & 660' FEL	27P	27	13S	31E	Inj	Active-Inj
66	Ethyl #4	300500862	660' FSL & 660' FEL	25P	27	13S	31E	Inj	Active - Inj
67	State #3-315	3002500306	660' FNL & 990' FEL	30A	30	13S	32E	Prod	Active-Prod
68	State #1-315	3002500304	660' FNL & 1980' FEL	30B	30	13S	32E	Inj	Active-Inj
6	State #2-340	3002500308	1980' FNL & 1980' FWL	30F	30	13S	32E	Inj	Active-Inj
73	State #2-315	3002500305	1980' FNL & 1980' FEL	30G	30	13S	32E	Prod	Active-Prod
77	Carper Superior A #1	3002500298	1980' FSL & 1980' FWL	30K	30	13S	32E	Prod	Active-Prod
78	State #2-335 B	3002500310	1980' FSL & 660' FWL	30L	30	13S	32E	Inj	Active-Inj
79	State #3-335 B	3002500311	660' FSL & 660' FWL	30M	30	13S	32E	Prod	Active-Prod
82	State U #16	3000500945	660' FNL & 660' FEL	36A	36	13S	31E	Prod	Active-Prod
83	State U #9	3000500938	660' FNL & 1980' FEL	36B	36	13S	31E	Inj	Active-Inj
87	State U #7	3000500936	1980' FNL & 1980' FWL	36F	36	13S	31E	Inj	Active-Inj
88	State U #10	3000500939	1980' FNL & 1980' FEL	36G	36	13S	31E	Prod	Active-Prod
90	State U #6	3000500935	1980' FSL & 1980' FWL	36K	36	13S	31E	Prod	Active-Inj
91	State U #3	3000500932	1980' FSL & 660' FWL	36L	36	13S	31E	Inj	Active-Inj
92	State U #4	3000500933	660' FSL & 660' FWL	36M	36	13S	31E	Prod	Active-Inj
93	State U #5	3000500934	660' FSL & 1980' FWL	36N	36	13S	31E	Inj	Active-Inj
94	State U #12	3000500941	660' FSL & 1980' FEL	36O	36	13S	31E	Prod	Active-Prod
704	New Drill	3000529162	1309' FNL & 2629' FWL	36C	36	13S	31E	Inj	Active-Inj
705	New Drill	3000529166	1160' FSL & 1305' FWL	36M	36	13S	31E	Prod	Active-Prod
96	Woolley Queen #2	3000500928	660' FNL & 1980' FWL	35C	35	13S	31E	Prod	Active-Prod
97	Woolley Queen #3	3000500929	660' FNL & 660' FWL	35D	35	13S	31E	Inj	Active-Inj
98	Browning #1	3000500904	660' FNL & 660' FEL	34A	34	13S	31E	Prod	Active-Inj
312	Replacement well	3000529181	500' FNL & 1650' FEL	34B	34	13S	31E	Inj	Active-Inj
99	C. A. Browning #6	3000500909	660' FNL & 1650' FEL	34B	34	13S	31E	P&A	P&A
102	Clyde Browning #3	3000500906	1980' FNL & 1980' FEL	34G	34	13S	31E	Prod	Active-Inj
103	C. A. Browning #2	3000500905	1980' FNL & 660' FEL	34H	34	13S	31E	P&A	Active-Inj
313	Replacement well	3000529182	1980' FNL & 500' FEL	34H	34	13S	31E	Inj	Active-Inj
706	New Drill	3000529167	1478' FNL & 1330' FEL	34G	34	13S	31E	Prod	Active-Prod

CELERO ENERGY II, LP
Rock Queen Unit
Chaves & Lea Counties, New Mexico
UNIT INTERVAL

30005008330000

Field: CAPROCK
GREAT WESTERN DRL CO
ROCK QUEEN UNIT TR- 16
KB: 4409

TWP: 13 S - Range: 31 E - Sec. 23
660 FSL/660 FEL



TD: 3075

Comp Date: 9/1/1955

Rock Queen Unit Expansion Area

